

**TOWN OF OLD ORCHARD BEACH
TOWN COUNCIL WORKSHOP
Wednesday, June 16, 2010
TOWN HALL CHAMBERS**

A Town Council Workshop of the Old Orchard Beach Town Council was held on Wednesday, June 16, 2010 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 2010/2011 budget.

Present:

**Chair Sharri MacDonald
Vice Chair Michael Tousignant
Councilor Robin Dayton
Councilor Laura Bolduc
Town Manager Jack Turcotte
Assistant Town Manager V. Louise Reid
Finance Director, Jill Eastman**

Absent: **Councilor Shawn O'Neill**

There were department heads in attendance at the meeting.

GEORGE GREEN: He presented an assessing overview; explaining how the mill rate is determined and the tax changes resulting. Assessors are public officials whose principal duties are to ascertain and list all taxable property within their municipality, to value taxable property according to its “just value” and to assess each taxpayer his or her fair proportion of Municipal, School and County Taxes. The only way in which this tax responsibility can be fairly distributed is for the Assessors to discover all taxable property within their municipality and to value all property fairly. When a property value is too high, the owner is helping to pay the taxes of others; if it is too low, the owner is getting a “free ride” to some extent. Although local Tax Assessors are chosen by the municipality, the Maine Supreme Court has held repeatedly that an Assessor acts as an agent of the State in performing his or her assessment duties. The Maine Constitution requires Assessors to make a “general valuation” of their municipality at least once every ten years. They are required to do a physical inspection of real and personal property at least every four years. Even the most equitable valuation program inevitably starts to deteriorate as soon as completed. Values do not remain constant and the rate of change varies for different kinds and classes of property. The value of land, buildings, and personal property is constantly changing, but seldom, if ever, to the same degree, even in the same municipality. Good assessment administration requires constant study and intelligent interpretation of sales data to identify the areas affected; the kind of property concerned; the extent of change; and the underlying reasons for it. Maintaining the quality of equalization obtained as a result of introducing systematized, technical methods, and practices, as well as correcting errors and omissions that may be found, becomes fully as important as the need for the initial equalization program. Title 36 M.R.S.A 327 requires all Assessors to achieve a minimum assessment ratio of 70% and a maximum assessment quality rating of 20. It also prohibits municipalities from having an assessment ratio at an amount greater than 110%

of its just value. Our assessment ratio last year was 97% with a quality rating of 8. State Valuation from 1988 to 2011 shows an increase from \$1,800,000 to 200,000,000. The Assessment process requires certain information; Municipal property Tax Assessor; job more complex and subject to more frequent legal challenges and judicial scrutiny; public access to information more readily available; solid working knowledge of the law governing tax assessing, appraisal expertise, and good “people skills,” in order to be successful both legally and politically. It includes identifying, listing, and valuing all real and personal property in Old Orchard Beach. Systematic and logical method of collecting, analyzing, and processing data into an estimate of value. Permits, sales transfers, brokers, online, discovery are sources for this information. Approximately 6,500 real estate parcels and 2,800 personal property accounts; about 400 permits and 450 sales transfers in 2009; and a real property is assessed each year according to its market values as of April 1st. April 1st, each year, the snapshot date for assess values. Sale comparisons; income analysis (Commercial/Industry); in Sweet versus City of Auburn (1935) the value as used by the Assessors should be fairly constant and not subject to the excessive ups and downs of booms or depressions. Final values are determined which will be the basis for determining individual tax bills. Based on analyzing the previous 12-18 months of sales to determine-market trends. Sales ratio studies. Analyzing current real estate offerings. Interviewing brokers and appraisers. Consistency and uniformity are key components for equitable assessments. Once all values have been determined a total value for the Town of Old Orchard Beach can be determined. Net taxable value (NTV) which includes new growth (\$10.22 million – 2009-2010), less depreciation and adjustments. Total value less exemptions is net taxable value (NTV), exemptions, total exemptions, school, town hall, etc. Specific exemption – Veteran’s, Homestead, etc. Once the net taxable value has been determined, we are half way in determining the mill rate. The final budget – the amount necessary to effectively and as efficiently as possible operate the Town of Old Orchard Beach is the other value needed to derive the mill rate. Net Taxable Value (NTV) – 6% increase in net taxable value; $\$19,903,253/\$19,132,039 = 4\%$ of the budget increase. Mill rate = the Budget total divided by the NTV. Example given - $\$19,903-253$ (Budget Total) divided by $\$1,486,000,000$ (NTV = $\$13.38/\$1,000$ or .01338. $44/12.94 = \frac{3}{4}$ Mill Rate increase.

