

**TOWN OF OLD ORCHARD BEACH
TUESDAY, MAY 20, 2014
TOWN COUNCIL MEETING
7:00 p.m.**

A Town Council Meeting of the Old Orchard Beach Town Council was held on Tuesday, May 20, 2014. Chair O'Neill opened the meeting at 7:02 p.m.

The following were in attendance:

Chair Shawn O'Neill
Vice Chair Bob Quinn
Councilor Malorie Pastor
Councilor Kenneth Blow
Councilor Jay Kelley
Town Manager Larry Mead
Assistant Town Manager, V. Louise Reid

ABSENT: Councilor Michael Tousignant
Councilor Joseph Thornton

CHAIR: We are very pleased to have our Cub Scout Troop 350 here this evening with their Leader – Cubmaster Mark Ouelette.

PLEDGE TO THE FLAG

CHAIR: Many thanks, Mark, and to the Cub Scouts for the excellent job well done.

CHAIR: I ask for a motion to add the following Emergency Items:

MOTION: Councilor Kelley motioned and Councilor Blow seconded to add to the Business License Amusement Permits and also to add to Agenda Item Number 6184 – the following business with conditions:

PUBLIC HEARING AMUSEMENT PERMITS: GFB Scottish Pub Inc. dba/GFB Scottish Pub (205-3-1), 32 Old Orchard Street, Bands & D.J.'s Inside – 8:00 p.m. – 1:00 a.m. subject to review by the Administrative Review Board on May 27, 2014.

AGENDA ITEM 6184 – Discussion with Action: Approve the Liquor License Renewal for GFB Scottish Pub Inc. dba/Scottish Pub (205-3-1), 32 Old Orchard Street, m-s-v in a Restaurant, subject to review by the Administrative Review Board on May 27, 2014.

VOTE: Unanimous.

**PRESENTATION BY RYAN KELLY
POW/MIA CHAIR OF HONOR
to Support Rolling Thunder's Mission**

A presentation by Ryan Kelly will be made this evening. The Rolling Thunder, Inc. – POW/MIA Chair of Honor Program is intended to support Rolling Thunder's main mission by bringing daily reminders of the POW/MIA issue to cities and towns, big and small, across the nation. A

POW/MIA chair in any location is to remain perpetually empty to help people remember them even though our soldiers are not here, there is still a space for them. POW/MIA Chairs of Honor can be found in public spaces ranging from professional sports stadiums to small town city halls, and everywhere in between. Rolling Thunder, Inc. chapter nationwide also have portable POW/MIA Chairs of Honor for their individual chapter activities like VA facility visits and local veterans' events. Thank you, Ryan.

**PRESENTATION BY THE MAINE WATER COMPANY
Judy Wallingford – President of Maine Water
Tom Carr – Superintendent of Biddeford and Saco Division**

With major renovations needed at the South Street plant, the Maine Water Company has proposed a rate increase which is necessary to maintain a local facility and continue to provide water to its local customer base. The South Street facility provides water to Saco, Biddeford, Old Orchard Beach and parts of Scarborough. The former Biddeford and Saco Water Company was acquired by Maine Water in December of 2012. The South Street facility was built in 1884 and has had limited modifications since a 1937 upgrade. The study details about \$7 million dollars of immediate and short-term improvements needed to address code violations, safety concerns and bring the facility up to current industry standards. Despite its shortcomings the facility has provided good quality water and was among only a handful of water facilities in the United States to be recognized by the Partnership for Safe Water Program in 2006. This evening, President, Judy Wallingford, and Tom Carr, Superintendent of Biddeford and Saco Operations, presented their report to the citizens of Old Orchard Beach.

