SACO CITY COUNCIL MEETING
MONDAY, MARCH 2, 2020 – 6:30PM
CITY HALL AUDITORIUM

I. CALL TO ORDER

II. RECOGNITION OF MEMBERS PRESENT

III. PLEDGE OF ALLEGIANCE

IV. GENERAL

V. COMMITTEE CORRESPONDENCE TO COUNCIL

VI. PUBLIC COMMENT

VII. APPROVAL OF MINUTES

VIII. CONSENT ITEMS
   A. Confirmation of Ward 7 Warden Appointment
   B. (Final Reading) Chapter 15 – Fund Balance
   C. (First Reading) Budget Amendment #7 – Police Department Reallocation
   D. (First Reading) Budget Amendment #8 – Saco Main Street

IX. ACTION ITEMS
   A. (Final Reading) Chapter 15 – Fund Balance
   B. (First Reading) Budget Amendment #7 – Police Department Reallocation
   C. (First Reading) Budget Amendment #8 – Saco Main Street

X. NEW BUSINESS
   A. Arts Commission Discussion
   B. Unassigned Fund Balance Discussion
   C. Demystifying TIFs Presentation

XI. ADMINISTRATIVE UPDATE

XII. COUNCIL DISCUSSION AND COMMENT

XIII. EXECUTIVE SESSION – N/A

XIV. REPORT FROM EXECUTIVE SESSION

XV. ADJOURNMENT

CHANGE IN ELECTED OFFICIALS EMAIL ADDRESSES
To reach Saco’s Elected Officials use first letter of first name last name @sacomaine.org.
   Ex: bdoyle@sacomaine.org. See a list of the Elected Officials above.
Starting with Mayor Bill Doyle, Councilor Archer, Ward 1, Councilor Purdy, Ward 2, etc.

Hearing Assistance Devices are available at the back of the Auditorium.

If you are interested in addressing the Mayor and Council in the public comment session,
please add your name to the roster at the back of the room.
MEETING ITEM COMMENTARY

AGENDA ITEM: Confirmation of Ward 7 - Warden Appointment

STAFF RESOURCE: Michele L. Hughes, City Clerk

COUNCIL RESOURCE: Councilor Nathan Johnston

BACKGROUND: A vacancy was recently created in the Ward 7 Warden position.

The City Clerk is recommending the appointment of the following individual to fill the vacancy with a term to expire on December 6, 2021:

Warden – Frank Brancely Jr., 41 Roebuck Avenue

EXHIBITS: M.R.S.A. – Title 21-A

RECOMMENDATION: Staff recommends approval.

SUGGESTED MOTION: “Be it Ordered that the City Council confirm the appointment of Frank Brancely Jr. as Ward 7 Warden”

“I move to approve the order.”
§384. ELECTION OFFICIALS

The municipal officers may appoint a qualified person to fill a vacancy in the office of any election official. [1993, c. 447, §6 (AMD).]

1. Limitation.

[ 1999, c. 426, §16 (RP) .]

SECTION HISTORY

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AGENDA ITEM: (Final Reading) Amendments to Chapter 15 – Funds

COUNCIL RESOURCE: Councilor Marshall Archer

STAFF RESOURCE: Glenys Salas, Finance Director

BACKGROUND: On November 12th, 2019, the Finance Director presented a recommendation to City Council to increase the Maximum Unassigned Fund Balance per the City Charter to 16.67% of the following year’s budget, or two months’ expenditures. This higher unassigned fund balance will enhance the City’s ability to make appropriations in times of emergency and to offset tax increases during economic slowdowns. Other minor corrections have been made to Chapter 15. This Chapter now also contains a comprehensive list of all funds prescribed or implied by City Ordinance.

EXHIBIT ITEM: Chapter 15 Excerpts with Revisions

RECOMMENDATION: City staff recommends approval.

SUGGESTED MOTION "The City of Saco hereby ordains and approves the second and final reading of, 'Amendments to Chapter 15 – Funds'."

