

City Council Minutes
Tuesday, May 31, 2022

Special Meeting
City Hall Council Chambers

Tuesday, May 31, 2022
6:00 p.m.

The special meeting was called to order by Mayor Michele Daniels. The city clerk called the roll:

Councilor Goss-present
Councilor Morin-absent
Mayor Daniels-present

Councilor Ferris-present
Councilor Phanthay-present

Mayor Daniels declared that a quorum was present. City Manager Stephen Bost and City Solicitor Jonathan Pottle were also present.

Mayor Daniels led members of the council and others present in reciting the pledge of allegiance to the flag of the United States of America.

Mayor Daniels read the notice for the special meeting.

TO: Joseph Ferris, Jerry Goss, Jenn Morin, Soubanh Phanthay, and Michele Daniels; MEMBERS OF THE BREWER CITY COUNCIL. You are hereby notified that a special meeting of the City Council of the City of Brewer will be held on Tuesday, May 31, 2022 at 6:00 p.m., 80 North Main Street, to consider and act on the items on the attached agenda.

s/Michele Daniels
Mayor and Chairman of the City Council
Or _____
Majority of the City Council

a true copy, attest: s/Vincent P. Migliore
City Clerk

OFFICER'S RETURN

I have on the date(s) and time(s) indicated given notice of this meeting by giving in hand of by leaving at the usual dwelling place of the within named an attested copy of this notice of meeting:

Given/Delivered to:	by (person delivering)	Title	Date	Time
Joseph L. Ferris	Godfrey	Off.	05/27/22	20:00
Jerry Goss	Cummings	Off.	05/27/22	18:42
Jenn Morin	Godfrey	Off.	05/27/22	18:37
Soubanh Phanthay	Godfrey	Off.	05/27/22	18:30
Michele Daniels	Cummings	Off.	05/27/22	18:48

CITY COUNCIL SPECIAL MEETING
Tuesday, May 31, 2022 6:00 P.M.
Brewer City Hall Council Chambers

- I. Call to Order** (Mayor Daniels)
- II. Roll Call** (City Clerk)
- III. Pledge of Allegiance to the Flag of the United States of America** (Mayor Daniels)
- A. Meeting Minutes** (None)
- B. Awards, Petitions and Public Comments**
 - 1. Presentation: Fiscal Year 2023 City and School Budgets.
 - 2. Public Comments
- C. Consent Calendar** (None)
- D. Monthly Reports** (None)
- E. Nominations, Appointments, Elections** (None)
- F. Unfinished Business** (None)
- G. New Business** (None)
- H. New Items with Leave of Council**
- I. ADJOURN**

A. Meeting Minutes

There were no meeting minutes.

B. Awards, Petitions and Public Comments

- 1. Presentation: Fiscal Year 2023 City and School Budgets.

Mayor Daniels introduced City Manager, Stephen Bost and City Finance Director, Karen Fussell, to present the City of Brewer's consolidated municipal budget for Fiscal Year 2023. The City Manager read his overview of the proposed budget into the record.

To: Mayor Daniels
Members of the City Council

From: Stephen Bost, City Manager

Date: May 27, 2022

Re: **FY2023 City of Brewer Consolidated Budget**

It is my privilege to submit for your consideration the City of Brewer consolidated municipal budget for fiscal year 2023.

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Over the last two years, the City has been faced with enormous uncertainties brought on by the COVID-19 pandemic. The City Council responded by adopting budgets that we hoped would position the City to weather the challenges ahead. I am pleased to say Council's approach has served the City well and enabled the budget before you, which addresses post-COVID service demands and meets the challenge of significant inflationary pressure without the need for additional taxpayer support.