The surface water treatment plant on South Street in Biddeford draws water from the Saco River and its sole source of water for BSWC's customers is Biddeford, Saco, Scarborough and Old Orchard Beach. The Saco River is an abundant and clean source of water, capable of meeting both local and regional needs for drinking and recreational use without compromising environmental sustainability. The plant has been at its current location for more than 125 years and the last major upgraded was done in 1936. The water produced by the plant continues to meet state and federal standards for drinking water and is a testament to the skill and dedication of Maine Water employees. The plant's current location is in the flood plain of the Saco River. The plant was flooded during the flood of 1936 and customers were forced off line in the floods of 1953 and 1987, again forcing customers to boil their water. The plan requires manual operation of systems that are fully automated in more modern treatment plants, providing for greater efficiencies in chemical and power use and lower labor costs. The engineering firms of Woodard & Curran and Tata & Howard were hired in January 2013 to prepare a Comprehensive System Facilities Plan of the water system, including the treatment plant. The engineering assessment identifies several immediate and short term treatment plant improvements that need to be made while long-term decisions are being evaluated. Maine Water has initiated work on approximately \$1 million of the most critical items. The assessment raises concern about the flood risk at the existing site and suggests Maine Water should consider options before proceeding with major investment. The assessment also identifies \$1.5 million in annual general operation, maintenance and engineering recommendations to improve system operations. The assessment further identifies \$1.5 million in immediate and short term distribution system improvements. The need to replace or upgrade the current treatment plant has been widely recognized for many years. However, prior to Maine Water – CTWS operation there was not sufficient access to capital to fund major capital projects. The issue facing Biddeford and Saco Water Company is to evaluate whether it is most prudent to conduct a massive renovation on a 125 year old treatment plant at its current location in the flood plain, or whether it is best to construct a new treatment plant

outside of the flood plain. Either option will impact Biddeford and Saco water rates which are currently among the lowest in the region. BSWC residential rates are currently \$10.40 month for 100 gallons per day. For the same service, Portland Water District is \$16.45 month, Sanford Water District is \$16.80 per month and Kennebunk, Kennebunkport and Wells Water District is \$14.76 month. Construction of a new, larger capacity treatment plant could potentially be a regional water supply option for Southern Maine to help meet the water supply needs of other nearby communities. The Saco River was identified as one of two significant public water supplies in Southern Maine in the 2008 Regional Water System Master Plan Study by the Southern Main Regional Water Council. A community advisory committee representing the four communities now served by Maine Water has been meeting since May 2013, and is providing valuable feedback to Maine Water as it evaluates the treatment plant option. Maine Water will continue to keep customers and community leaders updated on the process and maintain open communication throughout the process.

Many studies show that residential water rates over the past twelve years find that crumbling infrastructure repairs from coast to coast with costs more than doubling. It was pointed out those efforts to compare water costs of any given area with another produces misleading or even false results, because of the differences in popular geology, bonding debt for infrastructure work and other variables. However, what most water agencies across the nation share are increases making higher bills all but inevitable. The Maine Public Utilities Commission (MPUC) recently implemented new rules for water utilities to encourage a more timely and systematic replacement of aging water infrastructure, which will ensure a reliable water system for customers for years to come. Since most systems were started over 100 years ago, this original infrastructure, in many cases, is due to be replaced at a faster pace than it has been. The new rules allow a water utility to recover the annual costs of supporting the replacement infrastructure through a change on customers' water bills called "WISC." With small, incremental changes, the impact on the bill is expected to be manageable. Planned infrastructure replacement will help avoid the cost of more expensive emergency repairs. The water infrastructure charge or "WISC" will appear as a new line on the water bill. For a water system the size of Biddeford and Saco Water Division, this charge can be added in increments of 3% or less, and can increase to no more than 10% before the company must complete a more comprehensive review of its rates before the MPUC. Each incremental change to the WISC charge, as infrastructure replacement is completed, is reviewed and approved by the MPUC. The proposed charge for the first WISC in Biddeford and Saco is 2.66% increase, which equates to less than 70 cents per quarter, or 23 cents per month, for a typical residential bill. This would be effective May 1, 2014, after the MPUC has reviewed and approved the increase. A recent addition to the study done by Woodward & Curran and Tata & Howard states that a new facility would cost nearly \$34.7 million, and would cost about \$45,000 less than a long-term rehabilitation of the existing facility. The Water Company believes that the best long-term plan would be to someday replace the South Street facility, though the plan is years away. As the new company heads toward the path to a new facility, it will talk with other water plants in the area that also have aging infrastructure. Maine Water has budgeted a five-year infrastructure replacement program in the Biddeford and Saco System that totals close to \$6 million, which includes water main replacement and updates to the water treatment plant. While other overall capital program may be amended to accommodate changing conditions, it is expected to use the WIUSC as a tool over this period until it reaches the cap of 10%. The first step in the infrastructure upgrade program in Biddeford and Saco began in 2013. They have completed over \$800,000 of main replacements, reservoirs upgrades and treatment plant improvements. They will continue with the investments in the system and community with customers with other changes that will impact them.

