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**MEMORANDUM**

**TO:** Mayor Lovell and City Council  
**FROM:** Kevin L. Sutherland, City Administrator  
**DATE:** May 6, 2019  
**RE:** **Administrative Update**

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**FY20 Budget Items**

Several budget questions were asked this past week that I'd like to make sure the Council is aware of:

- Q: *When are the majority of calls coming in? Has the Fire Department explored alternative staffing methods?*  
A: The Incident Analysis report organizes Incidents by Time and Day. You can view the [2018 report here](#).

In our budget request, we intentionally used current Saco data from calendar year 2018, as well as the recommendations from the Comprehensive Assessment of the Saco Fire Department by Municipal Resources Inc., to support increased staffing based on actual impacts to our ability to provide services. Using 'comparable communities' as well as standard requirements from the National Fire Protection Association is included below as supporting information.

The table on the next page is intended to provide staffing levels in comparable communities.

Town/City	Do You have a Per- Diem Program	Do You have a Call Force	Total Stations	Stations Staffed with Full-Time Personnel	Total Full Time Staffing (include Chief Officers)
Saco	No	Yes	3	1	37
Auburn	No	No	3	3	67
Augusta	No	No	4	3	48
Biddeford	No	Yes	2	1	43
Brunswick*	No	Yes	2	2	35
Sanford	No	Yes	3	2	43
Scarborough*	Yes	Yes	6	2	31
South Portland	No	Yes	5	3	67
Westbrook	Yes	Yes	2	2	44

\*Both Brunswick and Scarborough are currently seeking additional staffing in their respective budget processes.

Note: The use of per diem employees by both Scarborough and Westbrook to supplement fulltime staffing, exceeds the number of on-duty staffing currently and in our budget proposal for Saco.

National Fire Protection Association (NFPA 1720) Standard for the Organization and Deployment of Fire Suppression Operations, Emergency Medical Operations and Special Operations to the Public by Fire Departments indicates, by population density, areas downtown should have a minimum response of 15 firefighters all arriving within 9 minutes for a fire in a building that is approximately 2000 square feet in area and not more than 2 stories. Given that most of the buildings in the downtown area, are much larger than this, additional staffing needs are necessary for us to attempt to meet this national standard. In areas of less population density, the required number of initial arriving responders decreases to 10 and down to 6 in rural areas; still without automatic aid, we are unable to meet this requirement.

#### Alternative Staffing Considerations

Being mindful of competing budgetary needs in the organization and community, we have previously explored the use of per diem employees; however, we have been unsuccessful in

identifying a workable solution that maintains the high-level of service currently provided and fits into our current deployment model.

The use of per diem firefighters/EMS providers has been a successful program for many, typically smaller, municipalities that are addressing staffing shortages that are a result of increased call volume in growing communities and reduction in available on-call/volunteer responders.

Some of the challenges we are told to expect:

- Wages. Starting wage for per diem employees is at or above the current rate offered to new full-time employees in the Saco Fire Department. Falmouth is currently paying \$25 per hour for per diem Firefighter/Paramedics.
- Total Hours Worked for per diem employees have restrictions that are intended to keep them classified as part-time and preventing the City from being required to offer benefits.
- As per diem employees, individuals are free to choose their working shifts. Filling shifts on holidays and during peak vacation times can be challenging. Managing/scheduling part-time per diem employees is labor intensive.
- On-Boarding to include pre-employment testing (physical agility & medical), procurement of uniforms and personal protective clothing costs are approximately \$3,000 per person.
- International Association of Fire Fighters strongly discourages union firefighters from performing per diem work in fire stations that are staffed by union firefighters.

Impacts we can expect:

- Per diem employees “job shop” based on hourly wage; Saco would not likely be able to compete with many communities for the best employees.
- With part-time employment, you can expect higher than average turnover rates.
- To cover the hours needed without exceeding established limits for part-time employees, you will need to hire 3-4 employees for each open position; raising the on-boarding costs.
- Overtime will be required to cover vacant shifts that cannot be filled by per diem employees.

- Additional staff will need to be hired to manage HR and scheduling needs of per diem employees.
- Trained and experienced union firefighters from the larger communities will not come to work per diem shifts in Saco. These positions would likely get filled by firefighters/EMS providers from smaller communities who may not have the training and education requirements that we ask of our full-time employees. Experience levels will vary but, will likely be those who are at the beginning of their careers yet to have secured full-time employment.
- We should expect strong resistance from the International Association of Firefighters whereas this type of program takes/replaces union employment. Legal assistance should be used to develop a plan of this type to avoid costly labor grievances in the future.

