

June 17, 2009

09-14sp

A special meeting of the Caribou City Council was held at 6:00 p.m. on Wednesday, June 17, 2009 in Council chambers with the following members present: Mayor Kenneth G. Murchison, Jr., Christopher A.R. Bell, R. mark Goughan, Karla M. Bell, David Martin, Mary Kate Barbosa, and Miles R. Williams.

Steven R. Buck, City Manager, was present.

Also attending the meeting were Paul and Joan Theriault, Donald Goughan, Doug Morrell, Vaughn Brewer, Milo Haney, and Wilfred Martin.

Council Agenda item #1: Consider authorizing the Warrant for the June 24th, 2009 Referendum vote for the Eastern Aroostook School Unit (RSU 39) 2009-2010 Budget.

Motion made by C. Bell, seconded by K. Bell, to authorize the Warrant for the June 24th, 2009 Referendum vote for the Eastern Aroostook School Unit (RSU 39) 2009-2010 Budget.
(7 yes) So voted.

Council Agenda item #2: Consider a review of information pertaining to RSU 39 request for transfer of Undesignated Fund Balance pursuant to MRSA Title 20-A §1462 (3).

The City Manager provided legal opinions on the issue of transferring the school department's Undesignated Funds to the newly formed RSU. Erik Stumpf of Eaton Peabody had answered several questions Steve had posed concerning the transfer of approximately \$2.1 million. The attorney who was instrumental in crafting the school consolidation legislation also had responded to similar inquiries. Both agreed that the entire amount must be transferred and credited in the first twelve months.

Steve had met with Frank McElwain and Finance Officer Karen Nadeau to begin efforts to establish a cooperative cash flow scenario whereby approximately \$1.8 million would be transferred in the first five months. In turn the City would not be billed for school assessments until November. The remainder could then be transferred as various certificates of deposit and other investments mature. Steve noted that approximately \$1.8 million of the \$2.1 million is not Undesignated Funds, it actually has been designated in the school's budget as accounts receivable, satisfying teachers' contracts, etc. He said that Wanda Ouellette would work with Karen to complete final reconciliation of accounts and a cash flow schedule would be worked out and presented to the Council for consideration at the June 23rd regular meeting. Frank McElwain would attend the meeting to answer any questions and define exactly what is needed in July to meet commitments.

The Council discussed the issue with Steve, who also pointed out that the banks have been reluctant to establish a credit line to the newly formed entities. Councilor Goughan asked for clarification that the School Department appears to have approximately \$300,000 of actual uncommitted funds, which seemed to him to be a rather small amount in comparison to the City's \$1.3 million. His question for Frank McElwain was, "What does the new RSU think they need for undesignated cash and is it calculated in the budget?"

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Council Agenda item #2: Review of information of pending Budget Amendments for the 2009 Municipal Budget prior to setting the 2009 Mil Rate.

The City Manager reviewed the amended budget adjustments with the Council. He said that he could not yet determine the exact amount of the reduction in State Revenue Sharing, so he had used \$150,000 as a figure to offset the adjustments. The calculation chart showed that Total Appropriations would decrease by \$140,389 and other non-property revenues would increase by \$136,487, resulting in a combined municipal/county mil rate decrease of a quarter of a mil.

In summary there was an indication that the City had room to raise approximately \$193,000 in Overlay, while retaining the same mil rate (24) at the same valuation.

The City Manager was not sure it would be wise to omit the \$5,000 contribution to LEAD, he suggested the Council might want to revisit this decision, pointing out that LEAD is counting on that amount to help in their efforts in the north/south highway project. Councilor Martin was not in favor of eliminating the LEAD contribution, especially since Caribou could potentially benefit from their work. Councilor Bell agreed, saying the decision should be revisited since it appears the resources can be found without raising taxes.

The City Manager said the Council would have the opportunity to act on the budget amendments at the June 23rd meeting. After the June 24th School Budget Referendum takes place, the final figures can be entered into the calculation sheet in time for the Council to set a mil rate on June 29th at a special meeting for that purpose.

6:44 p.m. Motion made by C. Bell, seconded by K. Bell, to adjourn. (7 yes) So voted.

Judy-Ann Corrow, Secretary