ACKNOWLEDGEMENTS:

VICE CHAIR QUINN: Margaret and I had the opportunity to attend the Chowder Fest at the Pier for the benefit of the Community Animal Watch and we thank Paul Golzbein and Tommy Lemieux for making their menu available for this great cause and to Beverly Russell, Chair of the Community Animal Watch, and her committee, for the efforts to raise \$1,390. It was a great event and the chowder was spectacular and the benefit worthwhile.

COUNCILOR PASTOR: On the agenda this evening is four new businesses. We welcome you to Old Orchard Beach and offer you the support and encouragement of this Town Council and the Town's employees.

**SHIPWRECK FOOD
EUGENE & TARI LEA O'NEILL
40 EAST GRAND AVENUE**

**DUKE'S PIZZA
MATTHEW COLLINS
1 EAST GRAND AVENUE**

**CRANBERRY PRIMS
DIANA GILLIAM
19 A EAST GRAND AVENUE**

**CRAFTOLOGY
PETER GERGES
40 OLD ORCHARD STREET**

CHAIR O'NEILL: Congratulations to Sgt. Annabelle Frenette, one of our own. A graduate of Old Orchard Beach High School she has been serving in Bagram, Afghanistan, deployed since August 2013 and should be home sometime in July. She will return to USM to pursue a Business degree. This week she received an Army achievement medal for work as an Automated Logistical Specialist. She received her second Maine Army National Guard physical fitness award exceeding the physical standards. Also this week she received a promotion to Sergeant and will join the 251st Sapper Co. of Norway, Maine this fall. Congratulations to Annabelle and to her parents, Roxanne and Mike Frenette.

COUNCILOR BLOW: Congratulations to the owners of the Atlantic Ocean Suites on their grand opening this weekend. Best wishes to Michael, Avi, Sara, Steve and Shifra Strum and the Saucier family on this new beautiful addition to our community.

ACCEPTANCE OF MINUTES: Town Council Workshop Minutes of April 29, 2014; Special Town Council Meeting Minutes of April 29, 2014; Town Council Workshop Minutes of April 30, 2014; Town Council Minutes of April 15, 2014; and Administrative Review Board Minutes of April 15, 2014.

MOTION: Councilor Kelley motioned and Councilor Blow seconded to Accept the Minutes as read.

VOTE: Unanimous.

PUBLIC HEARING BUSINESS LICENSES AND APPROVAL:

CHAIR: I open this Public Hearing at 7:27 p.m.

Daniel & Jeanne McGarvey (202-2-4-3C), 205 East Grand Avenue, one year round rental; Karas Imports LLC dba/Craftology (205-3-6), 40 Old Orchard Street, Retail; Jay & Tracey Kelley (205-8-2), 13 Wintergreen Street, one year round rental; Luis Perez (206-10-3), 17 Fern Park Avenue, one year round rental – conditional to J-1 Students only four allowed (square footage requirement); Heidi Card (206-28-18), 38 School Street, one year round rental; Laura Albano & Linda Regan (208-1-1-6), 180 Saco Avenue, #6, one seasonal rental; Michael Drouin (210-2-15-10), 2 Ryefield Drive, #10, one year round rental; Peter & Ceseli Milstein (304-1-4), 5 Walnut Street, seasonal rental; Eugene & Tari-Lea O’Neill dba/Shipwreck Foods (305-6-3), 40 East Grand Avenue, Victualers with Preparation, No Alcohol Sales; Matthew Collins dba/Dukes Pizza (306-1-2-4 & 5), 1 East Grand Avenue, Kiosk 4 & 5, Victualers with Preparation, No Alcohol Sales; Diana Gilliam ba/Cranberry Prims (306-4-3), 19 A East Grand Avenue, Retail; Mark & Deborah Webb (318-8-6-8A), 146 West Grand Avenue, one year round rental; and Robert & Karen Reynolds (322-5-9), 38 Massachusetts Avenue, one year round rental.

