

FINANCE COMMITTEE LEWISTON, MAINE

Minutes of February 15, 2017

PRESENT: Paul Robinson, Robert Reed, Matthew Shaw and Councilor Michael Lachance.

ABSENT: Councilor James Lysen, with notification

OTHERS PRESENT: Public Works Director David Jones, City Buildings Engineer Michael Paradis, Library Director Rick Speer and Director of Budget/ Purchasing Norman Beauparlant.

Meeting was called to order at 5:30 p.m. by the Chairman.

On motion of Mr. Shaw, seconded by Mr. Robinson it was

VOTED:

(010-2017) To approve the minutes of the previous meetings dated January 23, 2017 and January 30, 2017 as presented and to accept and place them on file as presented by the Clerk.

VOTE: 4-0

On recommendation of the Purchasing Director and on motion of Mr. Shaw, seconded by Mr. Robinson, it was

VOTED:

(011-2017) To award Bid 2017-003 Library Elevator Controller replacement to Thyssenkrupp Elevator, Scarborough, Maine, at their bid price of \$29,050.

VOTE: 4-0

On recommendation of the Purchasing Director and on motion of Mr. Robinson, seconded by Mr. Shaw, it was

VOTED:

(012-2017) To authorize the amendment to the contract with Richen Management LLC for cleaning services at the Violations Bureau and at the Public Works Facility to allow for more hours of service and to authorize the monthly rate to change as follows:

- Violations Bureau from \$797.33/month to \$1,620.60/month
- Public Works Facility from \$1,495.00/month to \$2,318.33/month

VOTE: 4-0

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On recommendation of the Purchasing Director and on motion of Councilor Lachance, seconded by Mr. Robinson, it was

VOTED:

(013-2017) To authorize Task Order to the Master Service contract with CES Inc. to provide environmental permitting assistance on the River Road Reconstruction Project in an amount not to exceed \$10,000 as described in the Task Order and approved by Maine DOT.

VOTE: 4-0

On recommendation of the Purchasing Director and on motion of Mr. Shaw, seconded by Mr. Robinson it was

VOTED:

(014-2017) To award Bid 2017-005 Franklin Pasture Sanitary Sewer Cure-In-Place Pipe Lining to Insiturform Technologies, Chesterfield, MO, at their bid price of \$308,800.

VOTE: 4-0

At this time, the Chairman presented the draft recommendation to the City Council regarding the Proposed FY 2018 Capital Improvement Plan (LCIP). The Chairman indicated that he had included input from Finance Committee members since the Committee's last meeting.

Following discussion on the draft and on the motion of Councilor Lachance, seconded by Mr. Shaw the Committee voted to send the recommendation as follows:

On motion of Councilor Lachance, seconded by Mr. Shaw it was voted to send the following recommendation:

VOTED:

(015-2017) The Finance Committee has reviewed the Fiscal Year 2018 Lewiston Capital Improvement Program. The Finance Committee recognizes that this document is a long-term planning tool utilized by the City Council and Administration, and that all projects are subject to the scrutiny of the budgetary process. If projects as requested are approved, including the Administrator's recommendation and School Department recommendations, the proposed FY18 bond authorization amount would significantly exceed the 80% bond issue authorization limitation as established by City Ordinance (Chapter 2, Article II, Section 2-34: Council action on bond authorization).

As a committee serving this council and the citizens of Lewiston we recommend the focus be placed on the overall systemic view rather than a listing of each item that highlights our concern. All members of the City Council have now been through the process at least once and should have a more firm understanding of the document.

That being said, we are concerned that the same items keep being placed on the list each year despite the suggestions of better options. As one example, we refer to the telescoping bucket truck. The initial cost to purchase alone is greater than the cost to rent the same item as needed (based on multiple prior year rentals) over the life of the vehicle and when you add in the interest, maintenance, depreciation and other aspects of ownership, it becomes clear this should not even be on the list.

On Debt

We remain concerned over the level of debt held by our city. While much good work has been done to restructure and/or pay off several bonds we wish to remind the council that there are three very large items which will add significant debt to our city. The first is the parking garage arrangement by which we are now past due in building another garage at significant costs. An arrangement which requires us to build more parking simply because the space has been developed should be renegotiated to become an arrangement where more parking is developed once parking is at capacity and a need for significantly more can be demonstrated. The second is our long overdue need for three substations and significant modification of the primary fire station. The third is our streets which at more than one million dollars per mile to rebuild. Currently we are building or reconstructing at a pace that is only 30% of what is required to properly maintain them.

Fund Balances

We appreciate the city reviewing fund balances but believe there is additional room to use some of this reserve. A balance of as little as 8.33% calculates to 30 days of reserve. One month should be enough time to see any changes or concerns whether it be state funding or other issues that come before you. City administration should be able to provide a breakdown of past 5 years of the fund balance in days held to show the true loss in sitting on this money as opposed to using it to reduce the need for additional debt. Other communities have begun these same conversations, including Auburn where a fund reserve of as little as 6% was discussed.

On Land Banking

Like with the fund balance, we may be able to reduce our need to borrow or raise taxes by selling off some properties which are no longer necessary nor meet the needs of land banking. The city should continue its review and sale of property sales in order to fund some of our needs.

Prudent Choices

When we weigh the potential upcoming bonding items, the unstable nature of state funding and the potential merger vote this fall we strongly recommend the City Council consider funding only those items absolutely necessary or where a prudent review could show the cost to acquire is less than maintaining current aging equipment. This would include postponing the building of another parking garage for at least one additional year. That exercise when done publicly will provide the taxpayer some comfort in how their property tax dollars are being spent.

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Lastly, we continue to remind this council that the LCIP continues to have items in it that do not meet the definition of Capital Equipment or Expenditures. Those items include supplies and materials with a potential use of less than a year and adding staffing time such as engineering into the bonded portion of any project. There is no accounting standard found which justifies placing them here and thus we recommend they be earmarked for removal and placed in the annual operating budget.

We look forward to being a resource to the city on any of these issues and are open to assisting with any further discussion.

VOTE: 4-0

VOTED:

To adjourn at 6:00 p.m.

Norman Beauparlant
Clerk
Finance Committee