SCARBOROUGH, MAINE INC. 1658

MINUTES
TOWN FINANCE COMMITTEE

Thursday – February 12, 2025
Hybrid
5:00 P.M.

Item 1. Call to Order. L. Cain – Chair, called the meeting to order at 5:00 p.m.

Item 2. Those Present. Finance Committee members present: Councilors Larry Cain – Chair, Jonathan Anderson and Karin Shupe. Others present: Thomas J. Hall, Town Manager, Liam Gallagher, Assistant Town Manager and Norman Kildow, Finance.

Item 3. Approval of Minutes: January 8, 2026. Motion by J. Anderson, seconded by K. Shupe, to move approval of the minutes from the January 8, 2026 meeting, as written.

Vote: 3 Yeas. Motion Passes.

Item 4. Discussion on Grant Policy.
The Finance Committee focused on the grant policy process, clarifying that it documents current practices rather than being a formal policy. The Town Manager outlined the management of grants, which require council approval and must align with state or federal regulations. The Finance Director emphasized financial tracking for federal grants over $1 million that trigger single audits and federal reporting and highlighted the HIDTA grant as a significant federal grant necessitating an annual audit, and advocated for consolidating grant activities for better tracking. It was important to be transparent in grant applications, suggesting quarterly updates and better public communication regarding ongoing grants. The Committee discussed the challenges of securing funding, particularly in the context of resiliency and climate change projects.

No public comments were made.

Item 5. Discussion on FY27 Budget Review Process and Schedule.

The Committee discussed changes to the budget review and calendar, with a presentation scheduled for March 25th followed by first reading at the next regular meeting on April 1st. They agreed to hold budget workshops on March 13th and 14th from 8:00 a.m. to 12:00 p.m., with a proposed schedule to be developed. They also discussed the impact of the recent property revaluation on general purpose aid education funding, and the County Finance Committee's approval of a budget with a 13.88% increase due to reduced federal revenue for the jail.

Item 6. Discussion on 2026 GO Bonds - Series A, 2026 GO Bond Anticipation Notes, 2026 GO Bonds - Series B.

The Finance Director outlined the town's bond issuance strategy, which included selling $4.7 million in a tax-exempt general obligation bond and approximately $8 million in a bond anticipation note, with an upcoming sale scheduled. These changes reflect lessons learned

regarding financing CIP projects exceeding exemption thresholds. The town will implement a new arbitrage monitoring program to ensure compliance with IRS and SEC regulations, focusing on timely borrowing for CIP projects while preserving overall debt terms. Favorable bond rates were noted, with a taxable rate of 3.78% and a tax-exempt rate of 2.74%, alongside reaffirmed AA2 and AA+ credit ratings from Moody's and S&P. Scarborough also mentioned the town's strong environmental standing, financial management practices, and the necessity of addressing challenges like climate change and cybersecurity, all amidst a track record of financial reporting excellence.

Item 7. Discussion on Discussion on 2026 Town Council Goals related to the Finance Committee.

The discussion highlighted financial factors that impact council objectives, particularly around affordability and capital planning. It addressed the expansion of impact fees for open spaces and public safety, while underscoring the Finance Committee's involvement. Key updates included public engagement on the budget and the need for timely actions to achieve goals, with staff cognizant of year-end deliverables. Library trustees are re-engaging, and a subcommittee would be examining property tax relief. The balance between ideal fiscal goals, such as a 0% mill rate, and actual budget constraints was acknowledged. Additionally, concerns raised over the rising number of kindergarteners needing special education, expected to lead to increased fiscal pressures due to costs, including insurance. A cost of living adjustment has lowered from 4.5% to 3.3%, stabilizing revenues. Advocacy for zero-based budgeting emphasizes justifying budget requests. The need for clear communication on expectations and workshops on property tax relief legislation and impact fees for school projects was reiterated, along with the analysis of budget lines related to local authority over impact fees.

Item 8. Public Comments. None at this time.

Item 9. Adjourn. Motion By J. Anderson, seconded by K. Shupe, to move approval to adjourn the regular meeting of the Finance Committee.

Vote: 3 Yeas. Motion Passes.

Meeting adjourned at 6:07 p.m.

Respectfully submitted,

Yolande P. Justice
Clerk to the Council
[Not present at meeting, transcribed by Video]

- **nd moved right to our first discussion item is on the grant policy. This kind of came up through a council meeting where people wanted some more**

- Understanding about how that process works.

- I think that's up to you, Tom, right? Yeah, so this isn't really drafted in the form of a policy, it really… I sat down to codify, kind of, the practice, how we do it. So, I guess I'll take direction from you, whether you would like it to be formalized as, as a policy, in which case I think we probably build it out a bit more. But, this was…

- to be honest, I thought… I saw it as busy work initially, but it was helpful to sit down, particularly in this pursuit of grants, is just to articulate why we're doing it. We need to have a purpose, and we need to have some parameters, and so that was a helpful exercise to kind of document, and I was just thinking back in my mind, kind of.

- Through all the different grants we've done over the years.

- What is a motor… factor, other than the obvious bottom line of no way to defray costs. But, **A**

- Really making sure it aligns with our policies and practices and our comprehensive plan, kind of the big picture alignment.

- So I don't know if you want me to kind of walk all the way through it, but, you know, in a nutshell, you know, I think staff in general, including myself, but, and I certainly make my staff aware, I encourage them to be very active in awareness and pursuit of grants.

- I'm involved in the application, oftentimes at the very last stage. You know, I'll have general awareness that, yeah, we're chasing this grant, and I…

- set them loose.

- But I'm certainly involved in either signing them for the application, or… or being, you know, a letter of support, or something like that. And then in all cases, all grants come to you for acceptance, so we don't… we're never in a position of accepting a grant without your approval.

- In fact, it's almost always a requirement of the grant agency.