COUNCILOR KELLEY: I ask that the business license for Jay & Tracey Kelley be dealt with separately as I will not vote on that particular license.

Councilor Blow seconded and the Chair asked for a motion to approve the bulk of business licenses read with the exception of Jay & Tracey Kelley.

MOTION: Councilor Blow motioned and Councilor Pastor seconded approval for the business licenses as read.

VOTE: Unanimous.

MOTION: Councilor Pastor motioned and Councilor Blow seconded to Approve the business license for Jay & Tracey Kelley (205-8-2), 13 Wintergreen Street, one year round rental.

VOTE: Yea: Councilors Pastor, Blow, Vice Chair Quinn & Chair O’Neill
Abstain: Councilor Kelley

CHAIR: I close this Public Hearing at 7:35

PUBLIC HEARING AMUSEMENT PERMITS:

Oceanside Investment Group LLC dba/Myst Restaurant (306-1-2-I), 1 East Grand Avenue, Acoustical & Amplified Music, Inside & Outside – 1:00 p.m. – 1:00 a.m.; The Whaler Inc. dba/The Whaler (206-31-17), 20 Staples Street, Acoustics Inside – 8:30 p.m. – 12:30 a.m.; and GFB Scottish Pub Inc. dba/GFB Scottish Pub (205-3-1), 32 Old Orchard Street, m-s-v in a Restaurant, subject to review by the Administrative Board of Review on May 27, 2014.

MOTION: Councilor Blow motioned and Councilor Pastor seconded to Approve the Amusement Permits for Oceanside Investment Group LLC dba/Myst Restaurant (306-1-2-I), 1 East Grand Avenue, Acoustical & Amplified Music, Inside & Outside – 1:00 p.m. – 1:00 a.m.; The Whaler Inc. dba/The Whaler (206-31-17), 20 Staples Street,

Acoustics Inside – 8:30 p.m. – 12:30 a.m; and to Table to the next meeting the Approval of the Amusement Permit for GFB Scottish Pub Inc. dba/GFB Scottish Pub (205-3-1), 32 Old Orchard Street, m-s-v in a Restaurant, subject to review by the Administrative Board of Review on May 27, 2014.

VOTE: Unanimous.

TOWN MANAGER'S REPORT:

The Town Manager presented his report on the paving matter concerning Cascade Road and explained to the citizens why portions of Cascade Road in Saco were being paved but not those in Old Orchard Beach. He reported that an RFP was being sent out in connection with the painting and repairs on the Town Hall building. The hiring process for the replacement of Chief John Glass is proceeding with applications received from approximately thirty applicants. He reported that there are at present two nests of Piping Plovers, near the Pier and near the Scarborough line with five pairs of the Plovers. These sections are cordoned off and some citizens are disturbed about this but this is a federal requirement. School budget as it is presented so far will be a 19% increase in the Town budget with an impact of \$1.25 to the tax rate. He expects that town portion of the budget will come in under three percent or \$.20 cents. He thanked members of the Ballpark Commission and volunteers for their work and specifically thanked Guy Fontaine for his commitment to the Ballpark activities. He invited everyone to be involved in the Memorial Day parade and thanked the Public Works Department for the work that has been done in the Park and also thanked the Memorial Park Committee and especially Andrea Berlin.

During the discussion period there was open discussion on the reasons for the RSU's costs as it relates to the amount of money being asked by the school. The small number in attendance at the RSU meeting is a concern but there was a recognition of the quality of our school and the need to support it particularly during this time when we are on our own. It was indicated that in looking at these costs we need to recognize that it is an investment in longevity and a vote for sustainability.

