

**TOWN OF OLD ORCHARD BEACH
SPECIAL TOWN COUNCIL MEETING
Thursday, March 29, 2012
TOWN HALL CHAMBERS
7:00 p.m.**

A Special Town Council Meeting of the Old Orchard Beach Town Council was held on Thursday, March 29, 2012. Chair Quinn opened the meeting at 7:02 p.m.

The following were in attendance:

**Chair Bob Quinn
Vice Chair Michael Tousignant
Councilor Sharri MacDonald
Councilor Robin Dayton
Councilor Michael Coleman
Town Manager Mark Pearson
Assistant Town Manager V. Louise Reid
Finance Director Catherine Saltz**

MOTION: Councilor Coleman and Vice Chair Tousignant seconded to open the Special Town Council Meeting at 7:02 p.m.

VOTE: Unanimous.

ACKNOWLEDGEMENTS:

COUNCILOR MACDONALD: She congratulated and acknowledged that awarding of the Rotary Student of the month award to Emily Johnson of Old Orchard Beach High School. Emily is a fantastic student whom we hope will consider remaining in Old Orchard after her college schooling and add to her continued effectiveness as a student and resident of our community.

CHAIR QUINN: He expressed his appreciation to Detective Hemmingway, the Police Chief, Dana Kelley and his staff for the quick apprehension of those responsible for recent arsons in our community and for their ability to keep our community safe.

COUNCILOR COLEMAN: He expressed appreciation to George Szabo and the Loranger Jazz Band for their excellent presentation at the Portland Pirates game. They did a phenomenal job and we are very proud of them.

NEW BUSINESS:

5584 Discussion with Action: Consider the Acceptance and Approval of a three-year contract for the Cleaning and Maintenance Services for the Municipal Restrooms, Downtown and Beachfront Area from Account Number 20151-50310- Service Contracts.

The Town Manager reported to the Council that after reviewing each submittal and conducting interviews with both contractors, Extreme Clean and BA Services of Bangor, he recommended that the Town Council consider entering into a three (3) year contract with Extreme Clean Inc., 189 Pool Street, Biddeford, Maine, for the contracted price of \$122,520 for 2012; \$122,520 for 2013; and \$124,357 for 2014; with a total contract price of \$369,397.

Discussion continued on the contract itself with some suggestion for additional changes but it was agreed that with the coming of the cleaning season upon us we need to move forward with the approval of the contract. There were questions about the pre and post season hours and concern was raised by Chair Quinn about the continued possible liability during those times because of the use of multiple bathrooms and the question as to the need for them all to be open during these days and hours and also if they were not would there be a decrease in the cost of the contract. The Town Manager explained that the contract was developed with many considerations and stands as provided to the Council. Comments were made by Paul Ladakakas, John Bird, and Jerome Begart expressing their opinion on the contract and also the need for this to move forward. The need for checks and balances on the contract will be addressed by the Town Manager in the signing of the contract. It was also noted that in the past Extreme Clean has always willingly negotiated any necessary changes to the contract.

MOTION: Councilor Coleman motioned and Councilor MacDonald seconded to Accept and Approve a three-year contract from Extreme Clean in the amount of \$359,397 (\$122,520 for 2012; \$122,520 for 2013; and \$124,357 for 2014 for the Cleaning and Maintenance Services for the Municipal Restrooms, Downtown and Beachfront Area from Account Number 20151-50310- Service Contracts.

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

5585 Discussion with Action: Presentation of the FY13 Municipal Budget.

The Finance Director and the Town Manager presented the FY13 Municipal Budget to the Council. The presentation included budget assumptions covering Revenues and Expenditures. It was noted that there have been across-the-board decreases in anticipated revenues including Motor Vehicle/Boat Excise Tax – based on the actual of July 1, 2011 to February 29, 2012, and estimated March 1 to June 30, 2012 (prior year) that funding has decreased. Rescue Call Revenue based on a three year average was discussed and it was recommended to transfer in full anticipated revenue to cover the Police Building Bonds and Police/Fire CIP requests. In discussing the Time Warner Franchise Fee it was noted there was a decrease in subscribers. The Town receives a 5% franchise fee based on Time Warner's annual net revenue after bad debts and other revenue offsets. There were substantial bad debts in the prior year. A revenue increase is not anticipated. Permits/Fees/Licenses based on July 1, 2011 to February 29, 2012 and an estimate of March 1 to June 30, 2012 indicates no increase. Parking Fees/Fines has notably decreased in the revenue

due to better signage and compliance. It was noted that we do not have any substantial pending grants for the next fiscal year and the Sewer Impact Fee is not recommended to be utilized at this point. It was emphasized that the Undesignated Reserve not be utilized as it has in the past as a revenue source and that the State Revenue Sharing numbers have not been provided.