- And to be honest, not honest, but to be clear, most of the grants are either state or federal, and so it's not surprising they have this kind of

- local legislative body acknowledgement. There are,

- Sometimes nonprofit and philanthropic grants, but that is really far and few between, quite honestly.
- And then Norm has really introduced some, important rigors from a financial tracking point of view. He insists that any grants that are accepted, finance be made aware
- particularly, grants of a federal sort of a certain amount require us to actually perform a single audit, so there's additional financial review and reporting associated, but beyond that, Norm wants to know, any grant of any amount, just so there's basic awareness.
- And that's been a good policy to institute, and that's really under… since he's been with us, frankly, we've been a lot more specific in that regard.
- After it's awarded, or even that it's been applied for?
- **The rule is, if you're expending federal monies.**
- And that includes federal monies passed through the state.
- If you expend in excess of a million dollars in a given fiscal year, and that's a new limit, it used to be $750 if you're…
- just…
- generally familiar with… with the rules. If you expend more than a million dollars of federal funds, you're required to have this single audit.
- And it's part of our audit package, our financial audit package.
- And they issue… the external auditors issue a…
- A separate report, and, we…
- We state, and we have to file with the,
- Clearinghouse, the federal government clearinghouse, and we state how much we spent, and we list the grants that we spend them on.
- So it's not…
- a grant that you've received approval for, it's more on the spending. Okay, right. To simplify for staff, so they don't have to understand, is it federal, is it not?
- at every department head meeting, Norm says, make me aware of any grants you've received. And so, we let him be the clearinghouse of what has to do, depending on, you know, rather than relying on staff to determine
- do I tell finance or not? We just have a standard rule. Make them aware and let them sort through what needs to happen next. And that population includes not only things that we do on the municipal side with federal dollars.
- But also the school, infant.
- just to give a flavor, our largest federal grant is the Hiding grant. Our high-intensity drug trafficking agency work we do is, like, big, it's $5 million.
- So, we're gonna have a single audit pretty much every year, as long as we administer that grant for HIDA.
- And just to be clear, that grant, we are simply serving as the fiduciary for this organization. There certainly are benefits that accrue to us, but I don't want you to suggest that we're seeing the…
- benefits on our streets of $5 million every year, but we're serving as a fiduciary for a larger regional… Our benefit that occurs to us is the administrative fee we're going to charge.
- You know, we get 2.5% to provide those services.
- Okay.
- **Sorry, I interrupted you, if you want to… So, no, that's kind of the long and short of it. In a nutshell, staff's encouraged to apply. I really think current staff is particularly engaged and adept at identifying opportunities and pursuing them.**

- In most cases, we like to align them through the budgetary process, really for line of sight and awareness, but also, kind of acceptance and authorization.
- sometimes it doesn't work, something kind of lands in our laps, if you will, or we didn't anticipate, but more often than not, you'll see, particularly in CIP, that's where you'll find most grant support.
- In the narrative, and in fact, in the spreadsheets, you'll see, funding sources, and if there's, it's very seldom does a grant fund all of the initiative. It's usually a part, or there's a local match, or something, so there's a combination of funding for
- Many of the capital items that is called out there.
- So that's essentially how it is. I did do a little research online. There really aren't too many that I found readily available. That suggests to me that not many communities have a thing. That's not to say we shouldn't.
- Most of the policies I've found, really are kind of in reverse. It's not us applying, it's agencies that are handing money out. They have, you know, very clear procedures and rigors for their internal process for warning.
- But in our case, we're really on the receiving end, not the awarding end. That's a good point.
- grant procedures from the grantor perspective. There's no common theme, it's all
- Every grant's different, pretty much, so…
- You have to be very cognizant of what's in the grant agreement.
- You know, one thing that we could do that I think is probably a good routine is… I don't know that we, we don't consolidate in any single spot and identify all the grant activity we have in a fixed period, and that might be good just to start tracking that and reporting that out, just
- So, frankly, staff gets credit for all their good efforts, frankly. It gets lost in the larger discussion often. I think that would be great to have as part of the budget process, just to kind of build in some sort of exhibit that has all the grants that were awarded and applied for, just so that, again, we know
- the community knows, because again, that to me also indicates that we're trying to pursue other sources of funding, so that we're not relying on property tax, so I think that would be great.
- Tommy said something that made me think, you know.
- in the process, and I always go back to the pain road, Grant.
- **that we applied for, that was our federal one. The reason that came to Council, I think, was because of the significantly high dollar match.**
- And so I'm wondering, is that something that we should memorialize, too, and process… either your process, or if we want to memorialize the process into a policy? Just, like, if the match requires a certain dollar threshold and it's outside of the budget process.
- Should the Council approve it before we submit it.
- Yeah, I can't think of a case where I am applying for money, that requires a local match that I don't already have authorization for. Right. Was this just the one example? Which one are you referring to? Remember when we applied for the Payne Road one?
- The federal one, and because of… I know we were asking for $20 million, and I think it required
- 2 million, I don't remember the exact number, but I remember it was a big number, and so that's where…
- Yeah. Yeah, that's one where I did not have any authorization in hand, and frankly, an order… that order of magnitude is really irregular, so I think that's something that

really deserves line of sight, for sure. I will say that the one exception, and there's a statute that governs this, that

- What you'll see that you do approve at the point of application is the CDBG grants. We are a non-entitlement community, so we cannot have direct access to CDBG funds.
- We're part of a larger pool administered by Cumberland County, and actually have… serve on the committee for the award, but
- for all of those grants, and in most cases, we're sponsors to someone else, we're not actually the applicant, but that process, because it's a federal grant, and it's of a certain category, it does require authorization from the elected officials, even at the time of application. That's the one exception, I would say.
- Is there an advantage to us being on that award committee? Sure.
- I… well, I… honestly, we've got to, I think, recuse ourselves if we're on… have a member on the committee. I don't know that we can vote on our own application.
- But I… yeah, I know Jay Chase, when he was planning director, was a long-standing member. I don't know that we currently sit on that, but…
- I think having involvement is helpful.
- I don't remember, like, I… the point you were just going back to what you were saying about not having authorization, again, I just…
- It seems like you would come to us if you don't have authorization where the match is required, or some sort of local
- contribution, so… I don't know if that needs to be in here, that just says, in the event
- funding authorization is not available, you would come to the Council first.
- But again, like, I don't want you to do that for everything, especially… Yeah, but a general rule that limits everything, or directs everything I do, I need to have appropriation authority, and you're the only ones that can grant that to me. We do it almost wholesale through the budget process. There's a lot of authorization granted there.
- You'll notice on occasion throughout the year, we'll come for reserve accounts, something that wasn't in the budget, but it's under your control. I can't do anything without your authorization. So it's really the appropriation authority, and that's related to this, particularly if there's a local match requirement or something else.
- In most cases, we have pretty good awareness of grants, and know it at the time of budget development, and are kind of providing for that in the budget request, and that's… so we get the authorization as part of the budget.
- I think it's good to list the grants out also for residents to see. Like, I think with Scott O'Hill, they're like, why are you doing that? And I think if they saw, oh my god, they're applying to grants all the time, look at all, you know, I think they might have a little more perspective of, like, this is actually a normal course of business.
- I personally don't feel like this is something that… I mean, I don't know… I don't know, I feel like my phone listens to me, and I got this group thing that came up that literally said it was non-profit resource and grant opportunities, and it was 200-plus people in Tom's position being like, do you get authority to apply for grants? And everyone's like, no, no, no, it's operations. Yeah. Which I… like, he needs to do his job, he needs to do that, and I don't want to, like.
- Add more to it.
- I think…
- the only thing that came out of what I feel like put this before us, at least for me, was Scott O'Hill, where what's coming out of that grant application is a decision that we are required to make action on, and that's closing a road. Yeah. And I think that was where