"I move to approve the order."
Article III

Arrest Asset Forfeiture Funds

§ 15-19 **Purpose.**
The purpose of this article is to authorize the City of Saco Police Department to accept funds, grants or personal property to be used for law enforcement purposes.

§ 15-20 **Authorization to accept funds or gifts.**
The City of Saco Police Department is authorized to accept, from the United States Government or any of its agencies, the State of Maine or any of its agencies, the County of York or any of its agencies or any other private or public entity, funds, grants or personal property derived from property forfeitures following lawful arrests. The City of Saco Police Department is further authorized to accept funds designated for law enforcement purposes from governmental entities or private sources.

§ 15-21 **Special nonlapsing fund.**
All funds received according to § 15-20 above shall be placed in a special nonlapsing fund that shall be used for law enforcement activities within the City of Saco or in cooperation with other law enforcement agencies. All funds derived from property forfeitures resulting from arrests within the City of Saco or in cooperation with other law enforcement agencies shall also be placed in this fund and used for law enforcement purposes. The total amount of money deposited into the special nonlapsing fund shall not exceed $25,000 per fiscal year; any funds received in excess of $25,000 per year, except those forfeited funds which are subject to federal law governing their use, shall be placed in the City of Saco General Fund, unless a private donor specifies otherwise as a condition of the gift or grant or this ceiling is superseded by state or federal law, in which cases the wish of the donor or the superseding state or federal law shall control. This fund shall supplement and not supplant the annual Police Department budget appropriations. The City Council may augment this fund at its discretion.

§ 15-22 **Applicability of purchasing regulations.**
A. Expenditures from the special nonlapsing fund shall be made according to Chapter 38, Purchasing, of this Code, except in the following two circumstances, when expenditures shall be exempt from the requirements of the purchasing regulations:

(1) Cases where the law enforcement activity being funded would be rendered ineffective by the application of the purchasing regulations; or

(2) Cases where public knowledge of the law enforcement activity being funded could reasonably be foreseen to result in risk to the health or safety of a member of the Police Department or the public.

B. In situations set forth in Subsection A(1) and (2) above, the Police Chief or Deputy Chief shall be authorized to expend the necessary funds with the approval of the City Administrator, who shall determine whether or not the expenditure shall be subject to the purchasing regulations according to the standards of this section. A written statement describing the expenditure shall be presented to the Council at the next regularly scheduled Council meeting.

§ 15-23 **Reports.**
At least once a year, within 90 days of the end of the fiscal year, the Police Chief shall provide a written
report stating the sources and amount of income to the fund; the date, amount and purpose of all expenditures from the fund; and the balance forward.

Article IV
Unassigned Fund Balance Policy

[Amended 10-3-2011]

§ 15-24 Definition and classification.
A. "Fund balance" is a term used to describe the net assets of governmental funds. It is calculated as the difference between the assets and liabilities reported in a governmental fund.

B. Governmental fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The five classifications of fund balance for the general fund are defined as follows.

1. Non-spendable: resources which cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

2. Restricted: resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

3. Committed: resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

4. Assigned: resources neither restricted nor committed for which a government has a stated intended use as established by the City Council, or body or official to which the City Council has delegated the authority to assign amounts for specific purposes.

5. Unassigned: resources which cannot be properly classified in one of the other four categories. The general fund should be the only fund that reports a positive unassigned fund balance amount.

C. The committed, assigned, and unassigned classifications are often referred to, in the aggregate, as the unrestricted fund balance.

§ 15-25 Findings.
The City's unassigned fund balance represents those funds held in reserve to cover unexpected expenditure needs and emergencies, revenue shortfalls and seasonal cash flow variations. The City Council has determined that maintenance of an adequate fund balance is essential to the financial health and security of the City of Saco.

§ 15-26 Objective.
It is the policy objective of the City that the audited unassigned fund balance should be a maximum of 16.67% of the following year's general fund budget as adopted by the Saco City Council. The minimum unassigned fund balance should be set at one month's budgeted expenditures or 8.33% of the annual budget.