In discussion of expenditures it was noted that all expenditures are estimated expenses based on comparison to the prior years' budget and year to date for the current fiscal year for the period of July 1, 2011 to February 29, 2012. The Town has a number of substantial contracts that should be reviewed in terms of actual costs, renewal dates, and built in CPI indexes. Some of these contracts include Sanford Communications, New England Organics, Maine Energy Recovery Company, Blow Brothers Inc., Constellation Energy, and others. The budget includes estimates based on the contracts that will be in place for FY13. The Town spends approximately \$1,800,000 in these contracts. Many of these long-term contracts have built in CPI indexing that is currently averaging automatic 3% increases each year. There was no recommended funding for agencies as there have been in the past. The Council will make that decision at the time of considering the budget. In discussion of the Library it was not recommended that at this time the Town fund the Library operations until a budget can be prepared by the Town Finance Committee and Library Trustees, after all library financial documentation is reviewed. Further discussion on the financial management of the Library is warranted. The Historical Society has submitted their budget but additional information is needed before recommending funding. As far as the Transit Society is concerned it is recommended that financial documentation of the full budget for its operations is submitted to the Town for review by the Town Finance Committee and Town Finance Director.

Discussion continued on the Contingency account which has always been a controversial issue with past Councils. The Finance Director indicated that there has been set up a reserve of \$200,000 towards an \$850,000 unfunded liability for employee accrued vacation/sick time; \$100,000 – set-aside as overlay to replenish undesignated reserve; \$50,000 – set aside for health and other insurance increases; \$25,000 – set-aside for contract negotiations; and \$75,000 – set aside for heat/transportation cost increases. With a line item budget, by utilizing a contingency reserve, there would be accountability for the transfers and control by the Town Council on these funds to be utilized where appropriate, and if not needed would roll back into undesignated reserves unless otherwise stipulated to be designated for future use in a separate account.

The Finance Director then discussed budget assumptions as it related to Compensation and Benefits. All wages estimated are based on current hourly rates or salary and adjusted if applicable and work week hours vary by department and position. It was noted that due to the recent passage of the new Charter the Town Clerks salary will be raised 24% or approximately \$13,000 increase. There is a 2% increase for all non-union positions if employed six months as of July 1, 2012; a 2% increase for Fire/Police per the Union contracts; with no increase for Wastewater/Public Works as the Union contracts are again up for negotiations in 2012; and a \$2,500 increase for the Human Resource Director, the Planner whose

title will change to Director, and to the Animal Control Officer who will be assisting in Code. She explained that there are shared positions with other communities. The Assessor position is shared with the Town of Sanford and the total cost of the position is \$105,000 including benefits; the Town of Sanford reimbursing Old Orchard Beach at 58% of this cost. The Police Department has a shared position with the RSU at a cost of \$76,000 with the RSU reimbursing the position at approximately \$58,000 for the school year. The Police Department also has a State Officer on the payroll officially at an annual cost of \$107,000 but is reimbursed 100% for this position by the State of Maine. The IT (Information Technology) the Town has included in the Town's Administrative budget a cost for an IT person, who is a full-time employee of the Town of Sanford, and is paid by the Town as a Consultant at an hourly rate of \$90 per hour. It is estimated that this position is paid about \$45,000 per year and works primarily during non-business hours for the Town. The Assistant Tax Assessor is shared between the Assessing and the Code Department at a 50% level. The Administrative Assistant in the Planning Department is shared between the Code and Planning Departments at a 50% level. She noted there will be changes in some positions including the Code Enforcement Officer position will go from a full time position and be replaced with two part time, 25 hour a week positions with no benefits. The Current General Assistance Director/Tax Clerk position is split to full time Tax Clerk and a part time General Assistance Director. A new position of Staff Accountant will be added to the Finance Department. The Accounts Payable/ Human Resource Assistant has been hired and will be funded because the Public Works Office Administrative Assistant's hours are increased 25 hours to 40 hours and she will no longer do Accounts Payable. Overtime is estimated on the needs in particular departments and the % of the total budget is listed below.