- we… I felt a little disconnected with… I didn't even know that was part of the discussion, and just because they applied for the grant doesn't mean we're doing it, but I think we were a little surprised by it. I also, though, don't want to put language on paper saying.
- making him do something beyond what is necessary, and also what our colleagues… they're not doing this, you know what I mean? And so I think… I think just more transparency, personally, about what we're doing, what we're… what we're applying for.
- and maybe up front, like, okay, Scott O'Hill closed, like, we're gonna do this, this, and this. I don't think we knew at that point what we were doing. I can tell you, we were…
- keenly aware, coming right off, Sawyer Street, what, what, you know, where this leads. And in our application.
- but more so after we provided additional clarification to them and called that out specifically, that even though we're applying, this requires a, you know, a different statutory process that involves the council and the public in terms of discontinuing the road. So, I think we did a good job of not overcommitting and making them abundantly aware. Frankly, they were aware that that's… that was
- part of this as well, as well. The other thing I could perhaps do is,
- Throughout the course of the year, through my, you know, bi-weekly manager reports, just to… to mention that we're applying for this or that, just to kind of,
- give you that line of sight, on an ongoing basis. Part of me wonders, like, would it make more sense if Norm is the clearinghouse, that when you do your financial quarterly update.
- Maybe part of that includes… the grants.
- So that way… because again, I don't… I'm sure they're doing this a lot, and I don't know if we want it on every meeting or all the time. I feel like it'd be nice to do a quarterly.
- And get a sense. …that's, like, pending… ones we've applied for, ones we've been granted, ones that are pending, I don't know, just at least in, like, you don't even need to go through it, it's just… it's there. Yes, I get the financial update. And I don't always get notified of everything that's applied for, I just…
- My, as Tom said earlier, my focus is
- what did we get? So, if we want line of sight on what's been applied for.
- Tom's gonna know it before me. Okay. Yep, yep.
- Yeah, and just imagine, all the money through PACS, that's all… mostly it's federal money that flows through PACS, and, you know, we have our fair degree of success there, so technically all of that should be part of this report as well. That doesn't require, kind of, the
- formal application in its purest sense. They've got their own very complicated process of identifying projects and awarding. But technically, it's grant support. Yeah.
- So I think I generally agree with Karen. I don't think we need to memorialize this in policy.
- But, again, just thinking.
- how you guys… what makes the most sense for you guys in terms of bringing transparency at the right times to Council, in terms of
- what's being applied for. Yeah, I mean, shame on me if I don't anticipate a project of…
- such interest or importance that… that I'm not making you aware of it. I think people really do. I don't… Yeah, I do too, and I think…

- The point was made earlier, too, about how
- really, I think the public interest is around
- some issue before us, and what the impact of some grant may be.
- So…
- that, and I've… in the short time I've been here, it seems like as we're reviewing something like that, you're already reporting out that there's a grant application, and…
- So, I'm not…
- Yeah, and legally, I can't… I can't commit to something I can't control, whether it's financial or discontinued to the street, I can't… I won't commit to something that I… I can't…
- I don't have the authority to commit to. I think the original objection, like you said, Karen, was around Scottall Hill, and it was really the idea that
- there were multiple choices of how to solve the Scottah Hill problem.
- There was originally one
- one of those choices involved a possible grant opportunity, and I think there was feeling in the public that it was, kind of
- Predisposed that we would go that way because it was an associated grant.
- And so they… so people wanted to know more about that process. Yeah, I didn't do a good enough job, I think, at the time, explaining that we intend to apply for other opportunities. They simply weren't available to us. We were waiting for that grant to open. Just open now, frankly. Yeah, right, and as it turned out, there is a second choice. We heard a bit of that through Sawyer Street, too, which is curious, because that had great line of sight. That had 3 years of build-up, it involved 2
- Elected bodies, all over the news and media. All over the news, yet we still heard at the end of it, why didn't I know that discontinuous is part of that? I think that, I mean, that's always the challenge, right? Like, through any…
- decisions we make until the decision is about to be made. Yeah, sure. It's… that's usually when people start to pay attention, and it's just…
- I would love for people to, like… I wish we, like, had, like, this ability to, like.
- maybe we can put this in the budget, like, know who's gonna be, you know, disappointed in something now, so that we can get them to come, but it's just… I just wish we could… like, I don't know how we solve for that.
- Well, let me give some thought to an exhibit or some… something in the budget, that, would show past success and maybe even give a hint of what we're looking at in the future, and then we can talk further about maybe some periodic reporting as well, whether it's through my report or…
- Or some other means. Well, I think John has forgotten that he… when he read his act for…
- Back on page 111. Is it in there? In the, special revenue section.
- there's a column, and it rolls up all the grants and revenue, so it doesn't give you the granular that I think you're kind of looking for, but it at least gives you a picture of the totality of revenues and expenditures. Yeah, I'm a bit selfish here. I'm interested, but also a bit selfish to really show our success, and we don't take the time to do that. That's honestly what I think is the best thing about this, especially in the budget process.
- to say, Look at all of these grants that we've applied for to offset the
- property taxes, and, you know, that's something that our town takes seriously, but, you know, I know we're doing it, I just… it would be nice to be able to point to something specific. Yeah, and many of the studies we've just concluded have a

fairly small, but a small grant component associated with them, and that gets lost in the larger conversation. Right.