§ 15-27 Shortfalls.
It is the goal of the City that unassigned fund balance identified in the City's audited financial statements
shall be raised by the City Council in the next three budget cycles. The minimum revenue requirement shall be the funds needed to bring the unassigned fund balance above the 8.33% established in § 15-26.

§ 15-28 Surplus.
Any surplus in the unassigned fund balance identified in the City's audited financial statements that exceeds the 16.67% maximum target shall be made available for Council appropriation. In making said allocation of funds, the City Council shall give priority to the following activities:

A. Economic development projects, such as industrial park land acquisition, establishment of economic development loan fund programs or the development of infrastructure improvements associated with industrial park priorities.

B. Replacement of aging capital equipment that carries unusually high costs and has a utility life of eight years or more.

C. Specifically targeted infrastructure projects or other capital expenditures required by the City.

§ 15-29 Administration.
Upon acceptance of the City's annual audit by the City Council, the City Administrator shall determine the status of the unassigned fund balance relative to the policy established in § 15-26. At the second City Council meeting in January, the City Administrator or designee shall present an evaluation of the current unassigned fund balance and make recommendations regarding the action necessary to either make up any shortfall or appropriate any excesses. The City Council shall act on these recommendations no later than the first City Council meeting in February.

§ 15-30 Emergency actions permitted.
Notwithstanding any provision of this chapter, the City Council may vote at any time to use unassigned fund balance funds to respond to emergency funding needs.

Article V: Other Funds
The City maintains a number of additional funds in its accounting system. Some funds are created at the discretion of the Finance Director and City Administrator for various purposes while others are prescribed by or derived from local ordinance. Those funds governed by local ordinance are as follows:

§ C-4.01. Board of Education (School Fund)

§ C-6.05. Capital Program (Capital Projects Fund)


§ 4-14. E. Tax Increment Finance (TIF) Funds.

§ 60-5. Ambulance Fund.


§ 172-6. Registration Incentive Fund.

§ 176-34: Sewer Impact Fee

§ 176-53; § 4-20. User Charges and the Water Resource & Recovery Division

§ 176-96: CSO Impact Fee

§ 176-109: Subsurface Disposal Impact Fee
§ 186-5. Street Opening Permit Fee Fund. These fees are deposited and tracked as a dedicated portion of the Capital Improvement Fund

§ 230-413: Historic Preservation Fund

§ 230-1602: Recreation and Impact Fee Funds

§ 230-1603: Fire Department/emergency medical services impact fee funds
MEETING ITEM COMMENTARY

AGENDA ITEM: Budget Amendment #7 – Police Department Reallocation

COUNCIL RESOURCE: Councilor Nathan Johnston

STAFF RESOURCE: Glenys Salas, Finance Director

BACKGROUND: The Police Department has identified that it will come to the end of the fiscal year underspent on a couple of lines due to openings. Therefore, it is looking to appropriate a portion of those funds for other uses, which might otherwise impact the tax rate in Fiscal Year 2021. Specifically: $20,000 will be repurposed to cover the cost of a more fuel-efficient vehicle for the Deputy Chief; $40,000 for new in-car computer tablets; and $15,000 for the City’s portion of the cost of a new training simulator. There is no net impact to the unassigned fund balance.

EXHIBIT: 1. Budget Amendment Request Form
          2. Memo from Chief Clements

RECOMMENDATION: City staff recommends approval.

SUGGESTED MOTION “Be it ordered that City Council approves the first reading of ‘Budget Amendment #7 FY2020’ and moves to schedule a second and final reading for March 9, 2020.”

