

City of Portland, Maine
Finance Committee Meeting
Thursday, July 19th, 2018
6:00 p.m., City Council Chambers

1. Finance Committee Meeting Agenda & Back-Up 7.19.2018

Documents:

[FINANCE COMMITTEE MEETING AGENDA AND BACK-UP 7.19.2018.PDF](#)

**City of Portland, Maine
Finance Committee Meeting
Thursday, July 19th 2018
6:00 p.m., Council Chambers**

AGENDA

- 1. Introductions**

- 2. Appropriation of 0 Hancock Sale Proceeds – Public Hearing and Vote**

- 3. Pension Obligation Bond Update**

- 4. FY18 Budget to Actual Updates – Major Drivers of FY18 Results**

- 5. Discussion of Future Agenda Items**
 - a. August – No Committee Meetings**
 - b. September / October / November**
 - i. Staff Suggested Topic – Review Fund Balance Policy**
 - ii. Staff Suggested Topic – Review Debt Management Policy**
 - iii. Mayor Suggested Topic – City Contracting Changes**
 - iv. Councilor Cook Suggested Topic – Fiscal Accountability Memos**
 - v. Other Suggested Topics**

City of Portland, Maine
Multi-Modal Taxable General Obligation Bonds
Debt Service Schedule as of 07/17/2001