- So I'll… I'll put some thought and energy into that, and perhaps you'll see it as soon as this budget… Right, so if we look at…
- some way to delineate it in the budget, and then periodic, even if it's just through your existing council reports. Yep, but this was helpful, and this is a document that I'll probably continue to build on, just to flesh it out further. I had one kind of process question. Is there…
- a central… resource or, something to subscribe to that would…
- kind of be push notifications to staff about this grant's available, just, you know, does it…
- Because I understand they go out… Consultants that specialize, that's what they do, is to make you aware of grant opportunities. We don't subscribe to any of those, get to pay for that service. The free service, Tom, is, it's called Grant Solutions, and it doesn't notify you. You have to actually go look.
- But you can go to the website and see what's… And I think many of our staff are… That's how they're being made aware. They're monitoring that.
- So they're doing it so that if they have a particular issue that they're working on, they'll search those keywords and see what comes up. Yeah, very often, more and more, it seems the grants are getting very, very specialized and specific.
- So, but we're doing our best to find matches. And not surprisingly, highly competitive.
- Yeah, the current federal administration, you know, it's kind of a different world, and that will probably correct itself at some point as well, too, but right now, there's a dearth of federal grants,
- Of all kinds.
- We saw a lot in the area of resiliency and climate change and,
- Infrastructure, and most of those have dried up or been redirected, frankly.
- And I'm right that you all agree that there's no… we don't have to set any kind of dollar thresholds for any different level of reporting or anything like that?
- Good. Any other questions on that?
- Is there any public comment at all?
- Oh, okay.
- Alright, our next item is the… Budget review and calendar?
- Yeah, real simple one. You want to introduce it, Larry?
- No, that's okay, I think we just made that one change, right? Yeah, it's just the one change I think you're already aware about, but, just due to some scheduling of committee members and council leadership, rather than the original proposal, which was to do the budget presentation on March 25th, that would have been a special
- joint meeting of Council and Board of Education, where the superintendent and myself simply present the budget, and that's it. Followed up by first reading at your next regular meeting on April 1st.
- that 25th date was challenging, so what we're proposing to do this year is to do a presentation that night and have you consider first reading as well. And I'll just give you the backstory. That's historically how we always did it. And there were some, past council, I forget, it doesn't matter who, but,
- wanted to introduce some separation between presentation, like, I'm just getting it now, and you're asking me to vote on it, and I understand the optics of that.
- But first reading, as you know, is, kind of initiates the process, it doesn't commit anything, and really the schedule that we build here is we build about a six-week

period between first and second, and that's when you're most active, in budget review.

- So, just given those limitations this year that seemed like a reasonable accommodation without upsetting the whole calendar, we're able to kind of just shift that one date, and we can certainly return back to this other practice in future years, if that suits you.
- Do you think we need to change that time at all to make sure we have…
- For the regular business?
- I don't… I don't… at this point, I don't know what else would be on your agenda. The presentation takes 20 to 25 minutes, so I think we're a little longer meeting, but I don't know that it's totally out of bounds. Okay.
- And I would probably tuck it under my manager's report, just for lack of a better place to fit on the agenda, because I think we already have workshops lined up. If not, we can maybe start the meeting earlier.
- I think it's good to have it at the beginning, if you can, just for the people that are present to hear it.
- Good, so that's… that's it for that item.
- Sweet.
- We have TBDAM… On the 13th and 14th, so…
- Do we need to pick a specific time? Yeah, you all, we're at your convenience. My staff is on notice to kind of reserve out those two mornings, and once you give us kind of the parameters of when you want to start and stop, we'll come up with a proposed schedule of who's coming when.
- Do you guys have a preference on how early to meet?
- I think we did… last year, we did, what, 8 to 1 or 8 to 12? Like, 8 to 12? Yeah. Maybe we could…
- That's good with me. Do 8 to 12, and if we have to… Yep, go over, we can go over, yeah. Okay.
- then we'll produce, a list of, just based on our experience, who takes the most time, and who might make sense to, to be heard on the same day, and work with our school colleagues to see what works best for them, and propose a slate of… and a schedule. We will,
- for the town side of things, we'll be providing staff a common set of slides. That doesn't mean that they have to be limited to those, but we want to make sure that they all cover general same territory. You've seen that over the last several years.
- And really focused around certain themes as well. So, you'll see some commonality there.
- And just for you, Larry, as the chair.
- The chair always tries to attend the school board budget workshops that happen on 3-11 and 312.
- So if you're available to go to those.
- Those are kind of, like, their staff department meetings, so it's all… Just when you're hearing the interaction? Yeah, and you get to hear what's going on. And then we always… I don't know if we always made it formal, but it seems like
- their finance committee always comes to our finance committee meetings. We don't… I can't think of a time when I went to one of theirs.
- You get the power of the first strike. Yeah. So they always came, and so again, I think as we think of the meetings, just maybe extending the invite to Mitchell.
- Because he's the finance chair to come and participate and…
- at least just hear what's going on. Yeah, Shannon actually kind of kicked that off, introducing the two of us, and