“I move to approve the order”.
### Summary

<table>
<thead>
<tr>
<th>Type</th>
<th>Org</th>
<th>Object</th>
<th>Project</th>
<th>Account Name</th>
<th>Current Budget</th>
<th>Actual YTD</th>
<th>Adjustment Requested</th>
<th>Ammended Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exp</td>
<td>10460</td>
<td>500106</td>
<td>00000</td>
<td>Police Patrolmen</td>
<td>$1,475,352.00</td>
<td>$697,031.05</td>
<td>($75,000)</td>
<td>$1,400,352</td>
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<td>Exp</td>
<td>10462</td>
<td>500501</td>
<td>00000</td>
<td>Cruisers</td>
<td>$105,985.00</td>
<td>$99,843.84</td>
<td>$20,000</td>
<td>$125,985</td>
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<tr>
<td>Exp</td>
<td>10462</td>
<td>500317</td>
<td>00000</td>
<td>Minor Equipment</td>
<td>$27,854.80</td>
<td>$19,314.09</td>
<td>$55,000</td>
<td>$82,855</td>
</tr>
</tbody>
</table>

**Notes:** Due to openings in the Police Department, there is some surplus funds available to be appropriated elsewhere. This reallocation is a conservative amount and does factor in the need for higher-than-budgeted overtime to cover shifts.

Finance Director certifies that funds are available:

**Signature:**

Glenys Salas, Finance Director

Date: 2/21/2020
MEMORANDUM

To: Bryan Kaenrath, City Administrator  
From: Jack Clements, Chief of Police  
Date: February 19, 2020  
Re: Request for Budget Amendment

There are items that I would be requesting in our FY2021 budget that will have, what I feel, is a significant impact to the budget. To mitigate this, I have looked at my current budget and there is funding in the patrol salary line that is available due to unfilled positions. We have people in the background process that will bring us to full staff, however, the vacant positions year to date would be the source of funding for my request.

Problem Statements:

The Ford Motor Company had production delays with the redesigned Ford Explorer. We had previously been told our cars were due in this week, however, we learned today there is no estimated delivery date for our cruisers and no information forthcoming from the factory as to delivery dates. This delay has resulted in a fleet with very high mileage. One of the cruisers due to be rotated to administration would have had 70,000 miles if the cars came in on time. That car currently has 86,000 miles and will have well over 95,000 miles (or more) by the time the new cars are in, upfitted and available for patrol.

The next issue is our in-car computers. The in-car computers are 5 years old and do not have internet connectivity which is required for the upcoming statewide e-ticket as well as the already approved screen safe program. In order to put modems in the current police vehicles, the upfitter will have to remove the prisoner screen in order to install and run wiring for a modem. These tablets are an older model that is no longer manufactured so they are nearing end of life. The new tablets have a built-in modem so we will not have to deconstruct half of the upfit and they are the most current model.

The police department radio system is aging, and we need to begin a process to replace it. This will involve replacing in-car radios as well as conducting a propagation study on radio reception in the city which is necessary to improve the current aging system and prepare us for the replacement of the radio system in the future.

Proposed Solution:

I am requesting that $60,000 from the police patrol salary line be utilized for the purchase of a non-police vehicle with increased fuel efficiency for the Deputy Chief ($20,000) and $40,000 be utilized for the purchase of new in-car computer tablets. In addition, I would propose that we sell the vehicle that would have gone to the Deputy Chief and use that money to purchase any lights, siren and radio for the vehicle as well as cover the cost of the propagation study ($3,000).
MEETING ITEM COMMENTARY

AGENDA ITEM: Budget Amendment #8 – Saco Main Street

COUNCIL RESOURCE: Councilor Jodi MacPhail

STAFF RESOURCE: Glenys Salas, Finance Director

BACKGROUND: Saco Main Street has requested an additional $20,000 in support of increasing headcount to aid in transition planning.

EXHIBIT: Budget Amendment Request Form

RECOMMENDATION: City staff does not recommend approval.

SUGGESTED MOTION: “Be it ordered that City Council approves the first reading of ‘Budget Amendment #8 FY2020’ and moves to schedule a second and final reading for March 9, 2020.”

“I move to approve the order”.