FY2023 Budget Highlights

- The budget lowers the City's mil rate by \$0.40, to \$21.90 per \$1,000 of assessed valuation. Brewer's estimated 3% increase in its tax base reflects appreciation in the real estate market. The proposed mil rate decrease will offset a significant portion of the modest adjustments needed to keep pace with changing market conditions.
- The proposed \$15.6 million City budget increases municipal expenditures by 4.6%. After providing below market wage adjustments the last two years due to economic uncertainties, we are pleased to be able to present a budget that includes a 5% cost of living adjustment for nonunion staff as well as scheduled adjustments for our union employees, who are entering year two of their three year contracts. The City has experienced unprecedented turnover in its staff this past year, with many departures driven by the opportunity for higher wages elsewhere.

The FY23 budget anticipates the addition of a 14th firefighter to the current ranks. This position would help lower the department's significant overtime expense and allow it to staff each shift with four personnel, rather than just three as is currently the case most often. The City has applied for a federal SAFER grant to help cover the cost of this new position.

- The budget also provides another staff person to the Public Works crew to help address shortages in both the summer and the winter due in part to the lack of applicants for seasonal positions. An additional crew member will also help reduce our reliance on contracted services.

The observant reader of the City budget will notice new departmental expense lines that refer to the "27th payroll". This is due to the way the calendar falls in FY23, an event that happens every 11 years. Because we budget annually for the incremental change in the calendar, this extra pay period has only about a \$40,000 net impact on the budget.

The budget includes a significant anticipated rise in Brewer's assessment for its share of Community Connector costs. The more than 30% increase results from the combination of higher labor and fuel costs, declining federal subsidies, and a scheduled increase in annual contribution to a capital reserve.

On a positive note, the City's refinancing of \$4.5 million in debt this past spring resulted in net present value savings of over half a million dollars. This, together with scheduled retirement of bonds, led to an 8% decrease in this expense line.

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- Municipal non-property tax revenue estimates are up \$691,000, or almost 10%, an amount that fully offsets the proposed increase in expenditures. The growth is driven primarily by increases in State subsidy. In FY23, municipal revenue sharing will return to its statutory 5% level for the first time since the Legislature began depleting it in 2005. In addition, the percentage reimbursement the City receives for the tax revenue lost to homestead exemptions will increase by 3% as the State works to reach 100% reimbursement over the next 10 years.
- The School budget request totals \$26.2 million, or 6.7% more than FY22. The increase in proposed School spending is offset by a larger education subsidy payment from the State, a double digit increase in projected tuition revenue, and use of fund balance accumulated as a result of pandemic savings, and does not require additional funds from Brewer taxpayers.
- Brewer's Penobscot County tax bill is increasing by 7.4%, or \$87,432, to over \$1,276,000. This increase is driven, in large measure, by continued increases in jail costs—this, despite the fact that the County continues to put off construction of a new facility to address its chronic capacity issue. Over the last five years, Brewer's annual County obligation has increased an average of 6.1% per year, or just over \$65,000 annually.

The FY23 budget uses sheltered tax increment financing (TIF) revenues to offset almost \$758,000 in economic development-related general fund expenses, including the entire Economic Development Department budget and debt service on eligible state approved projects. These funds have been essential to important tax-base building initiatives such as redevelopment of the Waterfront District and construction of our very popular Riverwalk Trail. This year we will be seeking a TIF amendment to expand the list of eligible projects to include more waterfront areas and additional economic development enhancing initiatives.

- The Capital Improvement Program for FY23 focuses heavily on roads and infrastructure and reflects the significant increase in costs we are seeing across the board as well as the need to make investments now to avoid even larger expense in the future. It also continues the City's commitment to investing in technology and equipment to support City services and public safety.
- The budget proposes a modest adjustment to the sewer rate. The Sewer Department is requesting an increase of \$0.60 per 100 cubic feet of usage. This change adds just over \$8 per quarter to the average household sewer bill. This small change in the sewer rate is needed to address inflationary challenges, meet the department's increasingly costly regulatory requirements, and support structural balance in the Sewer Department budget.
- The FY23 budget holds the water rate stable. Initiatives undertaken in FY22 have helped offset budgetary increases resulting from the tight labor market and supply chain shortages. The refinancing of \$7.6 million in debt provided the Water Department with over \$885,000 in net present value savings, \$78,000 of which is being realized in FY23. In addition, completion of the ozone generation equipment installation at the Hayes Treatment Plant will help lower energy costs there as the staff focus on optimization at the plant.

