

**TOWN OF OLD ORCHARD BEACH  
TOWN COUNCIL WORKSHOP  
Wednesday, May 30, 2012  
TOWN HALL CHAMBERS  
7:00 p.m.**

**A Town Council Workshop of the Old Orchard Beach Town Council was held on Wednesday, May 30, 2012. Chair Quinn opened the meeting at 7:25 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**

**The Finance Director and the Town Manager introduced discussion on the Memorial and Milliken Street Parking lot charges and it was suggested that a \$10 fee be charged until 4:00 p.m. and \$5 from 4:00 on into the evening. After input from the Town Council it was consensus that a \$10 fee for the entire day (no matter when someone comes into the parking lot) would be adequate in the question of addressing funding issues. The Council encouraged the Town Manager to move forward with this plan.**

**The Council Chair called this Workshop to continue the discussion on the Recreation Department Budget. One of the follow up issues was the question of a reorganization of the Recreation Department from the following structure:**

<b>Position</b>	<b>Salary</b>	<b>FICA</b>	<b>Benefits &amp; Taxes</b>
<b>Recreation Director</b>	<b>\$57,229.85</b>	<b>\$4,369.67</b>	<b>\$16,419.84</b>
<b>Assistant Director</b>	<b>35,386.46</b>	<b>2,707.06</b>	<b>22,199.67</b>
<b>Admin. To Rec Director</b>	<b>33,852.78</b>	<b>2,589.74</b>	<b>12,718.60</b>

**Suggestion is for new organizational structure:**

<b>Programmer</b>	<b>19,500.00</b>	<b>1,491.75</b>	<b>1,899.30</b>
<b>Programmer</b>	<b>11,700.00</b>	<b>895.30</b>	<b>1,139.58</b>

**Remaining Position:**

<b>Recreation Director</b>	<b>\$57,119.84</b>	<b>\$4,369.67</b>	<b>\$16,419.84</b>
<b>Assistant Director</b>	<b>35,386.46</b>	<b>2,707.06</b>	<b>22,199.67</b>

**Possible Elimination:**

**Admin. To Rec. Director      33,852.78      2,589.74      12,718.60**

**At the last workshop on the Recreation Budget, Councilor Dayton asked for a revision of the Job Descriptions. They have been provided to the Council for the following positions:**

**Administrative Assistant to the Recreation Director/Programmer  
Programmer, Site Supervisor, Special Events  
Programmer, 50+/-Coordinator, Special Events**

**Discussion on the various revenue and expenses of the Recreation Department included conference/training in the amount of \$2,000; Travel, food and lodging in connection with the training which is required for legal certifications in the amount of \$2,500; Dues and memberships required in the amount of \$300; service contracts including gym routine, recreation website, water and specialized purchasing consultants; Advertising necessary for informing residents and students of programming - \$2,200; Phone, Cellular and Paging including Time Warner Cable, office phones and cell phones - \$6,000; Administrative Office including clothing \$2,000; Other including replacement of equipment - \$2,000; Vehicle/Equipment/Fuel - \$2,700; and Special Events - \$7,000 which includes Concerts in the Park, Egg-stravaganza, outdoor basketball tournament, Frozen 4-miler, Christmas by the Sea, Pitch hit and run; Petanque Tournament; and family dance. There were questions relevant to the financial recording of funds at the Recreation Department which are done differently from other departments. It was pointed out, however, that there is a basis for programming on the area of funding so that each program remains financially whole. Under Account Number 50520 – Special Events – it was noted that this is a year ahead – pre paid for the following season. This is a result of mismatched fiscal year.**

**Library**

**In an effort to move forward with a budget for the Library for FY2013, discussion this evening is on an estimated budget based on certain assumptions and estimation of costs. The Finance Director indicated that she has based the assumptions on the material provided by the Library although there was some material that was not available to her in the projections.**

**The payroll includes employees presently employed with no wage increases since wage increase will need to be discussed as how this will be handled. The benefit costs are based on actual bills from the benefit provider and the estimated employer contribution based on the Town's policy. The questions of who receives benefits are also something that needs to be determined and acknowledged. Conference and training; due and membership; service contracts; postage; general insurance; electricity; water; phone; fuel; licenses; supplies; periodicals, DVDs, media; and books and subscriptions; have been estimated on the invoices provided; Building repairs has no detail so it should be approved as incurred; and grounds maintenance has been estimated. It is the Finance Directors suggestion that the Council will need a line-item budget to have confidence that the total budget is accurate as can be. She also stated that in the coming year with correct accounting done; it will be possible to determine an accurate**

**budget. The question was raised that although everyone recognizes the Library is a separate legal entity, there are decisions that are made as to how funds are expended that may be contrary to Town policies and since the Town is funding 100% of the operating costs, the Town will be incurring these expenditures. Whether or not the actual budget is restricted by line item in terms of managing the budget or whether the budget is simply managed as a total amount, either way, given the circumstances of recent events, the Council will need a detailed line-item budget to have confidence in the total budget with respect to the Library operations. The Finance Director stated that the Library budget is very conservative and over the next year, after the Town is able to record all the actual expenditures by line-item, there will be an accurate accounting of costs. She suggested that the Council might want to set aside some funds in contingency to cover potential unforeseen costs that may be incurred over the next year with respect to the Library operations.**

**Even during the discussion this evening Councilors raised questions regarding how raises will be determined for staff; how will the hiring of positions be handled; who will approve building repairs, questions as to whether the Library will use some of the vendors that the Town uses with the anticipation of savings of funds. The general subject of merit raises was discussed again and the Council encouraged all discussion on wage increases to be based on merit programming. The Finance Director pointed out that since she and the Town Manager are new it would be sensible to move the amount dedicated for raises to be moved into another separate account designated for merit raises and that the Town Manager will determine in the weeks ahead the merit program criteria.**