ACTION ITEM: C
March 2, 2020
# FY 2020 Budget Amendment Request Form

## Revenue & Appropriation

### Amendment # 8 - Saco Main Street Funding

**City of Saco**

**Date:** 2/26/2020

**Supported Entities**

**Department**

<table>
<thead>
<tr>
<th>Type</th>
<th>Org</th>
<th>Object</th>
<th>Project</th>
<th>Account Name</th>
<th>Current Budget</th>
<th>Adjusted Requested</th>
<th>Amended Budget</th>
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</thead>
<tbody>
<tr>
<td>Exp</td>
<td>10620</td>
<td>500707</td>
<td>00000</td>
<td>Saco Main Street</td>
<td>$0.00</td>
<td>$20,000</td>
<td>$20,000</td>
</tr>
<tr>
<td>Rev</td>
<td>10350</td>
<td>300800</td>
<td>00000</td>
<td>Use Of Fund Balance</td>
<td>$1,107,507.91</td>
<td>$20,000</td>
<td>$1,127,508</td>
</tr>
</tbody>
</table>

**Notes:** I recommend against approving this request as part of the FY2020 budget cycle, as we have already made excessive use of fund balance and any further use of fund balance could negatively impact our ability to move up in our Bond Rating. This request would be better evaluated as part of the FY2021 Budget process.

**Finance Director** certifies that funds are available:

**Print Name, Title:** Glenys Salas, Finance Director  
**Date:** 2/26/2020

**Approved by Council:**

**Date:**
NEW BUSINESS ITEM: B
March 2, 2020

Fund Balance Discussion

3/2/2020

CITY OF Saco

friendly by nature
What is the Unassigned Fund Balance?

• The Unassigned Fund Balance can be found in Statement 3 (pg. 43) under “Total Governmental Funds

<table>
<thead>
<tr>
<th>FUND BALANCES (DEFICIT)</th>
<th>General Fund</th>
<th>School Operations Fund</th>
<th>2018 Bond Fund</th>
<th>Other Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonspendable</td>
<td>1,873</td>
<td>96,719</td>
<td>-</td>
<td>188,513</td>
<td>287,105</td>
</tr>
<tr>
<td>Restricted</td>
<td>-</td>
<td>1,082,295</td>
<td>6,968,021</td>
<td>7,000,051</td>
<td>15,140,377</td>
</tr>
<tr>
<td>Committed</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,815,396</td>
<td>1,815,396</td>
</tr>
<tr>
<td>Assigned</td>
<td>2,225,259</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,225,259</td>
</tr>
<tr>
<td>Unassigned</td>
<td>9,193,359</td>
<td>-</td>
<td>-</td>
<td>(222,530)</td>
<td>8,870,829</td>
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<tr>
<td>Total fund balances (deficit)</td>
<td>11,420,491</td>
<td>1,179,014</td>
<td>6,968,021</td>
<td>8,871,440</td>
<td>28,438,966</td>
</tr>
</tbody>
</table>

• Unassigned Fund Balance = Unassigned money in the General fund less deficits in all other funds
What Is Our Fund Balance %?

\[
\frac{8,970,829}{56,140,867} \times 100 = 15.98\%
\]
Use of Fund Balance Year to Date

$8,970,829 Unassigned Fund Balance

- $257,402 FY2020 Budgeted Use of Surplus
- $360,454 Budget Amend #1: Public Works Facility “Loan”
- $41,204 Budget Amend #2: 1.1% for Non-Union
- $154,433 Budget Amend #3: Increase PD Staffing by 2 Officers
- $51,109 Budget Amend #4: City Hall Vehicles
- $242,906 Budget Amend #5: School Street Purchase
- $13,343 Budget Amend #6: March Primary

$7,849,978 Remaining Unassigned Fund Balance
What Is Our Fund Balance %?

\[
\frac{7,849,978}{56,140,867} = 13.98\% \quad \text{Remaining Unassigned Fund Balance} \quad \text{FY2020 Adopted Budget}
\]
Reco: Retain Fund Balance @ 13.98%

- Retain towards higher maximum fund balance ordinance

§ 15-26 Objective.
It is the policy objective of the City that the audited unassigned fund balance should be a maximum of 16.67% of the following year's general fund budget as adopted by the Saco City Council. The minimum unassigned fund balance should be set at one month's budgeted expenditures or 8.33% of the annual budget.