Q: *Why is the City of Saco anticipating a 2.5% municipal revenue share from the state and not the 5% as originally established by law?*

A: The Governor's FY 2020 – FY 2021 biennial Highway Fund budget (Bill LD 1002) would advance several other initiatives of municipal significance including a reduction to Municipal Revenue Sharing (Part H). Currently, municipalities only receive 2% of state tax revenues and have for several years. Under the current statute, funding for the state-municipal revenue sharing program is restored to five percent of state sales and income taxes on July 1, 2019 (FY 2020). However, the bill (LD 1002) proposes reducing the amount to 2.5% in FY 2020 and 3% in FY 2021.

The City of Saco has budgeted for 2.5% of Municipal Revenue Sharing and is waiting patiently to see if the legislature makes any changes to the bill.

In Friday's [Legislative Bulletin \(5/3\)](#) from MMA there was an article which provides a glimpse into where this item stands:

#### A Positive Revenue Projection

According to the Revenue Forecasting Committee's preliminary May 2019 revenue forecast report, FY 2019 General Fund revenues are up by \$67 million, due in large part to the collection of higher than anticipated individual and corporate income tax revenue. The increase in income tax revenue has a \$1 million impact on the State/Municipal Revenue

Sharing Program, increasing the total distribution under the program in the current fiscal year (July 1, 2018 to June 30, 2019) to \$73.7 million.

For the FY 2020 - FY 2021 biennium, the forecasting committee anticipates that general fund revenues will exceed the December 2018 projections by \$21 million and by an additional \$33 million in the FY 2022 - FY 2023 biennium.

The data presented in the committee's report assumes that the revenue sharing program will be funded at 5% of state sales and income tax revenue. Under a fully restored program, the projections show revenue sharing distributions increasing to \$175 million in FY 2020 and to \$191 million in FY 2021.

However, if the figures presented in the forecasting committee's report are adjusted to reflect the revenue sharing funding levels proposed in Governor Mills' two year budget – 2.5% in FY 2020 and 3% in FY 2021 – funding for the municipal sharing program decreases to roughly \$89 million in FY 2020 and \$116 million in FY 2021. The incremental approach to restoring funding for the revenue sharing program generates an additional \$160 million for the state in general fund revenue.

That revenue sharing impact has not gone unnoticed by the Appropriations and Financial Affairs Committee, which is now armed with the necessary fiscal information to finalize a proposed FY 2020 - FY 2021 General Fund budget for the Legislature's consideration.

Although the journey is far from over, municipal leaders are now one step closer to learning just how much state sales and income tax revenue the Legislature will be willing to share with their local government partners.”

This is still not enough information to make a change from our current assumptions and we would not advise the Council to make any further change to this revenue.

Q: *What is the assumed increase for homestead exemption?*

A: The Homestead Exemption amount has increased based on the assumed directive tax rate of \$19.97. Homestead was underbudgeted last year because Assessing and Finance did not assume any increase in homestead exemptions. Homestead is the jurisdiction of the assessor and the amount in the budget should be considered an estimate. Homestead reimbursements are part of the tax rate.

Q: *How much has the budget grown in relationship to wages over the course of the last three and three quarter years?*

A: The line item details for each budget line can be found after the RAD section of the department. The details include actuals for Fiscal years 2015 through 2018 and current through February of this fiscal year, as well as the approved amount for Fiscal year 2019 and recommended for fiscal year 2020.

Q: *Is the 1.1% increase for the Administration Department?*

A: The Request Above Directive included in the Administration section of the budget for the 1.1% increase is for all non-union positions in the city, not just one department. Currently, the budget includes the 1.9% contractual increase for non-union employees and we are looking to increase the non-union wages by 1.1% to match that of the union increases for FY20.

Q: *How has staffing in the Administration Department changed since 2015?*

A: When the current City Administrator joined the City of Saco, we had two positions in Administration: City Administrator and Executive Assistant.

During the budget process for FY2017, the City Council added a RAD to create the Special Projects Manager, this position was to be an internal auditor, grants manager, and special projects point person. The candidate pool who applied did not have a lot of auditing experience but were more qualified in the project management field. Recognizing most of the workload was in grants and special projects, this position was redefined in FY2018 to reflect the actual duties.

