

**TOWN OF OLD ORCHARD BEACH  
TOWN COUNCIL MEETING  
TUESDAY, DECEMBER 14, 2010  
TOWN HALL CHAMBERS**

**A Town Council Workshop of the Old Orchard Beach Town Council was held on Tuesday, December 14, 2010 at the Police Sub Station. Chair Quinn opened the meeting at 7:02 p.m. The purpose of the Workshop was to discuss with the Finance Committee their expectations of involvement looking toward the FY12 budget.**

**The following were in attendance:**

**Chair Bob Quinn  
Vice Chair Michael Tousignant  
Councilor Robin Dayton  
Councilor Sharri MacDonald  
Councilor Shawn O'Neill  
Town Manager Jack Turcotte  
Assistant Town Manager Louise Reid**

**Finance Committee: Jerome Plante  
Michael Gray**

**Department Heads: Deputy Chief Keith Babin  
Assessor George Greene  
Code Enforcement Officer Mike Nugent  
Finance Director Jill Eastman  
Recreation Director Jason Webber**

**The Chair made the suggestion that the structure of the discussion this evening would be such that each individual has the opportunity, without interruption, to express their opinion, suggestion or issue and to address their questions or responses through the Chair. As communities have grown and expanded their services, more and more residents have taken part in the superintendence of local affairs, frequently on a part-time or volunteer basis, resulting in a largely decentralized governmental structure, with many separate officials and committees responsible for various activities of local administration. This evening the Finance Committee was looking at the areas of concern that the Town Council wish for them to address.**

**Michael Gray presented the suggested items for discussion which included expenditures involving Health Insurance, the RSU 23 budget as well as Capital Improvements. In the area of income they spoke about interest rates and also revenue sharing. It is already known that insurance rates will increase 15% with an approximate \$105,000 dollars increase. The Finance Director indicated that she has already allocated for the second half of 2012 a 12% increase to allow for future rise in costs. Also discussed was I.S.O. rating of a community which has a direct effect on the insurance premiums that individuals pay on their homes and especially on commercial buildings. The lower the I.S.O. rating on a scale of 1 to 10, the better the insurance rates are (generally). The I.S.O. reviews 3 areas primarily - the Fire**

Department; the City water main & hydrant capabilities; and 9-1-1 dispatch & paging services. Some of the areas where improvements can be made which reflect on your insurance rates are water system improvements; new equipment & trucks; and more training and improved dispatch services.

It is obvious that the increase in health insurance is because of some catastrophic illnesses among employees. The discussion on the RSU budget projections is also a concern and the delay in getting numbers from them makes it increasingly more difficult to access the real budget figure determinations. The recommendation was strongly made that attendance at the budget meetings of the RSU would be helpful as it would provide the opportunity for more advice and consent and the obvious input from our community is invaluable.

As the discussions continued on Capital Improvement Programs it was noted by all Council members that perhaps the one prime objective that could be helpful to the Council would be the establishment of a complete Capital Improvement listing of all areas throughout the Town and in the municipal programs itself that need to be addressed. Obviously the funding is not there at the present but knowing what is needed and setting some priorities in addressing those needs is relative to the success of the budgeting process. A great deal of time was spent on possible bonding program over the next year particularly since the rate of interest is low at this time and we have impending bonds that are maturing. The Town's annual expenditure budget exists in two funds: an operating budget, and a Capital Improvement Program (CIP) budget. The operating budget is generally fixed by an annual operating target; revenue in excess of the operating target is typically available for the CIP. The CIP budget is set to ensure the Town's overall annual expenditure budget remains structurally balanced or results in a satisfactory ending fund balance. Long-range financial planning aims to maintain a relatively constant CIP irrespective of economy-driven fluctuations. CIP management requires the tracking of schedule and funding for all Town capital projects. Project schedules and funding are subject to change as a result of changes in project cost, other funding availability, public support and priority with respect to competing projects. The first step to prioritize budgets is to determine your debt to income ratio. This means taking inventory of all areas of the municipality's expenses and comparing them against the budget.

