

**TOWN OF OLD ORCHARD BEACH  
SPECIAL TOWN COUNCIL MEETING  
TUESDAY, JUNE 28, 2011 - 7:00 P.M.  
TOWN HALL CHAMBERS**

**A Special Town Council Meeting of the Old Orchard Beach Town Council was held on Tuesday, June 28, 2011 in the Town Hall Chamber. The Chair opened the meeting at 7:02 p.m.**

**Present:** Chair Bob Quinn  
Vice Chair Mike Tousignant  
Councilor Robin Dayton  
Councilor Sharri MacDonald  
Town Manager Jack Turcotte  
Assistant Town Manager V. Louise Reid  
Finance Director Jill Eastman

**Absent:** Councilor Shawn O'Neill

**PRESENTATIONS:** Presentation by Assessor, George Greene, on  
"Understanding the Mill Rate"

**The Assessor, George Greene, prepared a power point presentation on the assessment process of determining the mill rate. He gave a historical account of information relative to the assessment process. 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 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 ten 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 concerns, 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 26 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 98% with a quality**

rating of 7. The Assessor showed a charge indicating the State valuation for Old Orchard Beach from 1988 to 2012 with the valuation for fiscal year 2012 at about \$1,500,000,000. In describing the assessment process information an Assessor's job is more complex and subject to more frequent legal challenges and judicial scrutiny; more public access to information which is more readily available; and a solid working knowledge of the law governing tax assessing, appraisal expertise, and good "people skills," in order to be successful both legally and politically. The Assessors needs to identify, list, and value all real and personal property in Old Orchard Beach. He talked about systematic and logical methods of collecting, analyzing, and processing data into an estimate of value; permits, sales transfer, brokers, online, discovery of sources for this information; approximately 6,500 real estate parcels and 2,800 personal property accounts; about 400 permits and 450 sales transfers (2010); and a real property is assessed each year according to its market value as of April 1<sup>st</sup>. He spoke about the fact that on April 1<sup>st</sup> of each year that this is the snapshot date for assessed value. They look at sales comparisons, income analysis (commercial and industrial) with the understanding that (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. They are based on analyzing the previous 12 to 18 months of sales to determine –market trends as well as sales ratio studies. They analyze current real estate offerings; interview brokers and appraisers; and recognize that 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.) They consider the net taxable value (NTV) which includes new growth (\$8.175 million – 2010 – 2011, less depreciation and adjustments. Total value less exemptions equals the net taxable value. Exemptions including School, Town Hall, Veterans, Homestead, etc. Once the net taxable value has been determined, we are half way to determining the mill rate. The final budget – the amount necessary to operate the Town of Old Orchard Beach is the other value needed to derive the mill rate.  $\$19,903,253/\$19,132,039 = 4\%$  Budget increase –  $55\%$  increase in net taxable value;  $\$13.40/12.94 = 3.6\%$  mill increase. The mill Rate =  $\$13.40/\$1,000$  or .01340. He then provided assessment examples at the \$13.68 amount.

**\$150,000 home**  
**Taxes @ \$13.68/\$1,000**  
**\$2,736 Taxes**

**\$200,000 home**  
**Taxes @ \$13.68/\$1,000**  
**\$2,736 Taxes**

**\$300,000 home**  
**Taxes @ \$13.68/\$1,000**  
**\$4,104**

He then provided assessment examples at the \$13.40 amount.

**\$150,000 home**  
**Taxes @ \$13.40/\$1,000**  
**Difference of \$42**  
**\$.81/week increase**

**\$200,000 home**  
**Taxes @ \$13.40/\$1,000**  
**Difference of \$56**  
**\$1.08/week increase**

**\$300,000 home**  
**Taxes @ \$13.40/\$1,000**  
**Difference \$84**  
**\$1.62/week increase**

Some of the other issues he discussed were that the market values are rising and the assessments try to catch up to the market. Market values stable or declining – assessments trying to moderate down to market; locked in for one year from April to April. Taxpayers have questions regarding any value changes; recession has brought out more taxpayers than in recent years questioning values; appraisals being done for and by taxpayers. It takes time to listen. He also provided to the Council a chart indicating the tax commitments from 1991 to 2011 showing Net Tax, Overlay, Total Tax and the percentage of increase or decrease. His final chart

showed the property tax and rent refunds from August 1, 2010 through June 10, 2011. 1,049 applications with 857 applying for a total refunds of \$411,651; 544 tax refunds for a total of \$309,006; 313 rent refunds for a total of \$102,645; 74 senior refunds with a total of \$28,355; and 783 general refunds for a total of \$383,296. The average tax refund is \$568. On a \$150,000 assessment with a homestead exemption, the taxes for last year were \$1,876. The average refund is 30% of the tax and the average rent refund is \$328.