- And… Wishing us well with a collaborative effort.
- I did hear from school board chair, inquiring about… they learned earlier this week what the general purpose aid education is. It's, maybe $30,000 more than it is the current year. Good news is it's not less, but,
- And, really the big driving factor there is the impact of our revaluation and what it did for our overall value. So, she's looking for some further
- detail around that phenomenon. I haven't spent the time to respond. I did try and explain to her separately that the reval year is likely what caused
- The change, and so… As other communities do their revels?
- That will change, probably, our…
- what we get, but until everybody, like, that's the challenging part, like, everybody's doing it at different times, so if you didn't do a reval…
- you're probably getting a lot of money from the state right now, which is kind of unfair in that lens, because we were… Yeah, two factors. Two factors that I appreciate, I think, had the most, most impact is the valuation of the community. The richer the community, the less you get.
- Is the theory, and then your school population, and we're kind of flat, slightly going down, so those two factors together produce a lower GPA. I just, for what it's worth, I saw Portland is down 4 million, and that's a different order of magnitude, but same phenomenon. They went through a reval. Yeah.
- One thing for your guys' awareness, as well, I was at the County Finance Committee this week.
- And the Finance Committee did approve the budget, or at least recommend that the budget go forward to the commissioners.
- It is going to be a 13.88% increase when typically it's a 4 or 5%, and the real reason is the loss of
- Revenues from the federal government to the jail.
- And so that's unavoidable. We did make a strong recommendation, though, to the commissioners that they look at their fund balance, their unassigned fund balance, and see if there's more that they can contribute. It's not going to be enough to make it go, like, maybe it'll go from 13.88 to, like.
- 12.99, like, but again, trying to do a little bit more, and so we encourage them to do that, to see if there's any more relief, but I don't know how that will translate in terms of a mill rate percentage, but I know Cape Elizabeth…
- They were there, and they ran the numbers, and again, they don't have the value increase that we do, but for them, at least, it's a 1% increase on their budget for the $400,000 that they're assuming
- would be additional than they would normally get, so I don't think we'll be quite as dire, but, you know, I know we have that 0% goal, and this will be something. They did provide me, Tom, and I'll share it with you, and you might even have it.
- Their one or two-pager about, like, the value of the county and what the county does. But again, as we think about the budget process, we just might want to…
- make sure people know, because we don't typically talk about the county, we kind of see it as a line, but it's going to be a significant line this year. Yep, no, this helps.
- Yeah, they're constantly striving for relevance.
- I'm… I'm good friends with the county manager.
- they were talking a little bit about doing more shared services, and I was like, I think we're good.
- Questions here?
- Okay, great.

- All right, the next thing is for, going through the… I don't know if you'd consider them changes, but the update on the bond issues.
- Yeah, there was… there was a slight… I don't… I wouldn't call it a change, but a slight, uniqueness this year.
- So, so a bit of history. We came in December and presented a request for bond authorization for $12.9 million for the CIP projects.
- For our annual borrowing.
- Started down the path of, getting all the documents ready to go to market.
- Hired a new bond counsel.
- Because our previous one is retiring.
- In that process, the, the new bond council, I guess one being new to us, really.
- Really dug into the weeds and the details of our bond issue.
- So, some things that came out of that were…
- This thing called a small issuer.
- If you issue tax-exempt bonds, you're not subject to arbitrage rules.
- If you issue within a calendar year less than $5 million for regular CIP,
- And then an additional $10 million of school construction. And that's actual construction, not maintenance.
- large repairs that fall under the CIP.
- umbrella.
- So we, obviously, we blew past that with our almost $13 million.
- so, losing the small issuer exemption,
- When you're a small issuer, you can…
- our practice that we've been doing long before I came to the town.
- But we continue as we…
- We spend the CIP, and then we bundle them up, and we come and we bond those.
- Since we pay ourselves back. Pay ourselves back. Replenish our cash coffers and do the next round. Do that annually. We're… we're… we keep our cash in a good position.
- When you're doing that bundling process as a small issuer, you can look back 36 months.
- When you lose that small issuer exemption, you
- Shorten that look-back period to 18 months, so you… you risk losing those oldest 18 months.
- From an ability to bond it.
- and… and that's for issuing tax-exempt bonds.
- If you're doing taxable.
- The structure's like,
- You can do taxable GOs, or there's bond anticipation notes, which I'm going to discuss what we did here.
- You still have the 36-month look-back period for those.
- So, we, met with Joe Couture, and… Mapped out some strategies.
- The second part of that issue was the 4.7 for the school. There were absolutely no changes with that. It's going forward just as it was presented, so…
- Nothing, nothing changes there.
- We bundled up the oldest projects.
- And that got us under the $5 million, so we… We have a, 4.7.
- just coincidentally has the same number. Yeah, rounded happens to be the same number, but it's… 4.7.
- That we sold as a tax-exempt general obligation.
- 20-year bond.

- That our normal, normal sale.
- the remainder… A little over 8 million.
- we sold as a bond anticipation note.
- Which is… it's allowed under our fiscal policy. It's a… it's a typical, other towns in Maine use… use bands all the time.
- So it's typical to the market, it's, it's not unique, so it's… it's got a, it's got a good history of…
- of, being a, viable financial tool to municipalities.
- So we sold that.
- And the, with the intent, and it's a one-year maturity.
- So the intent will be to do a… what's called a refunding.
- Next year, with a tax exempt, and you basically…
- Get, get those expenditures into the tax-exempt realm when you do the refunding.
- And we'll do a 20-year refunding on those.
- This time next year.
- We had, we got, we had a favorable tick on the, true interest cost on the,
- Hang on a second, my laptop just went to sleep on me there, so… Sorry, sorry, Norm, can I ask a clarifying question? So, did we do a Series A, a Series B, and the band?
- Yes, sir. So Series A was for 4.7, Series B was for 4.7, and the band was the 8.
- Two? You got it. You got it. We've sold 2 of the three so far. The final sale is next Tuesday or Wednesday? Thursday. Thursday, excuse me.
- because we're doing multiple.
- sales.
- Not… not to get really, really into the weeds, it's called Common Plan of Financing.
- For arbitrage rules. So we had to spread them out so that our arbitrage issues
- stayed back. Spread out to sale, you mean? Yeah, yeah. We put… we put 15 days between them so that…
- We also wanted the market to kind of reset, or the investors, that little space in between. Yeah.
- So, that's what we have. We've sold the band, we've sold the Series A, we'll get our funds.
- Next Thursday?
- Which is the same day that we're actually selling the next series.
- And then there will be,
- Roughly 2 weeks after that, when we get the funds from that sale.
- so this process has kind of opened the eyes, for me particularly, that
- It's gonna lead to some changes on how we do our financing of CIP.
- our annual CIP plan, It has exceeded 5 million.
- And we'll likely continue. And we'll continue just…
- Further, with the school project, we're blowing way past the $10 million on school construction.
- So we're… we're losing the, the small issuer exception for a multitude of reasons.
- And so, it just… it makes sense now to… when we… develop our budget for CIP,
- And you all authorized the… the CIP plan for the budget year that we… We go ahead and…
- bond those.
- Soon after.
- And advance fund, and then that… that will bring some… some new work for the finance department.