**At the present time there are five employees in the payroll system. Discussion was raised on the increase in salary for the Director, the Library Clerk and the Assistant Director; with a new position of Library Clerk added as well. The increase would be approximately \$14,874 for a total wage budget of \$118,759.88. The Library has also asked for an additional part-time person indicating that a full time position had been reduced to two part-time positions. There are service contracts with an alarm company, a cleaning company and a trash/snow removal/sanding company in the amount of \$9,346.20. Library materials including periodicals, media and program/classes amounts to \$5,000; Dues/Memberships/Subscriptions in the amount of \$2,270 including Library Associations, MMA (cited below), Movie Licensing, etc. A computer user agreement which needs discussion is \$1,438.94. There were suggestions made where joining with the Town could reduce costs such as electrical contracts, heating oil, etc. (cited above), Maine DOT (Official Directional Sign), State of Maine (Annual Report), downloading service for the Bangor Public Library, the American Library Association membership, Portland Museum of Science membership, Southworth Planetarium membership, and the National Audubon Society membership. There are costs now indicated for computer User licenses and maintenance contracts as well as Books/Subscriptions and Periodical/DVD costs. Evaluation by the Finance Director of previous costs came up with suggested totals for the Central Maine Power and for Heating Oil.**

**Councilor Coleman addressed some of his concerns as far as fiscal responsibility and the affairs of the Library. He requested that the Library have available for Council review evidence of the reinstatement of the Library's 501©(3) status, an accounting of cash-on-hand for the Library both in the operating account and the building fund and copies of the Form 990s filed on behalf of the Library for the years 2007 to 2011. He indicated that as is now the Library's 501©(3) status was revoked for failure to file a 990 series form for at**

least three consecutive years. This was also true for the Friends of the library organization. There may be fines and penalties associated with that failure to file and it would be in keeping with the Council's fiduciary duty to the taxpayers for the Town to know the degree of exposure that the Town would face. Are you willing to provide that documentation? If not, why not? It was asked if Legal counsel advised the Library or the Board what exposure the Library faces for fines, penalties and back taxes. The question was raised relative to the \$50,000 that was provided from the Library by the Association's bonding company which represents the limit on payment for losses of funds. There was concern over how this funding was received because the investigation isn't over at this point and we are not sure how much had been embezzled. Councilor Coleman noted that there is also significant risk due to the fact that the Council and the public at large do not know the course of the investigation regarding the missing funds. A number of pertinent questions arise due to the various dollar figures we have heard. Was there more than one perpetrator? If so, who, and is that person still affiliated with the Library? Where did the money go and is it recoverable? Were there other irregularities? Only one thing is certain, it would be a shocking case of poor judgment if we as a community were to allow business as usual to go on with our Town's library. He also asked to the best of the Library's knowledge, what is the total missing? How much is missing from the operating fund? How much is missing from the building fund? Have contributions been received by the Library or by the Friends of the Library with representations to the donors that their contributions would be tax-deductible? Has the Library adopted adequate internal controls including separation of duties to safeguard the integrity of the public money given by the taxpayers to the Library? How do you plan to enforce and monitor these controls? Any resistance on the part of the Library management or Library Board regarding the provision of the above information to the Town Council and/or Town Administration will be viewed with extreme suspicion. If there's nothing to hide, then why hide it? Councilor Coleman indicated that ultimately our goal should be the continued provision of library services to the people of Old Orchard Beach in an efficient and fiscally responsible manner. The people of our Town deserve nothing less. There was also concern that the Finance Director had not been informed of this payment during the discussion on financial issues relative to the budget preparation. In addition the cost of hiring an attorney was raised and the Finance Director had not been informed of that either. A letter was read by the President of the Board of Trustees from James N. Katsiaticas, Esquire – Perkins/Thompson – Attorney's and Counselors at Law. The advice he gave to the Association is to deposit the check into the Association's bank account for safekeeping and that the check should not remain outstanding and un-deposited. As to when and how those proceeds should be spent they were advised by the Attorney that they should not spend those funds until such time as the ongoing audits have been completed and the Association and the Town can agree on how the funds should be used. This check was intended to replace funds that were taken from the Association's Library operating fund, 90% of which comes from payments from the Town and therefore, from the Town's taxpayers. Therefore, once the audit shows exactly how much money was taken and from where, the Association and the Town can decide whether the \$50,000 should be credited against the Town's contribution to reduce it by \$50,000 or paid to the Town for the Town to them pay the full \$290,000 or with the Town's consent, placed in the building fund to reduce the amount the Town has to borrow. It was also noted that it appears that issues surrounding the Association's legal authority are now past and they strongly recommended that the Association now turn to the IRS issues – reinstatement of the 501(c)(3) status and filing Form 990s. The window for

**addressing these issues is rapidly closing and the Board is urged to authorize the Attorney to pursue these issues immediately. Finally after the full disclosures were given, Vice Chair Tousignant asked the Treasurer, Librarian and the Board, “Is there anything more you have not disclosed?” In all these areas the Library personnel and Board stipulated that funding was accountable; checks and balances were in place; there was security in the way the Library is conducting itself.**

**The Library had originally asked for \$244,000; but with the changes the budget is \$184,267.49. This shows a reduction of \$4,735.49 for Podus funding; and \$6,858.78 cash-on-hand from the original amount of \$195,861.76. Discussion also revolved around the bond issue relative to the building of the new library. The amount of principal and interest on the bond is yet to be determined.**

**The Chair thanked everyone for coming and participating in the budget process.**

**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 five (5) pages is a copy of the original Minutes of the Town Council Workshop Meeting of May 30, 2012.**

**V. Louise Reid**