He then provided examples:

Assessment Example @ \$13.38

\$150,000 Home	Taxes @ \$13.38/\$1,000 = \$2,007
\$200,000 Home	Taxes @ \$13.38/\$1,000 = \$2,676
\$300,000 Home	Taxes @ \$13.38/\$1,000 = \$4,014

Change from Previous Year at \$12.94 (FY10)

\$150,000 Home	Taxes - \$1,941 – Difference of \$66 or \$1.27 week increase
\$200,000 Home	Taxes - \$2,588 – Difference of \$88 or \$1.70 week increase
\$300,000 Home	Taxes - \$3,882 – Difference of \$132 or \$2.54 week increase

It is noted that the market values are rising – assessments try to catch up to market.
Market values stable or declining – assessments trying to moderate down to market.

The tax period is locked in for one year – April to April. Taxpayers have questions regarding any value changes. Recession has brought out more taxpayers than in recent years questioning values; appraisals have been done for and by taxpayers. It takes time to list. The tax commitment has remained stable from 1991 through 2001 and each year after that it has risen. Discussion continued on growth within the Town.

The discussion of the two scenarios – consideration of the budget cuts of between \$700,000 and \$1.4 million, either cut leading to staff cuts – continued throughout the evening. The \$1.4 million represents no tax rate increase while the \$700,000 cut would lead to an increase of about \$.55 cents per \$1,000 of assessed valuation in the new fiscal year. The Manager’s budget proposed represents an increase in spending of \$364,797 over the current fiscal year and if passed, would lead to an increase of \$1.37 after adjustments are made for the newly approved Regional School Unit 23 budget which reduced Old Orchard Beach’s tax rate by 12 cents. Although the Council initially requested a zero increase for the new fiscal year budget, the increases in expenses outside the Town’s control led to make an initial budget proposal that increased municipal spending. Some of these expenses included health insurance premiums, contributions to the Maine State Retirement System, Union contracted salaries, the County tax and the Mortgage on the new Police Department. The Town is hampered by both a loss in revenue including approximately \$100,000 in State Revenue Sharing and the increasing cost of providing municipal services to residents. Although including a hike in spending the department heads cut their budgets by just over \$3 million.

SUMMARY OF CHANGES

CHANGES TO FY 11 PROPOSED BUDGET THROUGH BUDGET WORKSHOP 6/9/10 WORKSHOP

DEPT	CHANGE	DESCRIPTION
Town Council	\$ (15,000.00)	Remove charter commission, will carry forward any remaining balance from FY 10
	\$ (2,967.00)	Move Southern Maine Regional Planning Membership to Planning Department
Town Manager	\$ -	no change, may be able to reduce advertising
Legal	\$ -	no change
Tax Collection	\$ -	no change
Finance	\$ -	no change
Assessing	\$ -	no change
Town Clerk	\$ -	no change
Elections	\$ -	no change
Registrar	\$ -	no change
Planning	\$ 2,967.00	SMRPC Membership from Council Budget
	\$ (15,000.00)	Professional/Engineering (50 acre woods)
Planning Board	\$ -	no change
Design Review Committee	\$ -	no change
Code Enforcement	\$ -	no change

Zoning Board of Appeals	\$	-	no change
Town Hall Building Maintenance	\$	-	no change
York County Tax	\$	-	no change
Miscellaneous	\$	-	no change
Contingency	\$	-	no change
Insurance	\$	-	no change
Police Department	\$	38,000.00	Put back summer reserve officers
Parking Enforcement	\$	-	no change
Communications	\$	-	no change
Emergency management	\$	-	no change
Animal Control	\$	12,000.00	add contract with Animal Welfare Shelter
Public Safety Complex	\$	-	no change
Lifeguards	\$	-	no change
Fire Rescue	\$	(5,000.00)	reduce Call Force Stipends
Hydrant Rental	\$	-	no change
Street & Traffic Lights	\$	-	no change
Public Works	\$	-	no change
Waste Water	\$	-	no change
Solid Waste Disposal	\$	-	no change
Comfort Station	\$	-	no change
Recreation	\$	5,000.00	Increase \$5,000 for Memorial Day Parade
Conservation Commission	\$	-	no change
Agencies	\$	-	no change
Library	\$	-	no change
Transit District	\$	-	no change
Historical Society	\$	-	no change
General Assistance	\$	5,000.00	Increase \$5,000
Abatements	\$	-	no change
Debt Service	\$	-	no change
CAPITAL IMPROVEMENTS	\$	155,000.00	EE Cummings/Saco Ave Intersection
	\$	75,000.00	PW Vehicles for Loader
	\$	24,000.00	Add second police cruiser
RSU Assessment	\$	(600,000.00)	Per Vote
Net Change in budget proposed		\$ (321,000.00)	
REVENUE CHANGES	\$	68,000.00	Increase Parking Lot Revenue
	\$	24,000.00	Increase Rescue Billing (second Police Cruiser)
	\$	75,000.00	Increase Fund Balance(carry forward)
Net Change Property Taxes		\$(488,000.00)	