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In closing, I would like to recognize and thank City department heads, the School Department, and Finance Director Karen Fussell for their dedication and contributions to this document. It is the ongoing efforts of Brewer's management team, with the support of the City Council, that keep our budget accountable, on track, and able to withstand the unexpected.

I look forward to discussing the FY23 budget proposal with you.

Respectfully submitted,

Stephen Bost

ACTION: Councilor Ferris asked what will be the result of the changing mil rate. The City Finance Director noted that home values are up by about 5% while the mill rate has gone down by about 2%, for the median valued home in Brewer the increase in taxes paid is estimated to be about \$100. Councilor Goss said that he would like to go on record that his one item of displeasure from the budget was the Penobscot County tax bill. Councilor Goss said that there has long been a need for a new jail and that for ten years the Penobscot County Commissioners had not acted. Councilor Goss noted that the County tax bill increases every year, but the level of service provided by the jail was very limited. Mayor Daniels agreed with Councilor Goss's comments and said that a change was needed. Councilor Phanthay asked what economic development initiatives might be forthcoming in the upcoming fiscal year. The City Finance Director noted several items either in-process or under consideration: funding for property acquisition to support the redevelopment of properties on the Brewer waterfront; development of an amphitheater at Indian Trail Park; and development of the arts district.

Mayor Daniels introduced School Superintendent, Gregg Palmer, and the School Business & Finance Director, Gretchen Gardner, to present the Brewer school budget for Fiscal Year 2023 budget. School Superintendent, Gregg Palmer gave comments on the proposed school budget.

Gregg Palmer: Thank you for having us, Mayor Daniels, Deputy Mayor Phanthay, City Council, and City Manager Bost. We appreciate coming over and having a moment to speak about the school budget. You have a detailed letter that outlines what our budget is constructed from and why it looks the way it does. I would like to hit on a few of those themes and if you have any specific questions, please do ask.

Being in public school for a lot of years, when it comes to budgeting, hard times I know how to approach because it's mostly hard times, while good times are unfamiliar, and we've had good times in public schools financially as we've had to struggle through a worldwide pandemic. School funding is up in the state quite a bit, and we've had monies we didn't expend because of the partial shut-down of the pandemic. Our students' needs went up, social and emotional needs. So, for us, we're trying to construct a budget that addresses the moment. Using current monies responsibly and wisely, and being prepared for when those go away. That is the theme of our budget.

City Manager Bost outlined that our budget is up. The first thing to note about it is that we're not asking for any additional funding for this year's budget. So, like the last few years, we're not here seeking any additional funding. If you look at our budget, one might reasonably ask, "Is there a trap inside this thing? It's up 6.7%, what's going to happen in the next few years?" If you glance over this paragraph in the beginning that talks about some of the specifics that cause the budget to be up in terms of staffing,

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and there's a fairly detailed list of what comprises the increase in our budget on the second page. The majority of our budget increase comes from specialty education services of various types, including the need to hire a lot more educational technicians next year for our kindergarten students. We have many more kindergarteners who are going to need direct support. Two, three, four times more than we would normally see. And so, the hiring of those educational technicians itself drives a large part of that increase in our budget.

The way school funding works, when special education costs go up, we need to front the money for two years, and then we get reimbursed after that. So, a large chunk of that 6.7% increase is money that we can afford right now because our financial times have been pretty good, and that will be reimbursed, and there's no absolute in what I'm saying, but the theme is that it won't end up directly on the City or the backs of taxpayers, while we're still able to provide those services down the road. So, the additional money that we currently have is a good fit for those needs. Without looking at the kind of increased long-term costs that would cause a financial cliff within the school budget. There are positions that are not in that category, certainly the budget delineated a 0.5 art teacher, a third guidance counselor at the high school. We had talked about those positions back in 2020 when the pandemic hit, they were in our budget then, and we put the brakes on like everybody did, and now that we're back to fully moving forward in our schools we're back to those particular needs.