Date	Principal	Coupon	Interest	Debt Service	Annual Interest	Annual Debt Service	UAAL	Savings	Balance Outstanding
7/19/01									
12/1/01	-	4.919%	2,016,462	2,016,462	-	-	-	-	111,800,000
6/1/02	-	4.919%	2,749,721	2,749,721	4,766,183	4,766,183	5,717,120	950,937	111,800,000
12/1/02	-	4.664%	2,607,176	2,607,176	-	-	-	-	111,800,000
6/1/03	-	4.664%	2,607,176	2,607,176	5,214,352	5,214,352	6,060,148	845,796	111,800,000
12/1/03	-	4.989%	2,788,851	2,788,851	-	-	-	-	111,800,000
6/1/04	-	4.989%	2,788,851	2,788,851	5,577,702	5,577,702	6,423,756	846,054	111,800,000
12/1/04	-	5.334%	2,981,706	2,981,706	-	-	-	-	111,800,000
6/1/05	-	5.334%	2,981,706	2,981,706	5,963,412	5,963,412	6,809,182	845,770	111,800,000
12/1/05	-	5.610%	3,135,990	3,135,990	-	-	-	-	111,800,000
6/1/06	100,000	5.610%	3,135,990	3,235,990	6,271,980	6,371,980	7,217,732	845,752	111,800,000
12/1/06	-	6.003%	3,352,676	3,352,676	-	-	-	-	111,700,000
6/1/07	100,000	6.003%	3,352,676	3,452,676	6,705,351	6,805,351	7,650,796	845,445	111,700,000
12/1/07	-	6.419%	3,581,802	3,581,802	-	-	-	-	111,600,000
6/1/08	100,000	6.419%	3,581,802	3,681,802	7,163,604	7,263,604	8,109,844	846,240	111,600,000
12/1/08	-	6.862%	3,825,565	3,825,565	-	-	-	-	111,500,000
6/1/09	100,000	6.862%	3,825,565	3,925,565	7,651,130	7,751,130	8,596,436	845,306	111,500,000
12/1/09	-	7.331%	4,083,367	4,083,367	-	-	-	-	111,400,000
6/1/10	100,000	7.331%	4,083,367	4,183,367	8,166,734	8,266,734	9,112,222	845,488	111,400,000
12/1/10	-	7.829%	4,356,839	4,356,839	-	-	-	-	111,300,000
6/1/11	100,000	7.829%	4,356,839	4,456,839	8,713,677	8,813,677	9,658,954	845,277	111,300,000
12/1/11	-	8.357%	4,646,492	4,646,492	-	-	-	-	111,200,000
6/1/12	100,000	8.357%	4,646,492	4,746,492	9,292,984	9,392,984	10,238,492	845,508	111,200,000
12/1/12	-	8.903%	4,945,617	4,945,617	-	-	-	-	111,100,000
6/1/13	115,000	8.903%	4,945,617	5,060,617	9,891,233	10,006,233	10,852,800	846,567	111,100,000
12/1/13	-	8.903%	4,940,497	4,940,497	-	-	-	-	110,985,000
6/1/14	775,000	8.903%	4,940,497	5,715,497	9,880,995	10,655,995	11,503,968	847,973	110,985,000
12/1/14	-	8.903%	4,905,998	4,905,998	-	-	-	-	110,210,000
6/1/15	1,535,000	8.903%	4,905,998	6,440,998	9,811,996	11,346,996	12,194,206	847,210	110,210,000
12/1/15	-	8.903%	4,837,668	4,837,668	-	-	-	-	108,675,000
6/1/16	2,400,000	8.903%	4,837,668	7,237,668	9,675,335	12,075,335	12,925,858	850,523	108,675,000
12/1/16	-	8.903%	4,730,832	4,730,832	-	-	-	-	106,275,000
6/1/17	3,390,000	8.903%	4,730,832	8,120,832	9,461,663	12,851,663	13,701,410	849,747	106,275,000
12/1/17	-	8.903%	4,579,926	4,579,926	-	-	-	-	102,885,000
6/1/18	4,515,000	8.903%	4,579,926	9,094,926	9,159,852	13,674,852	14,523,494	848,642	102,885,000
12/1/18	-	8.903%	4,378,941	4,378,941	-	-	-	-	98,370,000
6/1/19	5,790,000	8.903%	4,378,941	10,168,941	8,757,881	14,547,881	15,394,904	847,023	98,370,000
12/1/19	-	8.903%	4,121,199	4,121,199	-	-	-	-	92,580,000
6/1/20	7,230,000	8.903%	4,121,199	11,351,199	8,242,397	15,472,397	16,318,598	846,201	92,580,000
12/1/20	-	8.903%	3,799,355	3,799,355	-	-	-	-	85,350,000
6/1/21	8,850,000	8.903%	3,799,355	12,649,355	7,598,711	16,448,711	17,297,714	849,004	85,350,000
12/1/21	-	8.903%	3,405,398	3,405,398	-	-	-	-	76,500,000
6/1/22	10,675,000	8.903%	3,405,398	14,080,398	6,810,795	17,485,795	18,335,578	849,783	76,500,000
12/1/22	-	8.903%	2,930,200	2,930,200	-	-	-	-	65,825,000
6/1/23	12,725,000	8.903%	2,930,200	15,655,200	5,860,400	18,585,400	19,435,712	850,312	65,825,000
12/1/23	-	8.903%	2,363,747	2,363,747	-	-	-	-	53,100,000
6/1/24	15,025,000	8.903%	2,363,747	17,388,747	4,727,493	19,752,493	20,601,856	849,363	53,100,000
12/1/24	-	8.903%	1,694,909	1,694,909	-	-	-	-	38,075,000
6/1/25	17,600,000	8.903%	1,694,909	19,294,909	3,389,817	20,989,817	21,837,966	848,149	38,075,000
12/1/25	-	8.903%	911,445	911,445	-	-	-	-	20,475,000
6/1/26	20,475,000	8.903%	911,445	21,386,445	1,822,889	22,297,889	23,148,244	850,355	20,475,000
Total	111,800,000		180,578,566	292,378,566	180,578,566	292,378,566	313,666,990	21,288,424	

Market Update: Refunding of 2001 GO Pension Bonds

STIFEL

The City's taxable 2001 GO Pension Bonds are currently in weekly variable rate mode and are synthetically fixed with an interest rate swap

