

**TOWN OF OLD ORCHARD BEACH  
TOWN COUNCIL WORKSHOP  
Wednesday, June 3, 2015  
TOWN HALL CHAMBERS  
6:30 p.m.**

A Town Council Workshop of the Old Orchard Beach Town Council was held on Wednesday, June 3, 2015. Chair O'Neill opened the meeting at 6:30 p.m.

The following were in attendance:

Chair Shawn O'Neill  
Vice Chair Joseph Thornton  
Councilor Kenneth Blow  
Councilor Jay Kelley  
Councilor Michael Tousignant  
Town Manager Larry Mead  
Assistant Town Manager V. Louise Reid  
Finance Director Diana Asanza  
Lee Koenigs – Director of Edith Belle Memorial Library  
Mary Ann Kotros – Chair – Board of Directors – Library  
Chief Ricky Plummer – Fire Department  
Chief Dana Kelley – Police Department  
Mike Gray – Chair – Finance Committee

The Workshop this evening will address the CIP budgets and also revisits which includes the Fire Department (additional firemen/paramedics), Police Department (cameras); Town Manager (postage): and Contingency.

**EDITH BELLE MEMORIAL LIBRARY**

The discussion revolved around their request to keep the \$21,114.66 and putting it towards an endowment. A financial endowment is a donation of money to a nonprofit organization for the ongoing support of that organization. Usually the endowment is structured so that the principal amount is kept intact while the investment income is available for use or part of the principal is released each year which allows for the donation to have an impact over a longer period than if it were spent all at once. Doris Harris, of the Friends of the Library, asked the Council to consider this no different than restricting money for one department at town hall such as the fire department for a project. The Council did not agree and felt that it was not appropriate for taxpayers funds which are provided to the Library for expenses of the Library should be used for the endowment purposes and that it is up to the Library to develop its contributors and set up the endowment in that manner. There was a lengthy discussion on the fact that for the past few years there has been money not spent by the Library and that the Town funds the Library and if the money is not spent it should be returned to the general fund of the Town. There was discussion of whether to give the Library \$285,000; also \$264,000; \$265,000; and \$255,000 were suggestions by the Council but the Council finally had a consensus to allocate \$255,000 to the Library. The comment was made by the Council several times that they support the work Library and that the new building is a sign of this Council's support but they also need to consider the tax payers of Old Orchard Beach. It was a decision

to reduce the FY16 budget by the surplus in the FY15 budget. There was no justification to increasing by \$20,000 if they have a surplus of \$20,000. The Finance Committee Chair indicated that it would be helpful if we knew the revenue that they take in.

## FIRE DEPARTMENT

The revisited item is the hiring of four fireman/paramedics. There seems to be consensus for hiring of the three firemen/paramedics. What had already been discussed was the year round use of the 2<sup>nd</sup> ambulance but the question is how many part timers are needed to make up the \$34,000 increase. The Fire Chief made cuts in his CIP requests. As it regards this issue, it was noted that there were many e-mails encouraging the Council to consider this request. As it was explained, there are four shifts in the Fire Station's 24 hour day; each shift is eight hours equaling four eight-hour shifts. Thus adding four people gives the Fire Department one full time person to fit into each eight hour shift. It was noted that many of the shift hours are filled by overtime, which bills out at about \$36 per hour. If there were enough bodies to fill all the timeslots, then that hourly base cost would be reduced to about half that amount, resulting in a projected reduction of approximately \$85,000 to \$100,000 in overtime. Adding this fourth person enables the Town to run two ambulances which will quickly add revenue to the Town. It is also, as pointed out by many of the individuals writing e-mails and calling – is a major benefit to the increasing senior citizens in our community. The Chief indicated that there have been fourteen fires in this Town in the first five months of the year. The School Street fire was horrific and we know that emotional toll it has taken on our seniors. The Fire Chief presented a second option in considering the four additional firemen and that was hiring in nine months and two in six months which would reduce the costs. Payroll costs including benefits for ten months would be \$168,410; increasing to part time expense the part time mechanic - \$69,728; and \$14,000 for fire inspections; making a total of \$252,138; which in total would make the total expense for four firemen at \$47,228. There was an agreement that our senior population is growing and that as that is happening the number of emergency calls during the fall and winter months is rising and getting closer to the number of calls that are made during the summer months. The Chair reminded the Council that the mil rate should look at only expenditures because rescue billing revenue is not used for wages. There was a question of whether we can count on rescue billing going up and the consensus from the Council was that historically it has. Four of the Councilors supported the four firemen being hired; two the first six months and two the last six months of the budget. Chair Shawn O'Neill did not support the four firemen; he supported the three but not the four.