6180 Discussion with Action: Set a Public Hearing date of May 27th, 2014 for the Referendum Election scheduled on June 10th, 2014, on authorization for the granting of a permanent easement over the parcel identified on the Town Tax Maps as MBLU 205-1-22X, located at 4 Portland Avenue, Old Orchard Beach, Maine, to the Saco & Biddeford Savings Institution ("SBSI"), to allow SBSI, at its sole expense, to develop, maintain and use a parking lot on the Town of Old Orchard Beach/Historical parcel, the easement access and perpetual use of the parking lot to be constructed and maintained by SBSI, the granting and conveyance of an easement from SBSI to the Town for the Town's perpetual right of access over the SBSI lands located on the Town Tax Map as MBLU 205-1-21, located at 2 Portland Avenue, the construction of a paved walkway around the Historical Society building and an access ramp for the Historical Society building to be constructed by SBSI, and for such purposes and such other terms as agreed to by SBSI, the Town and Historical Society (the "Agreement"), the terms and conditions of the easement and Agreement subject to review and approval by the Town Council.

BACKGROUND:

The Town owns land where the Harmon Museum is located. The Harmon Museum has no parking and is not ADA compliant. Saco and Biddeford Savings Institution, who owns the property adjacent to the Museum is proposing to build and maintain a parking lot behind the Museum and ADA compliant access to the Museum's entrance; basically financing and constructing the entire project. In order to access the proposed parking lot, vehicles will need to travel through SBSI parking lot. In exchange for SBSI financing and building the parking lot, they are requesting an easement to allow bank employees to access and use the parking lot and an easement for the Town to cross SBSI property to access the parking lot. To allow this exchange, it needs to go to referendum in June.

A resident, Paul Dorman, raised his concerns about this issue and was told that previously there had been a public hearing, that next Tuesday evening there would be another opportunity for comments although that would not change the fact that this issue will appear on the June ballot.

MOTION: Councilor Pastor motioned and Councilor Kelley seconded to Set a Public Hearing date of May 27th, 2014 for the Referendum Election scheduled on June 10th, 2014, on authorization for the granting of a permanent easement over the parcel identified on the Town Tax Maps as MBLU 205-1-22X, located at 4 Portland Avenue, Old Orchard Beach, Maine, to the Saco & Biddeford Savings Institution ("SBSI"), to allow SBSI, at its sole expense, to develop, maintain and use a parking lot on the Town of Old Orchard Beach/Historical parcel, the easement access and perpetual use of the parking lot to be constructed and maintained by SBSI, the granting and conveyance of an easement from SBSI to the Town for the Town's perpetual right of access over the SBSI lands located on the Town Tax Map as MBLU 205-1-21, located at 2 Portland Avenue, the construction of a paved walkway around the Historical Society building and an access ramp for the Historical Society building to be constructed by SBSI, and for such purposes and such other terms as agreed to by SBSI, the Town and Historical Society (the "Agreement"), the terms and conditions of the easement and Agreement subject to review and approval by the Town Council.

VOTE: Unanimous.

6181 Discussion with Action: Order to authorize the Expenditure of \$45,000 from Account Number 20118-50350 - Contingency, with a balance of \$208,370.03, in accordance with the agreed upon settlement in the matter of Pearson versus the Inhabitants of the Town of Old Orchard Beach.

BACKGROUND:

The Old Orchard Beach Town Council met in executive session with the Town's legal counsel on May 13th to discuss the terms of a proposed settlement to the Pearson vs. Town of Old Orchard Beach litigation. On Tuesday, May 20 the Council voted unanimously to accept the proposed settlement. The settlement is the product of a mediation process that is required by Superior Court rules. The mediation process is designed to make all parties involved in litigation aware of the advantages and disadvantages of settling litigation before trial. Council Vice Chair Robert Quinn and the Town Manager represented the Town at the mediation. During the mediation the parties reached an agreement to resolve the case subject to the consent and approval of the Town Council. The proposed resolution was reached in consultation with the Town's litigation counsel and with the

Town's insurer. The settlement provides that the Town will contribute \$45,000 towards the total settlement amount of \$150,000. All parties agreed that all other terms of the proposed settlement discussed at the mediation would be held confidential. Therefore the members of the Town Council and the Town Manager are not at liberty to discuss the terms of the agreement in any further detail at this time. The Town's acceptance of a settlement should not be interpreted as an acknowledgement of the validity of the claims made against the Town. The Town Council's decision to settle the dispute was made out of consideration for the uncertain potential financial exposure to the Town that is inherent in this type of litigation. It was pointed out that in today's litigious society, more often than not cases end up being settled before going to court and getting an adjustment. There are a number of considerations including expense, stress, privacy, timing and other impacting matters.