During discussion Councilor Dayton asked how long to make the Assessment to which the Assessor answered that sometime through March, April and May he analyzes the trends including any transactions out of the ordinary, closing costs, foreclosures, etc. Councilor MacDonald asked if it is possible to get foreclosure information to which the Assessor said that sometimes that information can be secured from the Registrar of Deeds but other times some information will come from Banks and lawyers who have foreclosure documents which they share. More discussion included encouragement for citizens to look into the rent programs and the Homestead deduction.

#### **Presentation by Members of the Finance Committee on the Tax Rate**

Members of the Finance Committee provided a document to the Council showing the national inflation rate on an annual basis since 1914. It shows that we have seen wild swings in our inflation rate from year to year. It also shows that, overall, the inflation rate has averaged 3.48% since 1914. That means that over the long haul, the theory would hold that the same amount of goods and services would cost approximately 3.5% more from year to year. It would also hold that the average income would increase by about the same amount from year to year. This is a very simplistic way to look at things. There is certainly a great degree of research – both critical and speculative – that could be used to argue both for and against this point. But for purposes of this discussion, I think it is clear that things generally cost more from year to year. In talking with Larry Littlefield, we both felt that the point made by the Town Manager and Councilor Tousignant should not be overlooked. The Council may want to consider a budget that has a small but stable increase (perhaps 2%) built in to avoid either cuts to town services or more substantial increases in taxation later on. We understand that advocating for an increase in spending may not be a politically popular thing to do, but we also sense that there is a general concern that we not adversely affect town services. Without a substantial change in the regional and national fiscal climate, we are unsure if these two realities (no cuts to services and no increase in taxes) can exist simultaneously. I also want to be clear. We are not speaking on behalf of the committee. It is possible that there are others on the Finance Committee that feel differently. Having gone through much of the process with you this budget season and knowing how we have come to this point, Larry and I simply feel that the Council has been put in a difficult spot. With any budget, there are no easy answers. This Council and the Administration has taken its role very seriously and has gotten us to a good spot. Not knowing exactly what the future holds, we are hopeful that we will also be keeping a proper eye on future budgets as well.

Neil Weinstein, Chair of the Finance Committee gave his personal impression of the budget process indicating that he felt not enough had been cut from it and that the discussion

process during the Budget Workshops were contentious. Councilor Dayton argued the point and thanks the staff for what she considered to be a very excellent review and preparation of the budget process. The Council encouraged the Committee to have meetings since it was noted that the Finance Committee had not officially met in meetings. Mike Gray made the presentation and other members of the Finance Committee gave their personal feeling about the need to increase just a small amount the mill rate to accommodate the crisis that may show itself in the 2013 budget process. Councilor Dayton again indicated that she felt the Town was in a good condition and no tax increase should be considered because of the difficult economic times that many are going through. Councilor MacDonald agreed with the economic struggles that many families are going through presently. Vice Chair Tousignant indicated that he felt a slight increase would put us in a better position next year during the budget process particularly if the economic status of the State remains the same or lessens. Larry Littlefield of the Finance Committee expressed his personal opinion about a slight increase and thanked the Council for their work and the opportunity to participate in the process. Dr. Reza Namin presented an e-mail to Mike Gray which he read indicating that he agreed with Mike's statement. He would only add that the significant shortfall with the budget is a lack of shared vision – an alignment of priorities with shared strategic vision. He indicated that we have great Town Hall employees, Police, Fire, and public services. These services bring new taxes because of new increases in housing and businesses that would prefer to be in Old Orchard Beach than other area towns. Maintaining high level services and continuing our services to senior citizens, youth, and families with difficulties, can be a good economic decision.

Other opinions were expressed by John Bird and Jerome Bernard as well as some suggestions for increasing revenue and the encouragement to use imagination and creativity. Discussion continued on the subject of shared values of the community versus the community needs.

