

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

A Town Council Workshop of the Old Orchard Beach Town Council was held on Monday, May 7, 2012. Chair Quinn opened the meeting at 7:03p.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
Jason Webber – Recreation Director
Bill Robertson – Public Works Director
Chris White – Waste Water Superintendent
Members of the Finance Committee**

The Town Council Chair announced that the Workshop this evening will consider the budget proposals for the Recreation Department and the budget for Capital Improvements Program (CIP).

The Finance Director, Catherine Saltz, She began with a report on the forecasting of the Town's position as of June 30, 2012 and indicated that based on the YTD expenditures and revenues as of April 30, 2012 the Town will probably close the year with either a small deficit or breakeven. If, however, we receive the monies from the Maine State Retirement of approximately \$323,000 prior to June 30, 2012, we will have a surplus. The forecast she indicated is based on expenses incurred pro-rata for the next two months with the exception of seasonal; revenues coming in close to budget including seasonal fluctuations; there are no unrecorded substantial expenditures; all CIP monies have been expended (on assumption moved to separate fund); prior year monies have been removed; taxes are not adjusted for uncollected receivables (often property tax revenues are adjusted downward to reflect the actual cash collected at year end and the revenue is deferred; and there are no substantial unexpected adjustments as a result of balance sheet reconciliations.

The Finance Director reported on the MPERC – defined benefit plan and changes that are coming including increases of .9 % - Non Union; 1.2% - Fire Department; 1.5% increase in one of the Police Department plans; and a 2.5% increased in the other; with an approximate increase in cost of \$40,000. In the Police Retirement Fund there is a fund increase of 8%.

The continuation of the discussion relative to the Recreation Department budget revolved around understanding the mission of the Recreation Department and the funding options. It was determined that the Ballpark would not be part of the discussions or consideration of budget as it will be addressed on its own at a separate Workshop. It was noted that the Recreation budget and staffing came into play when the Ballpark staffing was co-mingled with Recreation. Because of the responsibilities of the current Ballpark General Manager being a staff member of Recreation it was evident that compensatory time off was needed to cover for the late hours and extra time required to perform the functions. For that reason the Finance Director indicated that we would be discussing by itself what is required to run the Recreation Department both from a staffing and budgetary consideration.

In the area of staffing it was determined that the current organization is not sufficient to meet the needs of the Recreation area. Presently there is a Recreation Director, who manages and supervises the Recreation Department Staff, policies and procedures, finances, department website and on-line management software; oversees all purchases, coordinates adult sports leagues; assists with recreation programming and special events and coordinates the summer concert series. The Assistant Director coordinates all childcare programs; after school program, summer recreation camp; early release days; and teacher workshop days; supervises childcare and camp staff and daily operations; coordinates youth enrichment programs and some special events; manages payment for childcare programs; and fills in during the Director's absence. The Recreation Coordinator/~~Ballpark General Manager~~ (which is a shared position not to be considered in the total discussion of the Recreation Program) who coordinates youth sports programs; 50+- programs; and special events; ~~manages and supervises overall operations of the Ballpark facility including concessions, field, building and grounds; schedule, ballpark staff, fundraising special events; financial reports; and works together with the Ballpark Commission.~~ The Administrative Assistant coordinates the front office operations; program registration; phone calls; customer service; and errands. A new staff organizational chart and proposed job descriptions are being formulated and will be presented to the Town Council for consideration at a future date.

There were decreases recommended in wages; in lieu of health insurance, FICA and Medicare, MSR – Employer Share, ICMA457 – Employer Share, Health Insurance – Employer – and Dental Insurance – Employer. A reduction in the Advertising account of \$1,800; and a reduction of \$25,000 from the Ballpark Improvements (no longer part of the Recreation Budget. An increase of \$1,000 for Vehicles Repairs/tire/oil and equipment was made and an additional \$1,700 in vehicle fuel because of the additional services required in the use of the proposed Recreation bus.

The Finance Director introduced the desire of the Council to improve the municipality's infrastructure which she said has evolved into a major public policy concern for each community. Each community has experienced impairments in the respective capacities to fulfill infrastructure needs due to reductions in State and Federal construction grants and to constraints in the local budget. It becomes increasingly difficult to fund capital expenditure debt within tightened operating budgets. Moreover as debt has been retired, municipalities have utilized "freed up" monies to pay operating expenses thereby diminishing the capital expense portion of the budget. As a result in many communities this type of conduct has inevitably led to inadequate maintenance, repair, replacement and expansion of local infrastructure. Deferring infrastructure maintenance and improvements only compounds

municipal financial woes, enormously increasing the cost of performing such work in the future. Such delays lead inevitably to a diminution in the scope and quality of public services. It is obvious that capital assets must be of significant value and have a useful life of several years. Accordingly CIP planning should establish working definitions for these terms. Some define it as a tangible property with a value of at least \$10,000 and a useful life of at least five years. The Capital Improvement Program should include both a capital budget; a spending plan for capital items for the upcoming year; and a capital program or a plan for capital expenditures that extends some number of years, perhaps five beyond the coming year. The benefits of a successful CIP program include preservation of capital assets; coordination of capital needs and operating budgets; soundness of municipal credit rating; stabilization of tax rate and debt costs; and increase in federal and state aid. Presentation this evening of requests for CIP included each department's needed CIP funding recognized the inventory of the facilities and the equipment and the current condition of each item. There is of course the need to know whether the municipality can fund a particular CIP program and the ability to establish a priority for capital needs. The Finance Director spoke about establishing of a CIP financing plan that recommends a method of financing each proposed project. Discussion always revolves around funding of CIP and common financing options such as a General Obligation Bond which is a written promise to pay a specified sum of money at a specified date in the future and payment of interest. There is the option of a short term note; or a Bond Anticipation Note; or Federal or State aid.

The Finance Director informed the Council that there has been no Contingency build into the budget. A Contingency Plan is a plan devised for an outcome other than in the usual expected plan. She explained that it is used for risk management when an exceptional risk that, though unlikely, would have consequences. Contingency plans are developed to explore and prepare for an eventuality. She also said that in the area of Public Works there will be further quotes coming in to substantiate suggested costs.

In the discussion of the Public Works CIP it was again indicated that quotes would be received to substantiate suggested costs on the items that are being recommended for the CIP budget. The Public Works Director explained that the E. Emerson Cummins Boulevard work cost \$113,000 with the Public Works Department assuming work saving \$20,750 which meant that the cost of the project was \$90,000. The Public Works budget also contained road maintenance improvements, sidewalk maintenance and improvements, Sewer maintenance improvements, Building improvements, Storm water improvements and maintenance; and the refunding of \$23,434 for unused public works vehicles. New requests for CIP included \$8,700 for a new telephone system for the Town Hall; \$46,000 for Rescue Vehicles; \$20,000 for a Recreation Bus; \$16,000 for computer upgrades to the cruisers; \$43,655 for Police Camera Updates for seven vehicles; and \$56,160 for police vehicles. There was an additional \$52,000 to the overtime budget to account for the CIP overtime work. Discussion on the codification of records in the Town Clerk's office was brought up and the Finance Director indicated that the amount was applied to an incorrect account.

REVISIT: Recreation Department – Position Staffing

CIP – further discussion on items requested.

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 (4) pages is a copy of the original Minutes of the Town Council Workshop Meeting of May 7, 2012.

V. Louise Reid