As in previous discussions John Bird and Jerome Begart both spoke of their reasoning for not paying this amount for basically it does not solve the issues that were raised regarding the matter at hand.

MOTION: Vice Chair Quinn motioned and Councilor Pastor seconded to Authorize the Expenditure of \$45,000 from Account Number 20118-50350 - Contingency, with a balance of \$208,370.03, in accordance with the agreed upon settlement in the matter of Pearson versus the Inhabitants of the Town of Old Orchard Beach.

VOTE: Unanimous

6182 Discussion with Action: Authorize the Town Manager to enter into an agreement for an indefinite term between the Town of Wells, Maine and the Town of Old Orchard Beach, Maine, for sharing of General Assistance Administrator, with the Town of Old Orchard Beach being responsible for wage and benefit costs averaging twenty hours per week.

BACKGROUND:

Wells and Old Orchard Beach have each been utilizing the services of Laurie Lord to serve as General Assistance Administrator in the respective towns. The proposed inter-local agreement will formalize this arrangement between the two towns. The GA Administrator position is 20 hours weekly in Old Orchard Beach. In Wells the GA Administrator portion of the position is less than 20 hours weekly and the employee is used for other clerical or administrative functions for the balance of the 20 hours weekly. Because the job responsibilities for this position are exclusively dedicated to general assistance administration in Old Orchard Beach while Wells requires less hours for GA administration the share of the total compensation reflects the differing pay rates in the two communities.

The hours rate for Old Orchard Beach is \$19 per hour as the General Assistance Administrator; and as part time general clerical work in Wells is \$15.43 per hour; each town receiving 20 hours (weekly rates \$380.00 for Old Orchard Beach and 308.60 for Wells; for a total of \$19,760 for Old Orchard and \$16,047.20 for Wells.)

The Town Manager praised the work of the General Assistance Administrator, Laurie Lord, and her careful and meticulous care in dealing with many issues related to general assistance requests.

MOTION: Vice Chair Quinn motioned and Councilor Pastor seconded to Authorize the Town Manager to enter into an agreement for an indefinite term between the Town of Wells, Maine and the Town of Old Orchard Beach, Maine, for sharing of

General Assistance Administrator, with the Town of Old Orchard Beach being responsible for wage and benefit costs averaging twenty hours per week.

VOTE: Unanimous.

6183 Discussion with Action: Approve the consent to intra-departmental transfers of funds between line items provided that the transfer does not exceed the line item appropriation by \$2,000 and the transfer is approved by the Town Manager and the Finance Director.

The Finance Director indicated that this process to meet the requirements of the Town Charter, Section 706, has become a very time consuming task to manage and maintain for the Finance Department as well as Department Heads for several reasons. Tracking each amendment is unlike tracking a journal entry-it must be handled separately and filed accordingly with the necessary back up documentation to include Council minutes approving the line item transfer for auditing purposes. Before this takes place I meet several times with the each department head to go over the needed funding, where the funds are to be taken from and completing the request form. She recognizes the importance of accurately budgeting for expenditures based on current and historical needs to avoid over spending line items. As I complete my 2nd budget process as the Treasurer - Finance Director we have made significant strides to realize the potential advantages of line item budgeting – which is simplicity and transparency based on historical expenditures of previous years. This, as you are aware, has been a major work in progress. To accomplish this, with the numerous changes that have occurred since 2012, we continue to communicate with each department when questions arise on where invoices are coded. In addition, at least monthly, and sometimes more frequently, I review the year to date budget reports with department heads. We are more accurately tracking expenditures and more confidently justifying budget requests. The end result of requesting, granting and processing line item transfers is relatively the same, which is accurately tracking actual expenditures according to the budgeted line item account, in order to improve the budgeting process for the next fiscal year. This can be accomplished by what we are currently doing now-partnering with departments and working diligently to code invoices correctly to the proper account and not to an account that has an available balance. She respectfully requests that Council bring forward for discussion the amendment as written by Town Counsel below, which would provide the Town Manager and the Finance Director with the authority to approve intra-departmental transfers or consent to over expend accounts as long as the total department budget has not been overspent, not to exceed a pre-determined amount.