WWTP	\$37,491.94	9.97%	Public Works	\$ 68,932.20	18.32%
Police	\$92,439.16	24.57%	Fire Depart.	\$177,329.63	47.14%
Total of 100%					

Two employees receive automobile allowances by contract; the Public Works Director receives \$3,300 annually and the Assessor receives \$1,500 annually.

In Lieu of Health Insurance the Town offers payment to the employees in lieu of taking Health Insurance at a rate of 25% of the annual savings of the cost of providing the benefit to a single person. There are also stipends that are being paid; The Fire Department pays stipends for the on-call force- annually in the amount of approximately \$40,000; and the Town Clerk receives a stipend of \$2,500 to video tape the Council meetings and an additional \$15 an hour to video tape the Zoning Board and Planning Board meetings (\$1,200 minimum per year) and the Assessor receives \$15 per hour when taping in the unavailability of the Town Clerk. The Town offers the following benefits to employees. All benefits have been budgeted at the actual current cost per employee, and an estimated cost increase has been budgeted under the contingency line. Insurance premiums are negotiated January 1st of each year. Health Insurance is offered by the Town and is budgeted is at the actual current cost per employee, and an estimated cost increase has been budgeted under the contingency line. Insurance premiums are negotiated January 1st of each year. The Town offers Health insurance through the Maine Municipal Association

(MMA) and pays 88% of the cost of the monthly premiums for non-union employees and 80% for union employees. Dental insurance is also through MMA and pays 50% of the monthly premiums; the Town pays the cost of an Income Protection Plan up to 55% of the cost of coverage up to an employee's base salary. In discussing town contributions it should be noted that the Town contributes 5% of an employee's annual wages to ICMA. Under the Maine Public Employees Retirement System the Town has four plans and contributes the following percentage of an employee's annual wages:

1C - 10.20% -Police; 2C - 6.30% - Fire 3C - 9.80% - Police (Plan 1C/3C – for Police employees; Plan 2 C – for the Fire Department; and AC - 4.40% (all non-union).

There are other benefits offered to employees either based on union contracts or individual contracts such as health/physical fitness incentive/clothing allowances.

Discussion on the Capital Improvement Plan included two new cruisers for the Police Department and an upgrade on cameras for all vehicles. The Fire Department has budgeted ¼ of a cost of a new ambulance to replace in four years and it was recommended to fund with surplus in the Rescue Call Fee Fund. A place holder has been placed on \$680,000 for Public Works. It is recommended a more accurate cost once all estimates are reviewed. It is believed there are savings from prior years CIP funds that may be utilized to offset the current year cost. In addition the costs budgeted for FY13 will only be those costs that will actually be incurred during FY13, and the remaining would be recommended for the next fiscal cycle. Debt Service is based on current amortization schedules for the existing bonds and excludes any bond for the Library.

It was also recognized that there is the estimated \$9,200,000 budget expense for the RSU and the York County Tax is only based on projected costs from the County. Michael Gray, Chair of the Finance Committee, indicated it appears that will be around the same amount as last year.

The proposed FY2013 Town tax rate is \$7.62 or .11 cents lower than the FY2012 Town Tax rate of \$7.73. The official RSU tax rate has not been set but may be completed by April 10, 2012. The State Aid revenue has not been determined and may be available on April 11, 2012 and the budget highlights include current staffing and services is funded; no funding from the Undesignated Reserves Account; added \$100,000 to the Undesignated Reserves Account; established and funded a Contingency Account to fund approximately 25% of the unfunded liability of employee separation; and creation of a CIP budget of \$832,000. The proposed municipal budget for the upcoming year is \$14.7 million; about \$800,000 less than last year's municipal budget. The total budget forecast includes an estimat for the Town's share of the Regional School Unit 23 budgets, which at \$9.2 million would be an increase of about \$749,000 from last year. The combined municipal and RSU budget at \$23.9 million would increase the tax rate from \$13.40 to \$13.79.

GOOD AND WELFARE:

JEROME BEGART: He again spoke of the needs of the citizens and the responsibility of the Town Council to administer the budget process with them in mind. He spoke at length about stewardship and the careful attention for frugality in the use of tax dollars.

ADJOURNMENT:

MOTION: Councilor Coleman motioned and Councilor MacDonald seconded to Adjourn the Town Council Meeting at 8:46 p.m.

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 six pages (6) pages is a copy of the original Minutes of the Special Town Council Meeting of March 29, 2012.

V. Louise Reid