

**TOWN OF OLD ORCHARD BEACH  
TOWN COUNCIL WORKSHOP  
TUESDAY, JUNE 23, 2009  
TOWN HALL CHAMBERS**

**A Town Council Workshop of the Old Orchard Beach Town Council was held on Tuesday, June 23, 2009 in the Town Hall Chamber. The Chair opened the meeting at 7:15 p.m. The purpose of the Workshop was to present an opportunity for the Council to review the fiscal 2009/2010 budget.**

**Present:** Chair Sharri MacDonald  
Vice Chair Robin Dayton  
Councilor Laura Bolduc  
Councilor Mike Tousignant  
Town Manager Steve Gunty  
Assistant Town Manager V. Louise Reid

**Absent:** Councilor Shawn O'Neill  
Finance Director Jill Eastman

**There were department heads in attendance at the meeting. There were some items which were carried over from the last budget workshop and that the Finance Director who was on vacation indicated needed to be resolved this evening. They included:**

**Finance Accountant  
Waste Water Laborer  
Town Manager's Decision on Assessing Position  
Accountant  
Funding for Town Council Secretary  
Assistant Town Manager position reduced to Administrative Assistant  
Event Coordinator  
Finance Clerk Position  
Administrative Assistant – Recreation – reduced hours  
Upgrading of the Audio System for the Chamber  
Conservation Chair Stipend of \$1,500  
Community Policing Committee  
Public Works – enough money in the budget to cover the roof  
Police Recruit Budget**

**SUMMARY OF TOWN OF OLD ORCHARD BEACH**

- \$12,000 reduction to Fund Balance for Public Works Roof (i.e. FY09 CIP PubWks Bldg Imp balance of \$38k not enough to cover roofing estimate of \$50k...\$12k add'l needed out of Fund Balance)**
- \$20,000 addition to Police Reserves (note: this will sufficiently fund the Police Seasonal Reserves if transfer projected balance of \$26,000 from FY09 budget)**
- \$25,000 addition to Assessing (restores budget to Manager's proposal)**

- \$64,000 addition for Accountant position (restores budget to Manager's proposal)
- \$5,000 Stipend for Council Secretary (handles Council minutes primarily)
- \$20,000 reduction to Vehicle Insurance (note; this change was already reflected in the Finance Director's spreadsheets...thus no further impact reflected)
- \$5,000 reduction in Animal Control budget (i.e. remove \$10k from Service Contracts eliminating outsourcing of Animal Shelter responsibility and add \$5k to Building Repair for septic system)
- \$5,000 reduction to Lifeguard Seasonal Wage & Benefits (i.e. reduced \$550 salary, \$3,690 wages, \$500 FICA and Manager inserted the following reductions for balancing purposes: \$100 conference & \$160 repairs = \$5,000 total reduced)
- \$3,000 addition to WWTF vehicle fuel
- \$5,000 addition to Recreation Special Events for Memorial Day Parade
- \$25,000 addition to CIP for Ballpark Improvements
- Transfer \$60,000 out of EEC Paving to Paving Preservation and \$25,000 out of First Street MDOT match to Paving Preservation...zero dollar effect for a total of \$185,000 in CIP Paving Preservation

#### NET CUMULATIVE EFFECT OF CHANGES

- The Tax Rate is comprised of two components: Municipal and Education. The reductions or increases to each are combined to achieve the Overall Property Tax Rate. The cumulative changes made throughout the Budget process have resulted in a reduction of \$0.18 to the Tax Rate...i.e. 18 cents per \$1,000 of Assessed Value (note: difference from Manager's projection of \$0.19 reduction is due to the \$20,000 vehicle insurance savings that was already reflected in the Finance Director's spreadsheets)
- On a \$200,000 home, an \$0.18 tax rate reduction results in Savings of \$36 compared to last year's property tax bill.
- The Tax Rate was calculated based on an Assessed Value Estimate subject to change. Should the Assessed Value actually increase significantly, the Tax Rate would be further reduced.
- It must be noted that to achieve this reduced mil rate, the Municipal portion of the Budget was disproportionately impacted, shown as follows:

**MUNICIPAL TAX RATE = \$0.59 REDUCTION**  
**EDUCATION TAX RATE = \$0.41 INCREASE**  
**Total Tax Rate reduction = \$0.18 Decrease**

- To help balance this Budget without further impacting the Tax Rate, \$300,000 of the Sewer Reserve Fund was utilized and \$1,228,000 of Fund Balance was utilized. Fund Balance sources included the following:
  - \$460,000 same amount drawn as last year
  - \$498,000 unspent Capital Projects (previously Designated Funds)
    - Pub Wks Facilities \$23,000
    - Grader \$225,000
    - Debt Service \$250,000
  - \$100,000 Rescue Billing
  - \$170,000 School Reserves
  - Total = \$1,228,000
  
- Should the Council wish to convert the \$0.18 tax rate reduction achieved into a Budget Overlay instead, which is a commonly accepted budgeting and financial practice, for purposes of Fund Balance replenishment, the result would yield a flat tax rate, i.e. the same tax rate as last year, and would generate \$257,143 in tax revenue for the Town. This approach is endorsed by the Town Finance Director.

During the discussion it was determined that a possible decrease of \$.19 cents would mean that annual taxes on a \$200,000 home would decrease approximately \$38.00; however Councilor Tousignant encouraged the Council to maintain the current mill rate and consider using this as a possible \$250,000 overlay in the budget. He indicated the reducing the mill rate, although it sounds wonderful it is not in the best interest of the community at this point in time. He spoke of his belief that the Town can't keep putting off projects and there are million of dollars of infrastructure needs. Councilor Tousignant indicated that the idea of postponing the purchase of Public Works equipment or even police cruisers and using these funds to offset our budget will only enhance our budget needs next year.

The Council had previously eliminated two positions of Assistant Public Works Director and the Deputy Fire Chief. They did approve the hiring of an Accountant to assist the Finance Director, a position often recommended by the Auditors during annual audits. The budget restored the \$25,000 to the Assessors Department which would have required a reduction in their staff but the Town Manager, Stephen Gunty, gave a historical account of what putting this department into only a maintenance mode would have caused future areas of concern. The work on the Ballpark by the Ballpark Group was enhanced by a budgeted amount of \$25,000 and recognition of the enormous amount of volunteer work being done there. Councilor Bolduc proposed researching that the Town pay a stipend for Council Secretary, a position held by the Assistant Town Manager for the past six-and-a-half-years since she felt that the Assistant Town Manager could be at meetings in the capacity as a municipal employee.

Discussions included encouragement for the painting of the Town Hall which was indicated to be in the next year budget consideration. The Council encouraged the staff to develop new revenue sources and staff was to bring forward the power point that was presented by former Town Manager, James Thomas, on a Capital Needs Study. The suggestion was made to combine the Contingency and Miscellaneous accounts but there was no consensus for this. Paving Projects were indicated by Council to be a priority and concern was expressed by Councilor Bolduc that there was fuzzy math in the way figures are presented as it involves Public Works projects; a workshop on this issue will be held in July. A recent

**Awards Letter from the Department of Transportation was questioned as to fully expressing the funding by the DOT and a more accurate letter was requested to be attached to the June 16, 2009 minutes. Audio and computer upgrades were budgeted for the coming year. The Animal Control Budget includes money to upgrade and implement a new septic system. It was also decided that this was not the time to add an Event Coordinator. The use of cell phones was raised and limiting costs in their use was recommended. There was approval for a new roof for the Public Works Department.**

**Each Councilor expressed their concern for the economic situation in which we find ourselves and the need to fiscally manage this budget in the coming days.**

**The Council workshop ended at 11:10 p.m.**

**Respectfully Submitted,**

**V. Louise Reid  
Secretary to the Town Council**

**I, V. Louise Reid, Secretary to the Town Council of Old Orchard Beach, do hereby certify that the foregoing document consisting of four (4) pages is a true copy of the original Minutes of the Town Council Workshop held on June 23, 2009.**

**V. Louise Reid**