- Called Arbitrage Monitoring, and… Almost all municipalities that I know of hire consultants for that.
- one of our banks has a program where they pay for that, so I will be most likely taking advantage of their
- Arbitrage Monitoring Program at no cost to the town.
- But it's just that reporting really has to do with us demonstrating… arbitrage is intended to get around what happened rampantly in the…
- for decades, which was borrow money cheap, then invest it at a higher rate, and essentially make money on it. So they said, no, you can't do that. So the new IRS and SEC rules
- require us to demonstrate and then report out that we spent the money within certain periods of time, 12 or 18 months. Yeah, there's some milestones where you have to have a certain percentage of it spent. So, when we advance, borrow money earlier than we
- have historically done, will also scrutinize the CIP, because there's some things we know
- because of the project, or whatever it is, that we don't need to borrow it yet, because it's actually 24 months off. So we'll scrutinize those, and we're not going to simply bond everything you approve up front. Does this have any, like, bottom line impacts?
- To our debt service or anything like that, with the change, or is it… Your…
- probably forward-shifting a little bit the debt service on the CIP program.
- But that goes back to being more, more cognizant of what projects are
- Shovel ready, and you kind of hone in your project,
- Plan to what, what you,
- are comfortable putting out there to get started. You're still paying the same…
- debt service over the same term, it's just a matter of earlier. You're probably paying it one year earlier, but it still will be 20 years or 25. And obviously, the big wild card is, you know, you borrow now, you borrow a year from now, what are interest rates? We don't know, so…
- But it sounds like maybe the first year we do this might be the only year where there's some sort of…
- Impact, but it sounds like if we…
- thoughtful about the projects, like you're saying? Yeah, we'll mitigate that. We'll mitigate a lot of that. And we can even structure the debt such that it's interest-only payments. There's ways to kind of minimize the first-year impacts. Right, okay. On this year of change.
- going to the 18-month look-back instead of 36, are we missing out on anything, a project from 36 years ago that we haven't completed, and now it's…
- We will still, we will still continue our look back until we gather all those that are eligible for bonding.
- And then there will… there will be a cutover point where… Okay. Yeah, so we'll be able to secure long-term financing, as we always intended. There'll be… we won't be kind of stuck funding with cash and projects. Yeah. But to do so, we need to do this one-year ban to kind of clean things up. And we may have to do another ban.
- for that catch-up period that Larry's asking about, to kind of get everything pulled forward and bonded. I want to make sure we don't leave without reporting what the interest costs were. Yeah.
- So that, that's kind of how we landed on the first two pieces of the three-part, debt issue, and…
- As I alluded to earlier, we got a very favorable rate on the,

- on the GEO bond, the true interest cost, which takes into account
- The… the bond premium that… that the bidders.
- gave us.
- 2.743… 74739%, so 2 and 3 quarters percent effective interest rate.
- Which is… seems incredible.
- is really good.
- For the ban, since it was taxable and it's a shorter term, it had a little bit different rate.
- we got a 3.779541, so 3 and 3 quarters. And those generally will be higher because you don't have the advantage of the…
- Tax-exempt, right. So when we refund those next year into tax-exempt, we'll see a drop. We'll see a drop in the rate. And the Series B ones tax-exempt, or no?
- B, the school will be tax exempt. Yes, sir.
- And then just to,
- I don't know if we've reported this out yet. I think you may have in your manager's report, but
- Our, ratings agencies, So, Moody's,
- who upgraded us last year, reaffirmed their AA2, and the SFP reaffirmed AA+, which we've been that
- Credit rating for quite some time.
- on that score, both rating agencies, I think, have
- upped their game, I suspect they may be required, but their credit, opinions are something worth looking at, because they give us a pretty good hint of
- what could we do to increase, our rating, and consequently, or conversely, what could we do that would cause a downgrade? But it also kind of gives us marks for,
- the different categories that they, you know, they value in terms of governance and, you know, other factors.
- Climate change, not surprisingly, is becoming an increasing part of their area of interest.
- And, you know, we had very favorable conversations with a lot of the plans that you've funded and that we've done, the vulnerability, the… now the climate action, all of that, it bodes well for us.
- So is that why the… like, when I look at the environmental score, it said that we're low risk at some… it kind of came across. Is that because we're… You want to be low risk in their minds. And that's… to me, I'm like, we're a low risk. Is it because we're prepared?
- Is it because, like, we… we've… Part of that, and we have capacity to deal with anything that comes out, yeah. Right, okay. Right, so we're not… our heads aren't in the sand, we're making ourselves aware where we're vulnerable, and we have capacity to deal with those things. And the hurricanes typically abate a little bit by the time they get to us, so… That keeps us good.
- Thankfully, ice storms is the worst thing. Yeah. Say that. You could have…
- A catastrophe. The big picture, just in normal, correct me if I'm wrong about this,
- and Larry will remember this intensely, through the whole, SBAC2 process and through building up the referendum, projected, or predicted impact on taxpayers is a big part of the consideration, and so we, we informed the committee and then the public, using our, different modeling tools.
- **One of the major assumptions was what interest rate on 140 million bucks, and…**
- We've isolated back and forth. We were recommending 3.25. In the end, the model we used, I think, was 375. Yeah, we were 3.5 for most of the… 3.5. Given these

results, we think, and we reported at the time, we think that's a very conservative number, and this suggests that, in fact, it was. So, those numbers are likely to be less impact on our residents.