**Old Orchard Beach Town Council Order
Consent to Intra-Departmental Transfer of Funds between Line Items**

WHEREAS:

- a) Section 706 of the Old Orchard Beach Charter provides that “the budget for all departments shall include all proposed expenditures, and carryover dedicated accounts. The Town Council shall make line-item appropriations for each department for the ensuing fiscal year. The line-item appropriations for each department shall not be exceeded except by consent of the Council and subject to the provisions of Section 708”; and
- b) The Town Council desires to provide its consent to certain intra-departmental transfers of funds between line items;

NOW, THEREFORE, BE IT ORDERED:

- (1) Pursuant to Section 706 of the Old Orchard Beach Charter, the Council hereby consents to intra-departmental transfers of funds between line items provided that the transfer does not exceed the line item appropriation by more than _____ Dollars (\$0.00).**
- (2) All intra-departmental transfers of funds shall be approved by the Town Manager and the Finance Director or their designees.**

The line item budget is a financial accounting technique used to forecast costs for expenditures that ideally support an organization's strategic business goals and objectives. The aim of a budget is to directly match financial resources to action plans that further business objectives. As such, the line item budget has been viewed within an organization's financial plan. Managers generally develop line item budgets to forecast cost estimates. Cost estimates for descriptive categories of expenses are allotted separate lines and given a monthly budget allocation based on cost estimates for the category. It serves as a monitoring device but is very time required. Each separate line item is represented in the budget. You make incremental adjustments to each line on them at the beginning of each period. It is an easy way to justify the expenditures. Because proposed expenditures are based on historical needs, there is often little dispute among departments within the organizations, as the trends have been well established over time. A disadvantage is that it may create only a superficial analysis of expenditures. Budget preparers may simply accept the status quo, using the thought process that since this is budgeting method worked well in previous fiscal years; it should continue to be effective for the coming year. This may eliminate the opportunity to take an in-depth look at each line item to determine if the proposed expenditure is truly necessary or if funds could be allocated more efficiently. It was pointed out that a line-item budget may result in your departments unnecessarily spending unused funds near the end of the fiscal year. Employing the concept of "use it or lose it," department heads may feel that if they have too much money left over at the end of the year, their budget could be slashed in the upcoming year. It is possible that the excess funds could have been put to better use in other areas of the community.

Vice Chair Quinn requested certain wording be included in the motion to settle any concerns regarding money being spent when not needed because of balances remaining. He indicated he felt that such authorization shall be limited to lines deemed certain to have a negative balance. John Bird expressed his opinion as former Chair of the Charter Commission that this is a dangerous precedent. Jerome Begart also agreed with Mr. Bird and indicated this was against the desires of the Charter Commission and the citizens who voted in favor of it.

MOTION: Vice Chair Quinn motioned and Councilor Blow seconded to Approve the consent to intra-departmental transfers of funds between line items provided that the transfer does not exceed the line item appropriation by \$2,000; the transfer is approved by the Town Manager and the Finance Director; and that such authorization be limited to lines deemed certain to result in negative balances without the transfer of funds being completed.

VOTE: Unanimous.

BERNSTEIN SHUR
COUNSELORS AT LAW

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May 20, 2014

Larry Mead, Town Manager
Town of Old Orchard Beach
1 Portland Ave.
Old Orchard Beach, ME 04064

Re: Old Orchard Charter Section 706

Dear Larry:

I'm writing to memorialize our conversation yesterday about Section 706. I have reviewed the Charter and memos by Treasurer Asanza and Mary Costigan. I understand the sheer number of adjustments to Department line item appropriations, the great majority of them very small, requires disproportionate staff effort to prepare them for Council "consent". The question is whether or not under the relevant sentence of Section 706, the Council can consent to intra-departmental transfers of funds below an identified threshold.

I share Mary's view that the Council has such authority. The relevant portion of Section 706 states, "The line item appropriations for each department shall not be exceeded except by consent of the Council..." My reasoning is twofold. First the portion of the second sentence quoted above does not specify the procedure whereby the Council gives its "consent". Second, and more importantly, I do not believe the voters intended to mandate a position that the Council had to consent, essentially on an item by item basis, to each transfer regardless how small. There is, certainly, a point at which a monetary transfer becomes substantive, and that point is for the Council to decide. I would expect there may occasionally be proposed transfers which are below the limit chosen by the Council, but are substantive for other reasons. In that case, I presume the Council would accommodate a Councilor wanting to have them discussed by the full Council.