- Retain to improve our chances of a bond rating increase with S&P

Outlook
The positive outlook reflects our opinion that there is at least a one-in-three chance that we could raise the rating within our two-year outlook horizon. We could do so if the city's budgetary performance improves to strong levels due to stabilizing school operations, which should increase available reserves assuming all other rating factors remain constant. However, if budgetary performance remains adequate or deteriorates, leading to drawdowns in reserves, we could revise the outlook back to stable.

- Retain to cover cash flow on the Public Works Facility
Reco: Push Other Requests to FY2021 Budget

- **$186,000** – Create a Hazard Mitigation Fund, using surplus revenue from FEMA reimbursement
- **$11,118** – Grant match for feasibility study for 90 Temple Street
- **$30,000** – Saco Main Street request
Serendipity happens! An analyst from S&P called me this afternoon. This is a common occurrence whenever they are scheduling a rating surveillance review for one of my clients. He inquired if the City had any issuance plans in the next few months. I mentioned a possible fire station, but not in the near future; and school financing, again but not in the near future. I also mentioned the refunding of the 2010 Bonds, which can be done at any time.

The reason for his interest is that in April 2018 the City was assigned a “Positive” Outlook. The significance here is that the SEC requires that within 24 months of an Outlook assignment that the rating agency “must take some action”. This would result in (1) moving the Outlook from “Positive” to “Stable”, thus no change from the “AA”; (2) highly unlikely, but downgrade to the AA- level; but (3) most probably, upgrade the City to AA+ (Outlooks are not assigned arbitrarily).

But, this requires a review sometime in or before the end of April 2020. The following is an extract of their 2018 assessment:

**Summary:**

**Saco, Maine; General Obligation**

<table>
<thead>
<tr>
<th>Credit Profile</th>
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<tbody>
<tr>
<td>US$11.75 mil GO bonds ser 2018 due 10/01/2047</td>
<td>AA/Positive</td>
</tr>
<tr>
<td>Long Term Rating</td>
<td>New</td>
</tr>
<tr>
<td>Saco GO bonds ser 2016 due 01/10/2027</td>
<td>AA/Positive</td>
</tr>
<tr>
<td>Long Term Rating</td>
<td>Outlook Revised</td>
</tr>
<tr>
<td>Saco GO</td>
<td>AA/Positive</td>
</tr>
<tr>
<td>Long Term Rating</td>
<td>Outlook Revised</td>
</tr>
</tbody>
</table>

**Outlook**

The positive outlook reflects our opinion that there is at least a one-in-three chance that we could raise the rating within our two-year outlook horizon. We could do so if the city’s budgetary performance improves to strong levels due to stabilizing school operations, which should increase available reserves assuming all other rating factors remain constant. However, if budgetary performance remains adequate or deteriorates, leading to drawdowns in reserves, we could revise the outlook back to stable.

First, this is no time to tinker with Fund Balance. Were I you, I would be very stingy in using it for anything but operating purposes. Also, the depth of the review is entirely in our hands. For example, a general surveillance in 2018 instead of a comprehensive Official Statement and complete analysis may not have triggered the Outlook upgrade.

Notwithstanding the potential that the voters may deny the projects that we spoke about on Monday, but even if passed, the bidding, award and start could be delayed until spring of next year. Further, as we discussed, we cannot assume that rates will continue to be at these low yields. Finally, the “cost of waiting” (replacing 3.96% with a projected 1.94%) costs about $7,200/month; or about $85,000/year each month that we delay.

It is never good fiscal policy to hurry the process. Rather I am trying to give you information to allow you to weigh the factors as to your timing. Your thoughts?