

**TOWN OF OLD ORCHARD BEACH  
TOWN COUNCIL WORKSHOP  
MONDAY, MARCH 17, 2008  
TOWN HALL CHAMBERS**

**A Town Council Workshop of the Old Orchard Beach Town Council was held on Monday, March 17, 2008 at 6:30 p.m. Chairman James Long opened the workshop at 6:35 p.m.**

**Present were:**

**Chairman James Long  
Councilor Roxanne Frenette  
Councilor Sharri MacDonald  
Councilor Robin Dayton  
Town Manager Stephen Gunty  
Assistant Town Manager Louise Reid  
Superintendent of Schools Eric Matthews  
Kay Dutton – Chairperson of the School Board  
Laura Bolduc – School Board  
Deborah Evans – School Board  
Dennis Robillard – School Board  
Patricia Hayden – Curriculum Coordinator at the School  
Gary Curtis – Member of the Consolidation Committee**

**Absent: Vice Chairman Shawn O'Neill**

**CHAIRMAN LONG: I appreciate this opportunity for the School Board and the Council to meet in this fashion. The budget process is difficult at best for all of us and this will be an opportunity for us to speak directly and honestly in the matter of something that affects us all. I did have a conversation with Representative George Hogan and the State funding for the municipality is expected based on preliminary forecasting to have serious reductions in revenue in our excise tax and interest on our funds in the bank, that we could be facing, going into this fiscal year, reductions of one million to one-and-a-half million dollars. The earliest number from our Assessor is that we will be having a minimal growth in taxable income as of April 1<sup>st</sup>. I do appreciate the dialogue that we have had with Kay Dutton, the Chair of the School Board and Superintendent Rick Matthews. The Assistant Town Manager and I have tried very diligently to assure that our discussions will be done in an amiable manner.**

**TOWN MANAGER: I am pleased to introduce myself and look forward to working with you and appreciated my meeting with the Superintendent this afternoon, looking toward a very open communication dialogue between us.**

**SUPERINTENDENT MATTHEWS:** I wish to express to the Council my appreciation for this opportunity to meet with the Town Council. I have appreciated the efforts which have been very much expressed of us working together in the desire to address the needs of the school budget. Fiscal Year 2009 School Budget is a difficult one. A state subsidy loss to the school of \$581,746 is projected and is a devastating number to work with.

**CHAIRMAN LONG:** We are all looking at a fiscal crisis of significant proportions and I asking each of us to look at reducing administrative staff positions to help us bridge the gap.

**SUPERINTENDENT MATTHEWS:** During my four year term as superintendent of schools we have cut ten to twelve positions.

**KAY DUTTONG:** And I would ask for the same on the municipal side. We get cut, cut, cut and I just want to see it on both sides of the fence.

**COUNCILOR FRENETTE:** Although the deadline is a week away we still have yet to fully examine the municipal budget and once we do will deal with the subsidy loss issue as well. We have a huge problem here and we don't anticipate the schools soaking up the \$600,000 and we are going to have to pull up our boot straps.

**CHAIRMAN LONG:** The gap is a reduction in the state funding for essential programs and services from \$1.1 million for the 2008 fiscal year to \$549,794 for 2009 – a result of the Legislature making cuts to deal with an estimated \$200 million dollar budget shortfall. With a preliminary infrastructure bond of \$3.4 million on the table the Council may consider further borrowing in order to keep taxes from going up. I would like to avoid a tax increase because our citizens are hurting and we know it.

**SUPERINTENDENT MATHEWS:** Our budget is \$10,451.129 and an 8.7 percent increase from last year's \$9.6 million budget. This budget today reflects the needs of the school and the welfare of our children. There is not a lot of fat here. These are basic needs to provide for the excellent education we do, however, it is not rock bottom but it is what we advocate for the education of our children. I have heard rumors that the school budget may have to be flat funded. In that case the School Board would have to cut \$834,809 from the proposed budget to align it with last year's figures. This would be tough considering the projected \$664,200 in fixed costs which include energy, utilities, repairs and insurance – and \$299,939 in instructional costs, half of which would be used for technology needs. We anticipate a twelve percent increase in the cost of oil.

**CHAIRMAN LONG:** I would also you not get comfortable with the energy projections because I believe they will be going up. My best projection would be that you are going to see a thirty percent increase in energy costs as I see the rising cost of oil and an unstable economy.

**GARY CURTIS:** Serving with the Regional School Unit (RSU) stated that although in the past he has been skeptical he is confident this year's school budget reflects and absolute need. There is not one thing in there that hasn't been examined from every possible angle.

In the proposed budget is \$10,000 for Old Orchard Beach's contribution to the RSU transition team. If voters approve consolidating into a RSU with Saco and Dayton that Committee would be formed to tackle the 2010 budget but for now the school board must be responsible.

**CHAIRMAN LONG:** The Town is looking at a \$1.5 million dollar revenue loss due to slowing growth. Your bottom line is not doable at this time and we haven't even seen ours yet but we must live within our means. We are looking at different ways to increase additional revenue streams and one of those methods would be to charge a sewer user fee to raise money for the projected \$50 million infrastructure expenses to the wastewater treatment system in town. Those fees would impact commercial users more than private. If the mill rate was raised one dollar then \$1.5 million in new revenue would be generated. We are looking at a difficult year and we are all in the same canoe, it is just getting a little tipsy.