**CHAIR:** I open this Public Hearing at 7:52 p.m.

**PUBLIC HEARING BUSINESS LICENSES AND APPROVAL:**

**Robyn Parlin dba/Robyn's Ice Cream, Ice Cream Truck; Bob Fralley (108-1-6-12), 131 Temple Avenue, Unit 12, one year round rental; Tim & Donna Backhaus (205-19-24-4), 2 Foote Street, Unit 4, one year round rental; and Joel Vincent (321-19-1), 170 West Grand Avenue, one year round rental.**

**MOTION:** Councilor MacDonald motioned and Councilor Dayton seconded to approve the Business Licenses as read.

**VOTE:** Unanimous

**CHAIR:** I close this Public Hearing at 7:53 p.m.

**NEW BUSINESS:**

**# 5440 Discussion with Action: Adoption of the FY 2012 Municipal Budget.**

**A Revisit of a Budgetary Consideration not Finalized at the Budget Hearings**

Chair Quinn raised the issue of the reduction of \$5,000 from the Recreation Account Number 20171-50520 – Special Events, for a total of \$7,000 and reduce the Property tax dollars needed by \$5,000 to \$19,987,195. The Finance Director gave a report on the Memorial Day Parade account which caused the review of the Recreation account. Comments on leaving the \$5,000 in the account or in a reserve account were made by Kathy Smith, John Bird, and Jason Webber who explained about the Summer Concerts and the attraction to the local residents versus the tourist interest in the Fireworks. Councilor Dayton indicated that we have cut expenditures to the bone and the Town needs to operate, trash needs to be picked up, and the streets need to be maintained. The difficulty she said has been a loss of revenue and big increases in cost. Jerome Begert complimented the Council on a strenuous and sincere effort in regard to the budget and keeping expenses down. He spoke about the income levels of those living in Old Orchard and suggested that it is about \$35,000. Jill Eastman, the Town's Finance Director, indicated that there was enough in the coffers for both the Memorial Day Parade and the Concerts in the Park series. Councilor MacDonald indicated that she felt there was a way for the concert series to be funded perhaps with corporate or business support and not using tax dollars. Vice Chair Tousignant said he was sorry to see the figure still in the budget since he thought the consensus had been to cut it out completely. He indicated we need to set our priorities and that after sitting through hundreds of hours of budget discussions he believed we were zeroing out this account. The consensus of the four Council members present was to reduce Recreation Department Line 20171-50520 – Special Events by \$5,000 from \$12,000 to \$7,000, resulting in total property tax dollars needed to \$19,987,195.

**MOTION:** Chair Quinn motioned and Councilor MacDonald seconded to reduce by \$5,000 the Recreation Account Number 20171-50520 – Special Events, for a total of \$7,000 and reduce the Property tax dollars needed by \$5,000 to \$19,987,195.

**VOTE:** Unanimous.

The Old Orchard Beach Town Council passed this \$23,990,795 budget which resulted in NO tax increase. Councilors Dayton, MacDonald, Chair Quinn voted for the budget, and Vice Chair Tousignant voted against the passage of the budget, which includes \$8,451,151 for the RSU. The tax rate will remain the same at \$13.40 per \$1,000 assessed valuation. It was pointed out that at one point the tax increase would have been \$1.01 cents but a majority of the Council felt it was important to have no increase. Overall the combined budget of \$23.9 million represents a reduction of more than \$550,000 in spending for the new fiscal year, which starts on Friday, July 1, 2011. The following information was documented and provided after the meeting with the information given the Finance Director:

Final Town Budget	\$ 15,539,644
Final RSU Total	8,451,151
Total Final Budget	\$ 23,990,795
Tax Rate Increase	\$0
Sewer Fee	11.51 %

Discussion also involved the question of the \$200,000 for the School Bleachers/Tennis Court repairs and it coming out of the Fun Balance. When the School Department became a part of the RSU the Town had to close all of their accounts. At that time the accounts were closed to the Fund Balance and it left us with a balance due to the RSU of \$357,805.64. Since the Town Council used \$390,000 of the Fund Balance to offset an increase in the tax rate, \$200,000 of this is School Fund Balance to cover the bleachers and tennis court repairs.

**MOTION:** Councilor MacDonald motioned and Councilor Dayton seconded to adopt the FY2012 Municipal Budget in the amount of \$23,990,795; with the municipal budget at \$15,549,644; and the RSU budget at \$8,451,151.

**VOTE:** Yea: Councilors Dayton and MacDonald and Chair Quinn.  
Nea: Vice Chair Tousignant

# 5441 Discussion with Action: Set due dates of 9/09/11 and 3/9/12 for taxes for FY 2012.

**MOTION:** Councilor Dayton motioned and Councilor MacDonald seconded to set due dates of 9/9/11 and 3/9/12 for taxes for 2012.

