

8/12/09

Cumberland County Charter Commission Public Meeting

Members present: Claude Morgan (Co-Chair), Kathleen Babeu, David Lunt, Steve Gorden,

Members absent: Lisa Villa (Co-Chair), John Eder, Neil Jamieson, Richard Feeney, Meredith Burgess

Others present: Malory Shaughnessy, (Commissioner), Peter Crichton (County Manager), Vic Labrecque, (County Finance Director), Dick Ranaghan, county's financial advisor from Gorham Savings Bank, Paul Frinsko, county's bond counsel from Bernstein, Shur.

Minutes:

Opening remarks were given by the chair Claude Morgan.

Claude Morgan

Mr. Morgan explained that the Commission has been working on charter language and what the Charter Commission had agreed to do was to park the economic and finance discussions until the Commission could get some additional expertise. The same is true of borrowing and bonding. The Charter Commission anticipates changes in financial instruments that do not exist today. He indicated that he would like to start with the budget advisory committee process. Mr. Morgan then went on to read the draft language concerning the finance committee as proposed:

5.5.1 General Procedures: The County Commissioners shall present their proposed budget to their Finance Committee (FC) with dispatch and at least 90 calendar days prior to the end of their fiscal year. The budget shall also present 5 year revenue projections. The County, through the Board, shall provide the Committee with all the reasonable resources necessary to scrutinize the budget, transparency being the imperative. The FC shall act on the budget with dispatch and take action no later than the tenth (10th) business days prior to the beginning of the County's fiscal year or the Board's budget shall be considered endorsed. A copy of the accepted final document shall be filed as required by the Bylaw and with the State.

Stephen Gorden

Mr. Gorden spoke about how the charter is opening up the opportunity for more representation than municipalities. It can serve governmental agencies and special districts, too, "whatever". The thinking is there should be two per district, so that the committee is not too cumbersome. He is envisioning seven districts with a finance committee of fourteen (14), with the opportunity for the County Commissioners to appoint an individuals if there is not sufficient interest from their districts.

David Lunt

Mr. Lunt added that his experience as a budget advisory committee member was that local elected municipal officials showed little interest in being members. So, the thought is that having a stronger finance committee with an election may attract more interest in serving, and if no one came forward then the Commissioners could appoint people.

Claude Morgan

Mr. Morgan commented that his experience also mirrored Mr. Lunt's in that sometimes there would be more than one representative from a community which could lead to one community having greater influence than other communities.

Linda Boudreau

Ms. Boudreau believes that the people serving on the finance committee need to be elected officials. The value of the current Budget Advisory Committee is that you get more information about the county and the budget back to the communities being represented. An election might help as mentioned by Steve Gorden like the Portland Water District, which is still pretty obscure. The other thing she mentioned is that Cumberland County is a very diverse region, so it is important to have representation from the various areas of the county. She said she is not still sure what the attraction would be for people to want to run for the finance committee if the committee does not have more authority.

It is the part-time nature of the budget advisory committee that creates a risk with people not being as knowledgeable about the budget and the operations of the county. Maybe if there are 7 to 9 County Commissioners, or some justifiable number, the budget approval process is their job. You might consider the expansion in the number of Commissioners to help with the budget approval process. The other thing she thought about is setting up a BAC Committee that was structured with nine finance committee members and three commissioners. The finance committee members would have two votes each with the Commissioners one vote each. She suggested it could also be something like what ECO Maine which has a kind of weighting system, while preserving the authority of the Commissioners.

Mark Hough

To me the local elected municipal officials are the elected officials who should serve on a county finance committee because it is the municipalities that receive the bill from the county.

Paul Frinsko

If the Charter Commission does not want to have a Finance Committee that has the final budget authority it does not need to have local elected officials. State law does not require a Finance Committee. Currently, state statutes for Cumberland County do require a budget advisory committee for Cumberland County.

Dave Lunt

When it comes to the budget the County Commissioners have the knowledge and experience to know what is happening. He has a real concern about taking the budget authority away from the Commissioners.

Linda Boudreau

It seems to me we are back to the keep it simple approach and expanding the Board of Commissioners with the authority they need. She would use the finance committee primarily as a conduit to provide information back to the communities.

Malory Shaughnessy

With the BAC having the final authority it would take the process another step away from the voters by not being as directly accountable to the Commissioners.

Mark Hough

Mr. Hough asked what the Charter Commission has done to look at expanding the Board of Commissioners. Claude Morgan and Steve Gorden explained that the Commission has been looking at what the representation is for citizens as compared to other offices like state senate seats.

Dick Ranaghan

What is an acceptable level in the communities for the county to have debt is one of the questions that should be asked. The rating agencies are going to look at the ability of the county to repay the debt. He does not think the rating agencies would look at more bonding authority as a negative. Underwriters are going to look at what is a reasonable range for debt in comparison to the rest of the nation, the region, and the state. A lot of it is based on the purpose of the bonding and does the borrowing make sense?

Malory Shaughnessy

Is there a best practice for debt ratios? The current property valuation for Cumberland County is over \$41.9 Billion with the 28 municipalities. Currently, the county's annual debt service is less than \$3 million.

Claude Morgan

What is the county's current rating? Dick Ranaghan answered that the county's long term rating is excellent at AA+, as well as its short term rating.

Vic Labrecque

Everything that Mr. Ranaghan has said has a great deal of accuracy and is based on his tremendous knowledge of the county's financial situation.

Paul Frinsko

I always find myself asking any entity that wants to do a charter, what are the problems that you are seeking to address and that you see in this exercise. When you tell me what the problem is then I can help you. What do you see as the problems of Cumberland County under the county's current fiscal limitations and authority? Help me help you by letting us understand what problems or constraints you are having, politically or legally.

Claude Morgan

For practical purposes we are looking at providing the administrator with greater authority than he has currently. We are also looking for the county to be as flexible in its own mission as possible. With respect to what is working right or wrong, in terms of finances and borrowing, he is not sure there is anything wrong. We would like to do whatever we can to anticipate changes and allow the County Commissioners and County Manager to have as much flexibility and authority as possible. What forms of improvement would you add?

Paul Frinsko

In terms of bonding authority, the state requirement for long term borrowing is that the county cannot borrow more than \$10,000 without going to referendum. This does not meet the needs of the county and the region and should be addressed. Is it \$1 million or what is the figure?

Dick Ranaghan

You want to have the debt ceiling big enough so that you can accomplish what you need to do. There needs to be some thought administratively. The market will be fine with it as long as it is thoughtful and straightforward.

Claude Morgan

Claude said we need to strike 5.8 and perhaps 5.8.2, too, of the working draft document.

Paul Frinsko

One of the things we should be doing is asking the communities what they think. He mentioned the difference between a general obligation bond and revenue bond, such as a parking garage where you can generate revenue to pay off the bond.

Dick Ranaghan

Right now the county does not have the authority to do revenue bonds. It could be a tool to expand the county's ability to do more things of value to the communities. The Cumberland County Civic Center is an example of how a revenue bond could be utilized to either renovate the existing facility or build new.

Steve Gorden

Steve would like to see a formula that is flexible for the bonding authority the county would need, so that the county can respond most effectively to changing times and needs.

Claude Morgan

Claude has tasked the county manager to come back with a report on what should be the bonding authority for the county.

Workshop adjourned at 8:00 PM. Next regular meeting is scheduled for Wednesday, August 26th.

Respectfully Submitted,

Peter Crichton