- Would they, like, does the size of the bond have any impact on…
- The percentages that we would get, because these are relatively smaller, so…
- I'm just trying to understand, is it really apples to apples, or is it maybe not going to be as high as 3.5, but this number tells us
- It could be a little bit lower. We had 9 people bid on the tax exempt.
- Is that a good… is that good? No, it's competitive, yeah. And we had 3 people bid on the band.
- So, all of the bidders on the tax-exempt were under 3%.
- True interest costs.
- Highly competitive.
- And that is the, that's the, the greatest impact on,
- Yeah, there's a saving grace of, you know, Scarborough has always held a higher debt load than most of our peer communities, certainly by Maine standards.
- But what that gives the investors is good line of sight, that we've got systems, we've done this. We're paying our bills. Pay our bills, and it manifests itself best in the rating agencies. You know, we made them aware 3 years ago that this project was coming forward, and so it's not a surprise. They've been including this in their commentary, and now it's here.
- And in spite of that, we actually get an upgrade. So, investors look very carefully at these agencies in terms of how they view us as a risk. And at the end of the day.
- repair bills.
- Having… having read the… I mean, I did read the reports.
- Is there something, Norm, you think, or Tom, that we…
- Should be doing or be focused on to try and maintain that.
- with how we're managing things? Like, is there… I think our systems are… are exactly what we need to maintain our ratings.
- We… We manage our debt.
- We… We get unqualified audit opinions, we…
- file timely, so that we have current information. We're doing all the right things. But from the metrics that they look at, is there anything that… There's 3 things that I… that come to mind. We've worked exceedingly well and get
- good marks for it, building fund balance, which is very hard to do. They told us we were weak there, we said okay, and we actually demonstrated progress.
- So I think we need to protect that as best we can and not touch it, as tempting as it might be. The two other areas are kind of emerging, and I think we'd be wise to spend more time on climate-related issues. I think that's going to continue to be a very…
- important focal point. And cybersecurity is another one that we are hearing, consistently now. That was 5 years ago, that was not talked about. One of the various reports mentioned our Climate Action Plan. Yep. And so, they're aware that… that it's out there, and they're aware that we're
- putting systems in place to manage the risk.
- I think of when Jen comes here, she always brings up cybersecurity, so from that perspective, are you thinking we're going to be investing more in that next year, or are we doing the right things to invest? No, I think we did town-wide and school-wide training. We've done… and you've helped us invest heavily in the right system, so I don't expect anything unique and different there.
- But I think we need to be hypervigilant. It is everywhere.

- phishing attacks that are ongoing. So, back to the rate and the competitiveness, we… we were intentional about the time we went to market.
- Joe tells us that the January effect is there's a lot of money that needs to be reinvested in January, so there's a highly competitive pool
- of people with money that need to reinvest it into bonds and other instruments, so… Gold, too, maybe. Who knows? Yeah, so the fact that we got 9
- Bids on our… our tax exempt.
- and we got 8 or 9 last January when we went to market, so…
- I mean, that just stresses to me that, you know,
- need to listen to Joe once in a while. Yeah, the other things that seem superficial, but I think they matter, is, you know, we're over 20 years consecutively for winning awards for GFOA and financial reporting and timely audits, you know.
- I was just reading the paper, City Biddeford is 2 years behind on their audits. Really? They had to pay a…
- half-million-dollar fine for, certain things, so…
- These things seem routine and boring, but they really matter, and to these folks, it just is another demonstration that these guys have their house in order. I thought there was an article that said a lot of towns in Maine were, like, years behind audits. Really small ones. Yep.
- firms aren't providing the service anymore. So…
- Sometimes it's self-imposed, other times they're… circumstance. Doing better than them, either way. We're doing better than a lot of people. Well, it sounds like a… kind of an aggregate of all that is… is… All that goes into the management score that they give us, so…
- Yeah. I mean, it may not seem important, but it is. Right.
- Do we talk at all about, kind of, what to re… I mean, this is obviously somewhat in the weeds.
- what to report out at… through council at all. I'd like to reinforce that there were some naysayers at the time of modeling for the school project that were pushing to assume a higher rate, so I think that would
- I don't wanna… I don't want to remodel it, because there's too many unknowns before we actually go to market on those bonds. But, if there was a way to reassure people that the…
- And it may be… Well, and it's a little early to remodel, because this is just a, as you know, a sliver of what we're going to model, right? So I wouldn't do a victory lap, as tempting as it might be, but I think it's an opportunity to say, this suggests that our model, we were…
- we were conservative, and we're… That's what I mean, informational, not so much… And there'll be another opportunity with school impact fees. We did… consciously did not include any money from school impact fees in that model, so that's… Maybe we bundle that together.
- You know, meaning, like, there's a…
- kind of a school… Yeah, so it just gives us confidence that our models were conservative, and we're likely to do better because of these things. It sounds like… because that's going to be at our next meeting, right, is the impact fee for first reading, so I don't know if in the town manager's report, or something, or however we're doing it, making sure that…
- somebody ties those pieces together for the public, I think would be good. Not to, like, oversell or over-celebrate, but just to say.
- Be consistent with what we've said, which is we were conservative, this shows we're conservative, impact fees are now going to become a factor.

- I might do in the right thing. Just for continuity, you know, I will not be at the meeting. Liam, I think, was intending to provide just an overview of the interest costs and our bond rating results, kind of high level. I think it would be an opportunity for you, as a member of SBAC, and currently as the finance chair, to make that observation that, you know, both these factors will
- Likely have a positive effect on the model that we had.
- Yeah, my comments will be before Liam's, right?
- Is that right? Well, they'll do the town manager update, and then you can probably just… Just jump in on it? Yeah. Okay.
- We're trying to get away from that, but…
- It's a good point, but it's an important point to make. I'll try not to be confrontational. I wish we had the, the rate on the second sale. It won't be until the denied that. The next item after the manager's Board is Councillor or liaison reports, so you can report it as finance chair, so that's an opportunity, too. Okay, your preference, Karen. Keep it in… keep it in… You know how… It's not on that report, I don't want to talk about it. You're gonna have to, like, you need to sit next to me so you can jab me when I
- He thinks, man!
- Yeah.
- So I'm just going to talk about, quickly about the,
- That it'll be on the agenda for the impact fees.
- having… I don't even know if I should get into, like, what we estimate it could…
- cover 22% of the debt service, right? You know, and and also these favorable… the last two bond issues have had very favorable interest rates below what our modeling was, so that's likely to have, you know, positive impact on taxpayers. Yeah. It needs to be more…
- Specific, or you can be more specific.
- Alright.
- Any other questions? Nope.
- And… that…
- Bring us to Council Goals.
- well, the impact on the Finance Committee for Council Goals, just a quick discussion on that.
- I can just start that a little bit in that I saw, obviously, that financial affordability and capital planning would impact us, and I had a couple more to ask about if we want to deliberately consider them as under growth.
- There's expanding the use of impact fee for open space and public safety.
- and under communication to continue exploring budget print engagement with the public. That seems fairly minor to me. I don't know that we need to do… but the, impact fees
- Kind of, as we're talking about Our responsibilities under the goals.
- We've pre-assigned these to committees or individual people, and should we just stay with that format and wait till somebody comes to us for
- How we might, contribute to those conversations? I'd say you're assigned to growth.
- And it… it does make sense that finance, to me, is a place to talk about impact fees. So I think, as you work through our agendas, I think bringing that one in… Okay, yep. …makes sense to me. Okay.
- And then the other one, I know, I think Liam's gonna give us an update at our comms meeting in terms of the budget that they're proposing for this one, so I think we will…
- Address that one, and it will come through the budget process.