## POLICE DEPARTMENT

The Police Chief was asking, however, for consideration of adding the cost of cameras for Memorial Park at a cost of \$11,000. He explained the need for camera repairs at several locations and that between the Library, Memorial Park Committee and the Police Department, contributions would allow us to have safety and security issues addressed throughout the town. Currently they have four cameras installed which are ten to fifteen years old. They don't work. Several estimates in fixing them were out of reasonableness as they are old and most new cameras are digital. Now cameras are less expensive the cost would be approximately \$11,000 from Exactitude.

## TOWN HALL

We looked at postage again because as a result of the 2015 budget, we may be able to reduce the 2016 appropriation. This was based on the \$17,000 FY14 actuals; for this year even though we have spent \$11,000 to date – between April to June postage expense goes up based on business license renewals and Tax Office certified mailings for the 30 day Tax lien notices. Last year spending through March was \$9,000 and April to June was \$6,000. FY15 through March was \$11,000 and we may exceed FY 14. Recommended leaving it at \$17,000.

In all discussions the purpose of governmental reporting is to demonstrate accountability for the money entrusted to it. We talked about the general fund this evening. All activity that has not been assigned to a specific individual fund is then accounted for in the General Fund. This is the fund that contains uncommitted resources that may be used for general purposes. Funds are normally created to show accountability (to show how specific revenue is being spent); sometimes they are created to pay for goods or services in advance (internal service funds and capital funds.) Governmental funds include the general fund; special revenue funds; debt service funds; capital project funds; permanent funds. Proprietary funds include enterprise funds and internal service funds. Fiduciary funds include trust funds (pension and other employee benefit, investments, private purpose) and agency funds. Capital projects and internal service funds have a somewhat higher potential for resources that could be available for general unrestricted spending; the specific funds would need to be evaluated. The difference between assets and liabilities is equity. In the government funds, this equity is called fund balance. Fund balance is the measure of financial health of an individual fund. That fund balance may or may not be freely available to the Town as there are non-spendable funds, restricted funds, and committed funds, assigned and unassigned funds. There is an appropriate range of fund balance because it is possible to have too little but it is also possible to have too much. Some fund balance factors include risk, upcoming spending and tax year differentials. The Council has recognized the importance for the governing body to be deliberate and agree upon appropriate fund balance targets. In the government, the expenditure side of the budget is called “appropriations” and it is the legal authority for management to provide a given level of services. The budget is the most important financial tool that the governing body has. This is where you shape the financial direction that your town is taking. The Council has talked about the need to have a three to five year look into the future.

## CIP

We discussed the Cascade Road from Saco to Ross Road and we are still waiting to now if our grant will be accepted and it has been put off till mid-July. If we were to get that project at \$160,000 we could use the funds from other road CIP projects. Right now it is in the fY18 budget at \$242,000. Councilor Tousignant insisted that it should be done now. Council Blow felt that it should wait to get the money through the State then we don't have to spend the money now. General consensus was to wait to see if the grant comes through.

There was also consensus to remove \$25,000 from the Salt and Sand Shed.

Based on what the Council did this evening we are at approximately \$22,000 increase. We are at about .35 cents. In discussion of the Contingency Account, it was recommended that the take the \$25,000 from the CIP and to contingency plus to get to \$200,000.

**BOND ISSUES:**

The proposed bond issues are:

<b>FIRE DEPARTMENT – LADDER TRUCK</b>	<b>\$1,200,000</b>
<b>PUBLIC WORKS – BUILDING REMODEL</b>	<b>515,000</b>
<b>WASTE WATER – PROCESS BUILDING &amp; DEWATERING</b>	<b>857,000</b>
<b>WASTEWATER – CONTRUCTION MAINTENANCE GARAGE</b>	<b>390,000</b>
<b>TOTAL BONDS</b>	<b>\$2,962,000</b>

*Ladder Truck financed for twelve years and Public Works and WWTF finance for ten years.*

Helene Whittaker who was in the audience applauded the Council for their professionalism and the way they have handled the discussions on this important financial matter and the sense of frugality they have also shown in respect to the taxpayer.

The Chair thanked the Town Manager, the Finance Director, the Assistant Town Manager and the staff for their diligence in the preparation of this year’s budget. It was noted several times that the Town Manager brought to the Council a very lean budget to begin with and that was worthily noted.

The Workshop ended at 8:30 p.m.

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 four (4) pages is a copy of the original Minutes of the Town Council Workshop of June 3, 2015.

V. Louise Reid