**SUPERINTENDENT:** Our loss of state funding is critical. We were to receive 100% of what was due us as minimum receiver. We got 84% last year but we are feeling that this year we may only get 50% this year. . The economic climate as we can see is that we are in this trend for the next two or three years. Last year we got approximately \$1.1million and that has been cut this year to about \$583,000.

**ROXANNE:** One of the issues we need to address is that there is no greater student cost than the other schools in the comparison. Next year we will be part of the RSU and we will be sharing the same kind of situation but together. I believe we need to handle this year- it is going to be the RSU's responsibility next year.

**SUPERINTENDENT:** We gave you the budget book this evening – there are six or seven pages – that is the budget right now that the School Department is proposing at this time. If we go to do a check and balance it will not match up with the rest of the book so they won't be a true match up but they will be close. I brought a work sheet that will be a synopsis of telling the story of where the school department stands at the present time.

<b>Preliminary State Subsidy Projected loss</b>	<b>(\$ 581,746.57)</b>
<b>Our current Proposed Budget is</b>	<b>\$10,451.129</b>
<b>Budget FY 2008-03-17</b>	<b>9,616,320</b>

**If we were flat funded - \$835,000 would have to be cut in order to be flat lined.**

**Projected Salaries and Benefits that we are already committed to do - \$8,652,181**

**Multiple positions would be affected.**

**Projected Salaries and Benefits for FY 2009 - \$8,652,181**

<b>Fixed Costs:</b>	<b>Water</b>	<b>\$</b>	<b>12,000</b>
	<b>Waste Removal</b>		<b>11,000</b>
	<b>Telephone</b>		<b>13,000</b>
	<b>Electric</b>		<b>125,000</b>
	<b>Propane</b>		<b>7,500</b>
	<b>Oil</b>		<b>145,600</b>
	<b>Bus Gas</b>		<b>18,000</b>
	<b>Building/Bus Repairs</b>		<b>164,000</b>
	<b>Contracted Services</b>		<b>50,000</b>
	<b>Copier Leases</b>		<b>30,000</b>
	<b>All Insurance</b>		<b>39,900</b>
	<b>Audit</b>		<b>7,200</b>
	<b>Board Liability</b>		<b>6,000</b>
	<b>Legal</b>		<b>35,000</b>
	<b>Total</b>	<b>\$</b>	<b>664,200</b>
	<b>Grand Total</b>	<b>\$</b>	<b>9,316,381</b>
	<b>Instructional</b>		<b>299,939</b>

**CHAIRMAN DAYTON:** Perhaps my questions may seem specific but my proposal for next week is to see the actual differences from 2008 and 2009 – it would be easier for me to quickly identify the breakdown. I have questions on the request for a purchase of a bus.

**KAY DUTTON:** The Public Works Department is asking for another vehicle and I would recommend that both sides of the school and municipality should handle these requests fair and equitably.

**COUNCILOR DAYTON:** I would like to see a listing of your current contract and fixed costs – what you need – what is an absolute minimum.

**SUPERINTENDENT MATTHEWS:** I would assure you that there is not a lot of fat here. We are here to advocate for the children.

**COUNCILOR MACDONALD:** I expect that we will make deep cuts not only on the school side. I would suggest we need to be creative this year to get it done in a fashion that is in the best situation for our citizens and our children. I plan to scrutinize both sides of the ledger.

**SUPERINTENDENT MATTHEWS:** We would very much like to have a partnership effort in the budget process. Issues make it difficult. Although a partnership is admiral – we had to remind ourselves that our job is to represent the children. In presenting our needs, although not palatable we believe we need to let you know what our needs really are. We are really passionate about the academic and personal growth of our students. We have an all day Kindergarten program which has been very successful. Extra curricular activities promote physical and social growth for all students. Any student that wants to participate can participate. We have collaborated with the Town’s Recreation Program, the Adult Education Program and the Saco School System. We have conducted a Multi District Teacher and Administrator’s Workshop. We are currently talking with neighboring districts for future cost saving initiatives. We have been having discussions on our own. Our school systems are a long standing tradition in Old Orchard to provide a solid educational foundation for its youngest community members. Strong community involvement and support has been a staple for the Old Orchard Beach School System. Great care has been taken to balance our students’ educational needs with the limited resources allocated. It has been done with accountability. For the 2010 school year the OOB School Board charged the Superintendent with developing a budget that outlined the needs of his school district. The Board and the Administration worked to develop a budget based on key educational factors that have been under funded for so many years. This year the budget number is what it will take to meet district goals.

**CHAIRMAN LONG:** We thank each of you for coming this evening and the opportunity we have to share in these important discussions.

The meeting ended at 8:05 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, Maine, do hereby certify that the foregoing document consisting of five (5) pages is a true copy of the original Minutes of the Town Council Workshop of March 17, 2008.

**V. Louise Reid**