- The City could refund its taxable 2001 GO Pension Bonds into long-term fixed rate mode
 - Refunding prior bonds that have an interest rate swap attached may constitute a termination event for the swap
 - The City's S&P rating report from its March 2018 transaction estimates the current "mark-to-market" value of the swap at -\$31 million, which the City could pay to BNY Mellon as part of the refunding of the underlying bonds
- If the City conducted this refunding and terminated the associated swap, it could remove its entire variable rate exposure and lock in taxable fixed rates for the remaining life of the bonds through 6/1/2026
 - Unlike a typical refunding done for interest rate savings, this refunding could actually result in higher annual payments from the City due to the additional bonds required to fund the termination payment
 - Under the existing weekly variable rate mode and interest rate swap, we cannot predict future interest rate movements or the ultimate cost to the City over time and the associated impact those rate movements have on the mark-to-market of the swap

2001 Taxable GO Pension Bonds	
Dated Date	July 19, 2001
Final Maturity	June 1, 2026
Original Par	\$111.8 million
Outstanding Par	\$96.1 million
Optional Redemption	Any Interest Payment Date at Par
Interest Rate Mode	Weekly Rate

Source: 2001 Official Statement.

Swap on the 2001 Taxable GO Pension Bonds	
Swap Counterparty	BNY Mellon
City Pays	8.903%
City Receives	1m LIBOR + 40 bps
Est. Mark to Market	-\$31 million (against the City)

Sources: Moody's, Credit Opinion, Portland (City of) ME, 5 March 2018. S&P Global Ratings RatingsDirect, Portland, Maine; General Obligation, 1 March 2018.

Refunding Summary Statistics ^{1,2,3,4,5,6,7}	
Pricing Date	10/1/2018
Redemption Date	10/1/2018
Final Maturity Date	6/1/2026
All-In TIC	3.35%
Escrow Yield	N/A
Bond Par Amount	\$130,680,000
Par of Refunded Bonds	\$98,370,000
Swap Termination Payment	\$31,000,000
Average Life (Years)	4.72
PV Savings (\$/%)	-\$8,342,798 / -8.48%
PV Savings Sensitivity: +25bps	-\$9,626,054 / -9.79%
PV Savings Sensitivity: -25bps	-\$7,040,206 / -7.16%

1. Market conditions as of close on June 1, 2018. Assumes 10-year par call.
2. Preliminary and subject to change.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
5. Costs of issuance and underwriter's discount are estimates for discussion purposes.
6. Analysis was performed with no changes to the term or the structure of the debt service from the currently outstanding issue.
7. The use of the 'Aa1' / 'AA+' rating for the refunding bonds is consistent with the rating of the outstanding prior bonds.

City of Portland
Budget to Actual Expenditures by Department
FY2018
May Year-to-Date
(Excludes Encumbrances)

Department	FY18 Budget	FY18 Actual	FY18 %
<u>General Fund:</u>			
City Council	\$322,232	\$311,338	96.6%
City Clerk	555,291	457,032	82.3%
City Manager	1,148,722	949,635	82.7%
Assessor	479,633	375,781	78.3%
Finance	1,829,401	1,501,719	82.1%
Legal	620,971	535,254	86.2%
Human Resources	1,035,380	851,361	82.2%
Parking	2,275,644	1,924,497	84.6%
Economic Development	491,047	421,504	85.8%
Police Department	16,488,309	14,397,014	87.3%
Fire Department	17,245,896	15,243,346	88.4%
Planning & Development	1,944,324	1,633,030	84.0%
Permitting & Inspections	1,644,152	1,414,606	86.0%
Information Technology	2,432,904	2,139,501	87.9%
Public Works	14,456,976	12,791,298	88.5%
Parks, Recreation & Facilities	15,395,366	12,876,142	83.6%
HHS Administration	401,930	354,323	88.2%
Public Health	1,732,674	1,498,332	86.5%
Social Services	11,204,716	10,191,232	91.0%
Barron Center	16,977,542	12,788,145	75.3%
Debt Service	37,522,031	38,084,254	101.5%
Library	3,936,725	3,537,000	89.8%
Pension	7,401,409	6,533,367	88.3%
Employee Benefits	21,301,068	20,763,820	97.5%
Contingent	275,820	363,343	131.7%
Liability Insurance	782,418	765,369	97.8%
County Tax	5,907,743	5,907,743	100.0%
Memberships / Other	3,076,209	3,033,320	98.6%
Wage Adjustment	419,835	0	0.0%
Capital	0	(5,107)	#DIV/0!
Total General Fund:	\$189,306,368	\$171,638,199	90.7%
<u>Enterprise Funds:</u>			
<u>Dedicated:</u>			
Fish Pier	382,210	202,314	52.9%
Sewer	24,759,881	22,323,052	90.2%
Stormwater	3,040,253	1,747,078	57.5%
Jetport	22,867,484	19,508,520	85.3%
Total Dedicated:	51,049,828	43,780,964	85.8%
Total Enterprise Funds:	\$51,049,828	\$43,780,964	85.8%
<u>City / School Summary:</u>			
City Totals:	240,356,196	215,419,163	89.6%
School Totals:	105,748,589	94,592,041	89.4%
Total City and School:	\$346,104,785	\$310,011,204	89.6%

