

**TOWN OF OLD ORCHARD BEACH
TOWN COUNCIL WORKSHOP
TUESDAY, JUNE 9, 2009
TOWN HALL CHAMBERS**

A Town Council Workshop of the Old Orchard Beach Town Council was held on Tuesday, June 9, 2009 in the Town Hall Chamber. The Chair opened the meeting at 7:05 p.m. The purpose of the Workshop was to present an opportunity for the Council to review the fiscal 2009/2010 budget.

Present:

**Chair Sharri MacDonald
Vice Chair Robin Dayton
Councilor Shawn O'Neill
Councilor Mike Tousignant
Town Manager Steve Gunty
Assistant Town Manager V. Louise Reid
Finance Director Jill Eastman**

Absent: **Councilor Laura Bolduc**

There were many Department Heads present in the meeting and they had met previously in the afternoon to go over a budget scenario that had been provided by the Chair and discussed previously with the Town Manager, Finance Director and the Assistant Town Manager. The Chair should be recognized for the amount of time and effort she had given to preparing the analysis for discussion.

A discussion was held regarding Capital Monies not spent in 2008-2009 budget which could be allocated to the 2010 budget. It was indicated that \$35,000 could be allocated from the Public Works Facilities Upgrade. However further in the discussion the concern was raised about the need for a building upgrade and how do we fund that expense when we allocate for other purposes?

Under Designated Funds, again there were Designated Fund monies not spent in 2008-2009 budget which could be allocated to the 2010 budget including \$225,000 from the Public Works Grader/Loader; \$53,000 from the Public Works VacAll Lease Purchase; \$47,000 from the Smith Wheel Outlet Project; and \$250,000 from the Debt Service for a total of \$575,000.

Under the Special Revenue accounts, again there were monies not spent in 2008-2009 budget which could be allocated to the 2010 budget including \$100,000 from the Rescue Billing Fund.

The total school budget for OOB is \$9,973,600. As a result of the formation of RSU, the State Subsidy for education will go directly to the RSU to offset the budget, therefore the increase in property taxes needed to fund the education budget is \$817,003. The need to make up the \$817,003 as a result of the RSU budget seems to be the number upon which considerations for budget cuts are being made. It should be noted that \$170,000 was expended by the Town to cover the School's fuel costs this year.

It was pointed out in discussions that \$170,000 was expended to the School for fuel. In addition, because of special education requirements in the amount of \$163,000; there was costs for software mandated by the State for all school districts of about \$45,000; Into that budget they built a bailout which is true to all school districts including standalones. That would be between \$50,000 to \$75,000. The contractual increases from the past two contracts signed prior to November of last year adds approximately another \$350,000 to the budget. Money was put aside for capital improvements including locks, gym floor (\$12,000), air conditioning for computer rooms (\$7,000), the re-establishment of gifted and talented program (\$90,000).

General Fund	\$	35,000
Designated Fund		575,000
Special Revenue Account		100,000

The Administration showed the amount of \$710,000 which could be allocated to next year's budget but again some Councilors raised questions on whether we should be using money for the Public Works Building Upgrades; or the Public Works Loader; or the Rescue Billing Fund (with a reduction of \$360,000 from the \$710,000 leaving a balance of \$335,000).

The Chair was disappointed that in discussions at the table regarding other cuts in areas such as Conferences/Training; Memberships/Licenses; Employment Testing; Overtime; Automobile Mileage; Service Contracts; Educational Incentive Pay; that she had hoped the Department Heads would have presented to the Town Manager after their meeting where they discussed the synopsis presented by the Chair. The Administration sought to explain what they believe was an attempt by the Department Heads at the beginning of the budget process to be fiscally responsible and cut to the bone and that they felt they had done that. Many of the areas the Chair was addressing were areas of contract negotiation in which costs would be required to open up discussions with labor groups that had already settled their contracts such as Police, Fire and Dispatch. Many of the areas such as training and seminars are required to keep staff certified and competitive with other municipalities.

The discussion of staff cuts brought strenuous argument from the Administration that citizen service would be hampered with a reduction in staff and that the Town Manager had already presented to the Council in his original budget presentation suggested staffing changes.

Concerns were expressed by Councilors that these are dire times even though the Administration expressed that they had presented a budget consistent with the economic situation we were in at the present time. Discussion focused on the fund balance and the Finance Director felt that budget constraints were sufficient to protect the 12% required by policy for protection of municipal financing. In addition to the required 12% reserve, there would remain approximately one million dollars of projected surplus at the end of FY 2010 even with the use of the \$710,000 of unspent project funds. It was recognized by staff and Council that revenues would be less next year and that further areas of strict accountability would be necessary in the coming year.

There were strong expressions by Council members to Department Heads that they had best reconsider other areas of cuts.

It was recommended that discussion continue at the Workshop on Monday, June 15, 2009.

The Council workshop ended at 9:18 p.m.

Respectfully Submitted,

**V. Louise Reid
Secretary to the Town Council**

I, V. Louise Reid, Secretary to the Town Council of Old Orchard Beach, do hereby certify that the foregoing document consisting of three (3) pages is a true copy of the original Minutes of the Town Council Workshop held on June 9, 2009.

V. Louise Reid