During the discussion of increasing costs, Jerome Plante indicated that he felt if there was more uniformity in non-union benefits and that some department heads that had special perks would receive whatever the regular employees received for benefits, including the Town Manager, that this would stabilize the budget. The Finance Director indicated that no one but the Town Manager receives different perks than the non-union employees. Revenue sharing became another matter for discussion and the suggestion was made that the past Councils have been diligent in their budgetary responsibilities and that it is not as easy as it may appear to those who have not been participating. Again discussion went back to a more formalized plan for the needs of the community and a timeline to assign dates and priorities to it. The need to not be reactive but proactive in setting the budget process is something that both the Council and the Finance Committee were promoting. The question kept coming back to "What is a fair mill rate to live here?"

The Finance Committee requested the possibility of meeting with each Department Head through January and to host at least three open forums with members of the

public to identify some priorities during January and February. It was recommended that a reach out to the community through the Internet, Television, and Newspapers be done to attract as many people as possible. One of the concerns is the space for these open meetings to be held if they are to be televised as the present scheduling of other televised Town committee meetings such as Council, Charter, Ordinance, Planning, Zoning Board of Appeals, etc. make showing live quite difficult from a schedule perspective. The consensus was that the Department Heads and the Town Manager would be pleased to meet with the Finance Committee and that the area of discussion would be limited to learning more about responsibilities of the department heads and their work so that knowledge and awareness will be gotten from the time spent together. Line by line discussion of the budget is not the area of responsibility of the Finance Committee in this regard but that of the Town Manager and the Department Head. The Council just reiterated that the administration of the Town Department Heads is that of the Town Manager.

The bottom line of discussion was that there is not a lot of fat in the budget. It was noted that the non-union employees have not received salary increases in three years. The question was asked whether a zero line or performance based budget option is being considered. It was noted that it is necessary that other lines of revenue be found and that increases in services will cost more money and decrease in services will have political repercussions as well. There are parts of the budget that we have no control over such as the RSU, the County budget, State mandated costs, etc. We need to look at doing business differently. A combined effort to find deficiencies in our spending habits is a priority for everyone. Some of the areas of questions included if there would be any staff changes and/or retirement projections; any concerns in regard to taxes and fees; a request for the organizational structure including salaries and benefits provided to the Committee; current insurance carriers, auditors, and legal counsel; when was the last time these services went out for competitive bidding; and finally what kind of input or monitoring should be given on the RSU budget?

It was suggested that the Finance Committee Minutes on the website be addressed so that citizens have access to what is being discussed.

The discussion continually came back to prioritization of the budget issues. One of the primary responsibilities of local government officials is to preserve, maintain, and improve a community's stock of buildings, roads, parks, water and sewer facilities, and equipment. Planning for capital improvements is a matter of prudent financial management as well as sound development practice. The Finance Committee felt that they could be very involved and provide a very critical service to the Town Council should they be permitted to move forward in this regard. Some of the areas they discussed were long-range physical development. It is intended to link the community's comprehensive plan and fiscal plan to physical developments, and provide a mechanism for estimating capital requirements, including the capital needs of all departments; planning, prioritizing, scheduling, and implementing projects during the next 5 years; developing revenue policy for proposed improvements; budgeting high priority projects; inter-fund and inter-department coordinating of projects within the Town; and informing the public of planned capital improvements. All this will facilitate meeting the future capital needs of the Town including Public Works infrastructure. There are a myriad of factors that will influence and affect the Town's planning process

as the CIP continues to develop and mature. Some of the other areas would include forecasting demands for future services and capital facilities; inventory of existing capital facilities to determine future demands for maintenance, repair, rehabilitation or replacement; and to determine adequacy of existing facilities to meet future needs. The Chair thanked all for their participation in this excellent discussion on issues of concern to the Council and the Community.

The meeting closed at 9:00 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 true copy of the original Minutes of the Town Council Workshop of December 14, 2010.

V. Louise Reid