City of Portland
Expenditure Comparison by Department
FY2016-FY2018
May Year-to-Date
(Excludes Encumbrances)

Department	FY16 Actual	FY16 % of Budget	FY17 Actual	FY17 % of Budget	FY18 Actual	FY18 % of Budget
General Fund:						
City Council	\$287,695	83.4%	\$363,616	96.5%	\$311,338	96.6%
City Clerk	466,087	80.6%	425,646	86.5%	457,032	82.3%
City Manager	863,075	75.2%	788,798	85.3%	949,635	82.7%
Assessor	291,776	86.9%	342,492	75.6%	375,781	78.3%
Finance	1,412,232	83.7%	1,404,309	80.9%	1,501,719	82.1%
Legal	469,542	91.2%	540,411	95.3%	535,254	86.2%
Human Resources	723,076	90.5%	765,632	77.4%	851,361	82.2%
Parking	1,815,794	83.4%	1,934,844	82.5%	1,924,497	84.6%
Economic Development	426,335	119.5%	377,586	82.5%	421,504	85.8%
Police Department	13,079,018	89.4%	13,507,526	86.2%	14,397,014	87.3%
Fire Department	15,081,587	90.6%	14,554,708	86.3%	15,243,346	88.4%
Planning & Development	1,967,733	87.7%	1,457,139	91.8%	1,633,030	84.0%
Permitting & Inspections	-----	-----	1,308,888	88.1%	1,414,606	86.0%
Information Technology	1,831,787	85.6%	2,064,504	88.4%	2,139,501	87.9%
Public Works	12,033,639	81.7%	12,337,283	86.5%	12,791,298	88.5%
Parks Recreation & Facilities	11,231,217	84.5%	12,723,511	84.5%	12,876,142	83.6%
HHS Administration	-----	-----	328,577	86.8%	354,323	88.2%
Public Health	3,190,766	83.2%	2,359,624	85.0%	1,498,332	86.5%
Social Services	10,238,217	84.2%	10,338,730	85.7%	10,191,232	91.0%
Barron Center	13,932,801	88.7%	13,383,874	81.5%	12,788,145	75.3%
Debt Service	32,716,438	91.7%	35,065,088	93.9%	38,084,254	101.5%
Library	3,319,170	90.2%	3,429,233	89.7%	3,537,000	89.8%
Pension	5,823,342	81.4%	6,023,774	86.2%	6,533,367	88.3%
Employee Benefits	20,257,756	107.0%	18,039,335	85.8%	20,763,820	97.5%
Contingent	441,674	72.3%	155,682	47.8%	363,343	131.7%
Liability Insurance	642,411	82.9%	623,624	80.1%	765,369	97.8%
County Tax	5,240,009	100.0%	5,417,119	100.0%	5,907,743	100.0%
Memberships / Other	2,952,784	97.1%	2,974,389	100.2%	3,033,320	98.6%
Capital	383,003	102.1%	104,623	26.8%	(5,107)	#DIV/0!
Total General Fund:	\$161,118,964	90.2%	\$163,140,565	87.6%	\$171,638,199	90.7%
Enterprise Funds:						
Dedicated:						
Fish Pier	152,816	45.4%	217,420	63.4%	202,314	52.9%
Sewer	20,199,173	87.9%	21,103,491	89.1%	22,323,052	90.2%
Stormwater	1,721,067	-----	1,676,247	40.8%	1,747,078	57.5%
Jetport	17,331,939	83.5%	16,864,096	77.4%	19,508,520	85.3%
Total Dedicated:	\$39,404,995	84.7%	\$39,861,254	79.9%	\$43,780,964	85.8%
Total Enterprise Funds:	\$39,404,995	84.7%	\$39,861,254	79.9%	\$43,780,964	85.8%
Total City:	\$200,523,959	89.0%	\$203,001,819	86.0%	\$215,419,163	89.6%
School Department:						
School General Fund (130)	85,939,194	88.4%	83,301,101	84.9%	89,773,781	89.5%
Adult Education (150)	1,482,353	84.6%	1,520,639	84.1%	1,681,919	87.6%
Food Service (230)	2,894,073	76.3%	2,911,084	80.0%	3,136,341	88.4%
Total School:	\$90,315,620	87.9%	\$87,732,824	84.7%	\$94,592,041	89.4%
Total City /School:	\$290,839,579	88.7%	\$290,734,643	85.6%	\$310,011,204	89.6%