**VOTE:** Unanimous.

# 5442 Discussion with Action: Set interest rate of 7% for delinquent taxes.

**TOWN MANAGER:** Municipalities may, by vote determine the rate of interest that shall apply to taxes that become delinquent during taxable year 2012 until those taxes are paid in full. The maximum rate of interest that can be charged per 36 M.R.S.A. Section 505(4) since that rate is at least 2% lower than the rate set by the Treasurer for the previous year, the maximum rate allowed per 36 M.R.S.A. Section 505(4-A) is 9.00 percent.

**MOTION:** Councilor Dayton motioned and Councilor MacDonald seconded to set interest rate of 7% for delinquent taxes.

**VOTE:** Unanimous.

# 5443 Discussion with Action: Authorize the Tax Collector and Treasurer to Accept Prepayments of Taxes before Commitment, at an interest rate of 0%, pursuant to 36 M.R.S.A., Section 506.

**MOTION:** Councilor Dayton motioned and Councilor MacDonald seconded to Authorize the Tax Collector and Treasurer to Accept Prepayments of Taxes before Commitment, at an interest rate of 0%, pursuant to 36 M.R.S.A., Section 506.

**VOTE:** Unanimous.

**# 5444 Discussion with Action: Authorize the Finance Director to set the percentage for Sewer Rate for FY 2012 to Reflect the Percentage of the Tax Bill Used for the Operation of the Waste Water Treatment Plant to be Determined by Finance Director after budget approval.**

**Town of Old Orchard Beach  
Calculation of Sewer User Percentage  
FY2012 Adopted Budget**

<u>Expenditure/Revenue</u>	<u>Amount</u>
Dept. 20161	1,102,300
Dept. 20162	
Dept. 20204	250,000
2 Sewer Maint. Workers, 20151/50106	133,641
Line 20151/50508	55,000
Line 20203/50508	75,600
Septic pumping abatements	20,000
2009 Debt	79,653
1998 Gen. Ob. Bond principal	535,000
1998 Gen. Ob. Bond interest	85,796
	<u>2,336,990</u>
Less:	
Sewer Impact Fees	(33,500)
Septic Dumping Fees	(2,000)
Water Treatment Fees	0
Net cost to tax commitment	<u>2,301,490,,,</u>
Proposed tax commitment	19,992,195
Percentage for sewer	<u>11.51%</u>

**MOTION: Councilor Dayton motioned and Councilor MacDonald seconded to Set the Percentage for Sewer Rate for FY 2012 to Reflect the Percentage of the Tax Bill Used for the Operation of the Waste Water Treatment Plant to be determined by Finance Director after budget approval.**

**VOTE: Unanimous.**

**# 5445 Discussion with Action: Authorize and Direct the Assessor to Prepare a Perfect List of All Taxes of the Municipality and to Commit the same to the Tax Collector.**

**MOTION: Councilor MacDonald motioned and Councilor Dayton seconded to Authorize and Direct the Assessor to Prepare a Perfect List of All Taxes of the Municipality and to Commit the same to the Tax Collector.**

**VOTE: Unanimous.**

**# 5446 Discussion with Action: Authorize and Direct the Tax Collector and Treasurer, Pursuant to 36 M.R.S.A., Section 906, to Apply any Tax Payment Received from an Individual as Payment for any Property Tax Against Outstanding or Delinquent Taxes due on said Property in Chronological Order Beginning with the Oldest Unpaid Tax Bill Provided, however, that No Such Payment May Be Applied to any Tax for which an Abatement Application or Appeal is pending unless Approved in Writing by the Taxpayer.**

**MOTION: Councilor Dayton motioned and Councilor MacDonald seconded to Authorize and Direct the Tax Collector and Treasurer, Pursuant to 36 M.R.S.A., Section 906, to Apply any Tax Payment Received from an Individual as Payment for any Property Tax Against Outstanding or Delinquent Taxes due on said Property in Chronological Order Beginning with the Oldest Unpaid Tax Bill Provided, however, that No Such Payment May Be Applied to any Tax for which an Abatement Application or Appeal is pending unless Approved in Writing by the Taxpayer.**

**VOTE: Unanimous.**

## **ADJOURNMENT**

**MOTION: Councilor MacDonald motioned and Councilor Dayton seconded to adjourn the meeting.**

**VOTE: Unanimous.**

**Respectfully Submitted,**

**V. Louise Reid  
Town Council Secretary**

**I, V. Louise Reid, Secretary to the Town Council of Old Orchard Beach, Maine, do hereby certify that the foregoing document consisting of eight (8) pages is a true copy of the original Minutes of the Special Town Council Meeting of June 28, 2011.**

**V. Louise Reid**