Sincerely,



Geoffrey H. Hole

GHH/rl

BERNSTEIN, SHUR, SAWYER & NELSON, P.A. | Portland, ME | Augusta, ME | Manchester, NH

Member
LexMundi
World Ready

6184 Discussion with Action: Approve the Liquor License Renewals for Portland Avenue Associates dba/ Grand Beach Inn (202-3-5), 198 East Grand Avenue, m-s-v in a Hotel – Optional Food; Oceanside Investment Group LLC dba/Myst Restaurant (306-1-2-l), 1 East Grand Avenue, m-s-v in a Restaurant/Lounge; The Whaler Inc. dba/The Whaler (206-31-17), 20 Staples Street, m-s-v in a Class A Lounge; Napoli Inc. dba/47 East (305-4-4), 47 East Grand Avenue, m-s-v in a Restaurant; Venetia Kouszounas dba/Venetia’s Restaurant (313-4-3), 93 West Grand Avenue, m-v- in a Restaurant; and GFB Scottish Pub Inc. dba/Scottish Pub (205-3-1), 32 Old Orchard Street, m-s-v in a Restaurant, subject to review by the Administrative Review Board on May 27, 2014.

MOTION: Councilor Pastor motioned and Councilor Blow seconded to Approve the Liquor License Renewals as read.

VOTE: Unanimous.

6185 Discussion with Action: Approve the Special Event Permit application for Newfound Regional High School Class of 2014 to hold a bonfire on the beach in front of the Waves Motel on Wednesday, June 11th, 2014, from 9 p.m. to 11 p.m., and a request to waive the fee.

MOTION: Councilor Blow motioned and Pastor seconded to approve the Special Event Permit but denying the waiving of the fee.

**VOTE: Yea: Councilors Blow, Pastor, Chair O’Neill
Nea: Councilor Kelley and Vice Chair Quinn**

6186 Discussion with Action: Approve the Special Event Permit application for OOB Cub Scout Pack 350 to hold a picnic and bonfire on the beach at the bottom of Temple Avenue on Wednesday, June 11th, 2014, from 5 p.m. to 7 p.m. Insurance, listing the Town of Old Orchard Beach as additionally insured, to be provided to the Town Clerk’s Office at least one week prior to the event, and a request to waive the fee.

MOTION: Councilor Blow motioned and Councilor Kelley seconded to approve the Special Event Permit as read.

VOTE: Unanimous.

6187 Discussion with Action: Approve the Special Event Permit application from Hyde Park Elementary School to hold a bonfire on the beach in front of the Normandie Inn on Friday, June 6th, 2014, from 7 p.m. to 11 p.m., rain date of June 7th. Request to waive the fee.

MOTION: Councilor Pastor motioned and Councilor Blow seconded to approve the Special Event Permit but denying the waiving of the fee.

**VOTE: Yea: Councilors Blow, Pastor, Chair O’Neill
Nea: Councilor Kelley and Vice Chair Quinn**

6188 Discussion with Action: Act on Warrant and Notice of Election calling a Regional School Unit No. 23 – Budget Validation Referendum for June 10, 2014.

MOTION: Councilor Kelley motioned and Councilor Blow seconded to Act on the Warrant and Notice of Election calling a Regional School Unit No. 23 – Budget Validation Referendum for June 10, 2014.

VOTE: Unanimous.

GOOD AND WELFARE:

JEROME BEGART: He spoke about the RSU increase in the budget and the responsibility of citizens to attend the meetings so that they are aware and have input. Only 40 people showed up which is a small number to result in the budget that will require citizen approval.

COUNCILOR PASTOR: Spoke about the value of our school system and the work that the teacher do for the benefit of the children of our community.

AJOURNMENT:

MOTION: Councilor Pastor motioned and Vice Chair Quinn seconded to Adjourn the meeting at 8:35 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 thirteen (13) pages is a copy of the original Minutes of the Town Council Meeting of May 20, 2014.

V. Louise Reid