- Okay, and then do we want to talk at all right now about how we can attack
- The other ones, and how do we plan for that to stay on track to achieve the goals?
- I'll speak to the first one. We've kind of broached the issue with senior staff to say we've been tasked with producing this by the end of the year, so they're aware of it. Honestly, I don't expect much work will happen, you know.
- Before budget, or even during budget, but we're well aware of this, and we'll do our little best, so…
- A lot of this work, I think, is laid out through the various plans. There's some other stuff that we'll have to produce separate, but a fair amount of it is kind of there. It needs to be collated, if you will.
- I'm a little worried about the… the numbers that are going to be produced, but
- We need to understand them.
- I guess I won't speak to the 0%, but just while I've got the floor, I did have a meeting with the library trustees. They are kind of…
- getting their act back together, and still are very interested in taking another swing at this. They didn't really say what their timeline was, so I think we're probably okay in the current calendar year.
- But make no mistake, they're interested in coming back around.
- And the last one, I can just speak to the fact that I'm very actively involved in a local group on property tax relief. There's 5 of us on a subcommittee.
- Exploring very deeply a, variation of local option sales tax that, involves, kind of, on the county basis.
- And we think that will address some of the political hurdles that have
- Been thrown up in the past.
- And I believe, John was in touch with GPCOG. This is certainly something we could have a future workshop on. I think we need to flesh this out a bit further, so we could describe it better, but that work is actively underway.
- Yeah, I agree with you. I feel like the 20-year plan feels like a post-budget focus.
- because I view the CIP providing the first 5 years, and then it's like, okay, well, what happens
- in the next 15, and so it gives staff the opportunity to first focus on the first 5 that we need for budget, and then focus on the rest.
- For the 0% mill rate, I think it's important, like, the wording matters, and it says work towards a 0%, so it's not that…
- while I think the ideal goal would be 0%, I think the reality, knowing some of the things that I shared about the county.
- What was shared from the board.
- You know, and knowing that there were some choices we made last budget that will impact this budget, like the full cost of the firefighters, you know, 0%,
- It's gonna be, you know.
- a challenge, something I think we kind of want to continue to push towards, but…
- I also think we need to be realistic as we go through the budget process and hear what's needed. I did hear from Shannon as well that this trend of continuing to get,
- you know.
- kindergarteners that need special education services, they're not slowing down. That's just the…
- We probably should expect that every year. And so, again, if that's the same, then that's gonna be another…
- big cost, and then… I'm not sure how insurance is working, but I'm hearing everybody saying insurance is going… Yeah, double degrees. It did last year, too. Yeah, so this is where I think there's some elements that are going to be outside of

our control that are just going to come in, and we're just going to have to see where that… that takes us. Our cost of living number is down…

- 3.3% is the cost of living adjustment we'll be using. It was 4.5 last year, so that has come down a bit.
- But, yeah, in addition to some revenues looking like they're gonna kind of level out, the county tax increase, there are other expenses that are gonna continue to… it's gonna be a challenge.
- I think when I first started talking about this process, I was more referring to as kind of an older process, but a zero-based budgeting, where you've got a…
- everybody justifies why they need more money, which I think is part of your process already, but it is kind of aspirational, and that, I think we need to be careful, and maybe we've missed the ball a little bit on, having the wording on that, where,
- personally, I don't expect we're going to have a 0% change, so I think… I don't want that to be seen as failure, either. It's really just a focus on doing, you know, everything possible, justifying and,
- expansion and increases, I'd like us to have a focus on recurring expense also, like the firefighters that are then permanent, in effect, and
- So, I think we can try to work and do some communication around expectations, then.
- Agreed.
- It's great to hear about, like, what Trump is referring to,
- when Jamie Garvin sent the email to us that I think we all got, or maybe we all did, if you're registered for the GPCOG emails, he had shared that,
- You know, the… the…
- hearing for LD2173 moved, and I just thanked him for the emails and said, really interested, knowing that there's a lot of work on the property tax relief. And then we had some back and forth, and I kind of said… Tom was on there, and I just basically said, well, when Tom and leadership thinks
- the timing is right, it would be great to have a workshop and hear what GPCOG has come up with, with all of these other groups, and just…
- figure out where we can then also, like, we're advocating right now for 2173, advocate for whatever legislation may be surrounding this. Yeah, it's a good rehearsal, right? We're learning how to get weighed into the legislative process. And know not to go on time, and to wait. Bring a meal with you. Yeah, bring a meal.
- It was nice to spend quality time with Councillor Kane, was my goal. Yeah.
- So… Do you feel like we need to flush this out anymore for the…
- Our commitment here for the goals into
- A calendar, or action items, or kind of revisit it after budget?
- I would just suggest for the…
- I mean, for the advocacy one, for tax relief, just in your role as vice chair.
- Don't forget, at some point, maybe have a workshop. I think that would kind of satisfy that one, in my opinion.
- And then, for the first one, I think if we can agree, like, after budget.
- how that looks, and then I would look to you, Tom, and staff around the impact. It's likely to be a fall, not project, but fall kind of result, if you will.
- And then the impact fees, I don't know…
- What all is on staff's plate of, like, when we can anticipate that discussion.
- I wonder if we can… Start with Karen Martin on that, of… Trying to…
- do that analysis on what it might be. Yeah.

- I do have a question that came up through the school committee. Norm, you may know this, that there's some significant budget lines for the school project for impact fees.
- And, I…
- was curious. I don't know that there's town authority over any of those. I think they might be more like Scarborough Sanitary and maybe even some state-based things, but
- maybe traffic, I don't know, but… so, I just need to try to look into that to see if there's… Yeah, I'd like to know more about it. It wouldn't make sense for us to charge ourselves impact fees. Right, yeah.
- And I have asked Harriman to… if they have insight on it, just from other projects, and also, but if there's an opportunity there, I'd want to, try to waive them if it… rather than just pushing the money around.
- I suspect they're outside of our control. I think so, yeah.
- Anything else on that?
- And with that, I, any public comment?
- I have a motion to adjourn. So moved.
- Second? All in favor? Thank you. Thanks.

-