**PROPOSED CUTS TO FY 11 BUDGET
\$700,000
6/16/2010**

PROPOSED CUTS	
HR Technology	\$ 20,000
Dispatch	\$150,000
RSU	\$ 70,000
GIS	\$ 25,000
Legal	\$ 25,000
DPW CIP	\$ 70,000
Waste Water Capital	\$250,000
TOTALCUTS	<u>\$610,000</u>

PROPOSED NEW REVENUE	
Parking Meter Revenue	\$ 60,000
Rescue Billing Revenue	\$ 30,000
TOTAL NEW REVENUE	<u>\$ 90,000</u>

GRAND TOTAL \$700,000

**PROPOSED CUTS TO FY 11 BUDGET
OTHER CONSIDERATIONS
6/16/2010**

OTHER CONSIDERATIONS	
Fireworks	\$ 10,000
Social Service Agencies	\$ 20,000
Library	\$ 25,000
Concerts in the Park	\$ 10,000
Annual Report	\$ 5,000
Holiday Decorations	\$ 15,000
TOTALOTHER	<u>\$ 85,000</u>

COUNCIL CHANGES TO PROPOSED BUDGET

Memorial Day Parade	\$	5,000
Call Firemen Stipend	\$	(5,000)
Charter Commission	\$	(15,000)
Planning Professional Services	\$	(15,000)
General Assistance	\$	5,000
PW Capital	\$	75,000
Police Cruiser	\$	25,000
Reserve Police Officers	\$	38,000
Shelter Contract	\$	12,000
TOTAL COUNCIL CHANGES		\$ 125,000

AREAS TO WORK ON

- Pay to Throw Trash
- Sewer User Fees
- Overnight Parking-Milliken Lot
- Increase Special Event Permit Fees
- Sewer Impact Fees
- Contract out Transfer Station
- Review Extreme Clean Contract
- Charge for Use of W Grand Bathrooms

**COUNCIL CUTS TO FY 11 BUDGET
AFTER WORKSHOP ON
6/16/2010**

CUTS

HR Technology	\$ 20,000
Dispatch	\$ 150,000
RSU	\$ 70,000
GIS	\$ 25,000
Legal	\$ 25,000
DPW CIP	\$ 35,000
Part Time Tax Clerk	\$ 17,000
1/2 Part Time Building Inspector/CEO	\$ 17,000
Overlay	\$ 100,000
Annual Report	\$ 1,000
Fireworks	\$ 10,000
Concerts in the Park	\$ 10,000
Holiday Decorations	<u>\$ 15,000</u>

TOTALCUTS \$ 495,000

NEW REVENUE

Parking Meter Revenue	\$ 60,000
Rescue Billing Revenue	<u>\$ 30,000</u>

TOTAL NEW REVENUE \$ 90,000

GRAND TOTAL \$ 585,000

Understanding that the Council cannot vote in a Workshop, there was a consensus by the four Councilors in attendance which will require it to be revisited.

The items to be readdressed because of a lack of consensus were:

**\$15,000 cut in the Skateboard Park – yes to cut – Tousignant and MacDonald
no - Dayton and Bolduc**

**\$25,000 cut in the Police Cruiser - yes to cut – MacDonald and Bolduc
no - Tousignant and Dayton**

**\$1/2 Time for the ACO - yes to cut - MacDonald and Bolduc
no - Dayton and Tousignant**

**\$125,000 cut from WW Capital yes to cut - Dayton and Bolduc
no - Tousignant
reconsider - MacDonald**

The Council workshop ended at 11;15 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 eight (8) pages is a true copy of the original Minutes of the Town Council Workshop held on June 16, 2010.

V. Louise Reid