City of Portland
General Fund Expenditure Comparison by Category & School Department
FY2016-FY2018
May Year-to-Date
(Excludes Encumbrances)

Category	FY16 Actual	FY16 % of Budget	FY17 Actual	FY17 % of Budget	FY18 Actual	FY18 % of Budget
Payroll	\$64,095,535	87.4%	\$65,154,829	86.5%	\$67,685,189	85.9%
Benefits	24,874,273	101.9%	22,417,724	85.3%	26,114,669	96.3%
Administrative Services	1,375,521	74.2%	1,529,295	84.0%	1,378,560	78.5%
Client Expenses	6,565,807	91.3%	5,986,541	83.7%	5,266,841	90.1%
Contractual Services	7,357,558	87.0%	7,563,376	79.3%	6,852,562	74.9%
Maintenance and Repairs	3,453,716	86.4%	3,518,236	82.3%	3,335,018	81.0%
Rentals	1,544,131	83.2%	1,979,923	110.7%	2,028,148	106.1%
Insurance	1,453,891	96.3%	1,686,458	96.1%	1,973,984	112.2%
Supplies	5,586,244	79.2%	5,821,403	81.0%	5,508,633	77.3%
Minor Capital	76,513	72.5%	91,628	64.6%	186,139	76.3%
Utilities	3,600,676	79.3%	3,962,393	83.6%	3,694,563	78.3%
Contributions	8,693,421	96.6%	8,935,213	98.4%	9,581,800	98.2%
Capital Outlay	534,060	91.9%	276,239	51.3%	644,038	266.2%
Debt Service	31,907,609	91.8%	34,217,310	93.4%	37,388,054	101.6%
Total General Fund:	\$161,118,955	90.2%	\$163,140,568	87.6%	\$171,638,198	90.7%

School:

School General Fund (130)	\$85,939,194	88.4%	\$83,301,101	84.9%	\$89,773,781	89.5%
Adult Education (150)	1,482,353	84.6%	1,520,639	84.1%	1,681,919	87.6%
Food Service (230)	2,894,073	76.3%	2,911,084	80.0%	3,136,341	88.4%
Total School:	\$90,315,620	87.9%	\$87,732,824	84.7%	\$94,592,041	89.4%