Following the budget process in FY2018, the City Administrator recognized the need for two specialists in Administration: Grants & Projects and Marketing & Communications. At that time, the Executive Assistant position was eliminated, and those duties were redistributed among the three positions in Administration. However, the Executive Assistant is a vital support role for not only the Administration Department but the City Council and other municipal departments. During the budget process for FY2019, there was a RAD to reinstate the Executive Assistant position.

During the current budget process, the duties of the vacant Grants & Projects Specialist have been redistributed to the Business Development Specialist in Planning and Development, and across the remaining positions in Administration. We have proposed a RAD for a Communications Coordinator. This position would report to the Marketing &

Communications Specialist and be responsible for recording and streaming public meetings, managing content on our shared Government/Education Channel, creating video content for our social media platforms to expand our reach, and provide other essential support to optimize our communications and outreach to the community we serve. This will allow the Marketing & Communications Specialist to continue to improve our website, focus on communication strategies for each department (including emergency management), and continue to support departments as special projects materialize.

These and previously asked question can be found on the [Budget Questions and Answers](#) website

In addition, supporting documentation related to questions asked of Councilors can be found on the [budget materials](#) page of the website under Phase 4: Budget Deliberation and Public Participation Section and under the date the request was made by a Councilor.

Lastly, as we continue to make updates to the budget, our Finance Director is adding the information in memo format (see Phase 3: Budget Presentation) and further updating the Mill Rate Calculator for Council consideration at the end of the process because at this stage, the recommended budget is the budget that has been submitted. Any further changes/amendments are a majority vote of the Council.

### **FY19 Items**

#### **Sebago Speaks**

Last Wednesday, I attended an event hosted by the Sebago team at the Saco Middle School. This was similar to a TED talk where students researched a topic and gave a presentation to inspire attendees to modify their behavior, become involved, or think different. Their topics ranged from plastic waste to the power of words and technology addiction to income inequality. It was well attended, and the students did a phenomenal planning, preparing, and setting up for the audience.

#### **Letter to Senior Employees**

Last week I sent a letter to the Senior employee program to dispel some misinformation. Below is the language that was included as part of that letter. I am sure more information about this topic will be discussed during the budgeted RAD discussion on Thursday.

Senior Employees,

I have been informed that some misinformation was provided to you at last week's coffee hour, and I want to take this time to provide you with an accurate explanation. The senior tax program as it currently exists, is funded in the budget for FY20. There is \$30,000 in a contingency account for up to 37 households to receive a property tax credit of \$750 for completing 75 hours of volunteering and \$10,000 in wages to cover a part-time coordinator position in the Human Resources Department budget.

A Mayor appointed, and Council approved ad-hoc committee has been working to revise the program as it currently exists. A portion of this review and discussion around changing the program had to do with recognizing the program's benefit as a taxable income (which required each of you to submit tax paperwork and other forms and for staff to enter everyone into our payroll system – making every “volunteer” a temporary or seasonal city employee). Further, the committee has proposed the development of an additional program to include a Tax Fairness Credit for those qualifying seniors looking for assistance but not eligible for the Tax Work-off program. Staff had identified a need to increase the budget by just over \$25,000 to cover the cost of the revised and enhanced program. Unfortunately, given the many other needs within the organization, Administration was not able to support this increase as a part of the recommended budget. At this point it will be up to Council, as a body, to review and consider an increase to the budget to cover this program and the additional staff hours necessary for it to be a success. Should the Council move to increase the budget, I will bring the necessary ordinance changes forward for the Council to review.

Finally, just last week, the Governor signed a bill allowing municipalities to increase the program tax credit up to \$1,100. This is not available until September (90 days after the start of the next fiscal year), so I will be advising the Council to wait to further amend the program until Fiscal year 2021 (starting July 1, 2020).

Should you have any further questions, please contact me directly at the above phone number.

**LD 1254 - An Act To Authorize a Local Option Sales Tax on Meals and Lodging and Provide Funding To Treat Opioid Use Disorder**

There have been several bills proposed related to Local Option Sales Tax. This one, LD 1254, seems to have the greatest chance of approval at the state house. While it won't yield a large sum of money for the City of Saco, it is a step in the right direction to shift the property tax burden to a less regressive tax. I intend to be present at the work session and provide information on the impact to Saco.

**Zoning Ordinance Revision Steering Committee**

Since the Community Charrette in February, the committee has been meeting on fairly regular basis. Their next meeting is scheduled for May 20<sup>th</sup> starting at 4pm (and ending before the Council workshop). Last week we had a philosophical conversation around parking. I hope some more of the Council can attend.