

South Portland City Council  
***Position Paper of the City Manager***

***Subject:***

**ORDER #170-15/16 – Appropriating \$615,000 from Unassigned Fund Balance to the Municipal Services Facilities Account. Passage requires majority vote.**

***Position:***

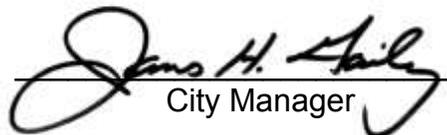
On November 5, 2013, the voters of South Portland approved a \$14,000,000 bond referendum to finance the new Community Services Facility (now better known as the Municipal Services Facility) housing the Public Works, Parks and Transportation Departments. In addition to the amount to be borrowed of \$14 million, the original budget anticipated an additional \$2,000,000 would be raised through a combination of grant and local contributions. As was discussed at the budget workshop on June 6, 2016, the remaining balance needed to be funded is approximately \$115,000.

At various points over the past year, Finance Director Greg L'Heureux and I have discussed the possibility of using an additional amount of unassigned fund balance to reduce the amount needed to be borrowed for the Municipal Services Facility (MSF) project. As of June 30, 2015, the City had unassigned fund balance in excess of the 12% fund balance policy. Under the City's Fund Balance Policy, it provides for the ability for the Council to use this excess fund balance for capital improvements or other one-time expenditures. At the workshop on June 6, 2016, City Council indicated they would be supportive of appropriating an additional \$500,000 to reduce the amount borrowed for the MSF project. This would increase the local contribution component and reduce the amount needed to be borrowed to \$13,500,000. By borrowing less the City will pay out less in interest payments over the life of bond issue.

This order appropriates the remaining \$115,000 local balance along with an additional \$500,000 to reduce the amount required to be bonded.

***Requested Action:***

Council passage of ORDER #170-15/16.

  
City Manager



CITY OF SOUTH PORTLAND

THOMAS E. BLAKE  
Mayor

JAMES H. GAILEY  
City Manager

EMILY F. CARRINGTON  
City Clerk

SALLY J. DAGGETT  
Jensen Baird Gardner & Henry

**IN CITY COUNCIL**

**ORDER #170-15/16**

District One  
CLAUDE V. Z. MORGAN

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District Two  
PATRICIA A. SMITH

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District Three  
EBEN C. ROSE

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District Four  
LINDA C. COHEN

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District Five  
BRAD FOX

\_\_\_\_\_

At Large  
MAXINE R. BEECHER

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At Large  
THOMAS E. BLAKE

**ORDERED**, that six hundred fifteen thousand (\$615,000) be and hereby is appropriated from Unassigned Fund Balance to the Municipal Services Facilities Account; and

**BE IT FURTHER ORDERED**, that \$500,000 of this amount shall be used to reduce the total General Obligation Bond debt required to be issued for the Municipal Services Facility project.

Fiscal Note: \$615,000

Dated: June 20, 2016