**City of Portland
Revenues
FY2018
May Year-to-Date**

Category	FY18 Est.	FY18 Actual	FY18 % of Est.
<u>General Fund:</u>			
31 Property Taxes (City & School)	\$168,883,118	\$170,119,292	100.7%
31 Other Taxes	\$9,860,925	9,347,499	94.8%
32 Licenses and Permits	5,422,322	5,887,966	108.6%
33 Intergovernmental Revenue	9,860,357	8,291,517	84.1%
34 Charges for Services	36,661,015	28,114,144	76.7%
35 Fines Forfeits Penalties	2,090,250	1,813,354	86.8%
36 Uses of Money & Property	10,070,840	8,912,584	88.5%
39 Other Financing Resources	29,245,462	26,402,047	90.3%
Total General Fund:	\$272,094,289	\$258,888,403	95.1%
<u>Enterprise Funds:</u>			
Fish Pier	\$382,210	\$483,934	126.6%
Sewer	24,759,881	23,099,773	93.3%
Stormwater	3,040,253	6,087,083	200.2%
Jetport	22,867,484	19,446,833	85.0%
Total Enterprise Funds:	\$51,049,828	\$49,117,623	96.2%
Total City:	\$323,144,117	\$308,006,026	95.3%
<u>School Department (Non-Tax Revenues):</u>			
School General Fund (130)	\$18,825,024	\$15,833,252	84.1%
Adult Education (150)	621,864	627,605	100.9%
Food Service (230)	3,513,780	2,796,299	79.6%
Total School (Non-Tax Revenues):	\$22,960,668	\$19,257,156	83.9%
Total City / School:	\$346,104,785	\$327,263,182	94.6%

**City of Portland
Revenues
FY2016-FY2018
May Year-to-Date**

Category	FY16 Actual	FY16 % of Est.	FY17 Actual	FY17 % of Est.	FY18 Actual	FY18 % of Est.
<u>General Fund:</u>						
31 Property Taxes	\$158,033,779	99.3%	\$163,751,507	99.7%	\$170,119,292	100.7%
31 Other Taxes	10,431,368	118.9%	9,298,245	97.8%	9,347,499	94.8%
32 Licenses and Permits	4,745,162	114.6%	5,366,799	114.2%	5,887,966	108.6%
33 Intergovernmental Revenue	4,563,526	44.3%	9,061,939	90.2%	8,291,517	84.1%
34 Charges for Services	31,769,169	93.5%	36,997,591	102.4%	28,114,144	76.7%
35 Fines Forfeits Penalties	2,016,895	100.7%	1,868,463	81.4%	1,813,354	86.8%
36 Uses of Money & Property	7,864,195	97.1%	8,383,996	95.3%	8,912,584	88.5%
39 Other Financing Resources	27,657,192	91.1%	27,699,431	89.5%	26,402,047	90.3%
Total General Fund:	\$247,081,286	96.2%	\$262,427,971	98.4%	\$258,888,403	95.1%
<u>Enterprise Funds:</u>						
<u>Dedicated:</u>						
Fish Pier	\$467,584	138.8%	\$487,674	142.3%	\$483,934	126.6%
Sewer	22,095,056	96.1%	20,935,597	88.4%	23,099,773	93.3%
Stormwater	2,532,780	104.0%	5,591,793	136.0%	6,087,083	200.2%
Jetport	17,324,058	83.5%	18,301,507	84.0%	19,446,833	85.0%
Total Dedicated:	\$42,419,478	91.2%	\$45,316,571	90.8%	\$49,117,623	96.2%
Total Enterprise Funds:	\$42,419,478	91.2%	\$45,316,571	90.8%	\$49,117,623	96.2%
Total City:	\$289,500,764	95.5%	\$307,744,542	97.2%	\$308,006,026	95.3%
<u>School Department (Non-Tax Revenues):</u>						
School General Fund (130)	\$17,190,125	83.1%	\$16,612,971	86.8%	\$15,833,252	84.1%
Adult Education (150)	599,478	87.0%	615,479	93.4%	627,605	100.9%
Food Service (230)	2,684,098	80.8%	2,788,689	80.4%	2,796,299	79.6%
Total School (Non-Tax Revenues):	\$20,473,701	82.9%	\$20,017,139	86.0%	\$19,257,156	83.9%
Total City / School:	\$309,974,465	94.5%	\$327,761,681	96.5%	\$327,263,182	94.6%