We have some things that we're funding through federal monies. We got a couple large grants from the federal government, as did all schools. Much of that money gets spent on the physical plant. We've had an ongoing physical plant upgrade at Brewer High School, the continuing work that's gone on in that building to the tune of several million dollars that is funded out of those monies. But within that, there is also a demand that a percentage of that money be spent on direct student support. So, we did a few things with that money that, on the other side of that grant, we will need to absorb, but I think we balanced that pretty well.

We continue to have a goal of avoiding boom and bust budget cycles. Working against us is the reality that we cannot know what will happen with State subsidy, or if smaller sending district classes will eventually permanently reduce tuition funds, and we know that we will need to absorb programs currently funded through federal grant dollars. Our tools to stabilize the District's budget include smart investments that keep our tuition rate closer to the State average; using the bulk of grant dollars to improve our schools without permanently adding to the budget; building programs that other local districts want to tuition students into; repurposing current positions to meet emerging needs; and maintaining a healthy, appropriate carry forward balance. To that end, this July you will see a request from the School Department to fund the capital reserve account that was established last year, financed with money from that School Department's carry forward balance. This fund will help to stabilize financing for needed building construction, repair, and maintenance expenses and will be in addition to a contingency line that was created for 2020-2021 and that we will continue moving forward.

The work remains the same, to offer high quality programs and support for all our students and do that in a financially responsible, sustainable manner.

One thing is for sure, nothing good happens without positive working relationships focused on communication, transparency, and building trust over time. We are appreciative that this is the Brewer School Department's reality with our partners here at the City as we all strive to do right by our students, our staff, and the larger community.

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What we present tonight is a healthy School Department budget that will allow us to meet anticipated needs for the 2022-2023 school year and beyond. We stand ready to take advantage of opportunities and to also weather any unexpected down turns.

ACTION: Councilor Goss asked about the addition of a human resource specialist in the budget. The School Superintendent noted the trend of moderately sized school districts taking on a human resources specialist, and said the addition addresses the need to get human resource work done right in a timely manner. Councilor Phanthay asked, in light of some recent events, what is being done for security in Brewer schools. The School Superintendent said that over the last decade the School Department has paid attention to this issue, and is really up to date with security measures. The School Superintendent noted that next year the Brewer schools will be participating in the Say Something anonymous tip program. The School Superintendent said that the Brewer schools are in a good place, but that they will continue to get better. Councilor Ferris asked if Brewer schools had metal detectors. The School Superintendent said they do not. The School Superintendent noted metal detectors have limitations, and that Brewer schools have a single point of entry which is double locked and monitored. The City Manager asked for a perspective on the School Resource Officers (SRO's). The School Superintendent said that the SRO's in each building are the first/best line of defense, and noted that the SRO's did great work and made the students feel safer. Mayor Daniels commented on the importance of the relationship between students and School Resource Officers. Councilor Goss said that the City of Brewer can be proud of its approach to school safety, and its commitment to have a School Resource Officer at both schools. Councilor Goss noted that the relationship between the School Department and the Police Department was good, and commended both departments.

Public Comments

There were no comments from the public.

C. Consent Calendar

There was no consent calendar.

D. Monthly Reports

There were no monthly reports.

E. Nominations, Appointments, Elections

There were no nominations, appointments, or elections.

F. Unfinished Business

There was no unfinished business.

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G. New Business

There was no new business.

H. New Items with Leave of Council

There were no new items with leave of council.

I. ADJOURN

ACTION: Councilor Goss moved that the meeting be adjourned. Councilor Ferris seconded the motion. The motion passed with a 4-0 vote. The meeting was adjourned at 6:44 P.M.

ADJOURNED, ATTEST: _____ Vincent P. Migliore
City Clerk

A TRUE COPY, ATTEST: _____ Brewer, Maine