

**TOWN OF OLD ORCHARD BEACH
SPECIAL TOWN COUNCIL MEETING
TUESDAY, MARCH 27, 2007
TOWN HALL CHAMBERS**

A Town Council Workshop of the Old Orchard Beach Town Council was held on Tuesday, March 27, 2007 at 7:00 p.m.

Present from the Town Council:

**Chairman Joseph Kline
Councilor James Long
Councilor Roxanne Frenette
Councilor Robin Dayton
Town Manager James Thomas
Assistant Town Manager Louise Reid
Superintendent of Schools Rick Mathews
Members of the School Board**

Absent: Councilor Shawn O'Neill

The Chair thanked all those in attendance and then introduced the Town Manager who made his presentation.

TOWN MANAGER: Mr. Chairman, members of the Town Council, members of the School Board, Mr. Superintendent, and citizens of Old Orchard Beach. Tonight we begin another budget journey as we discuss fiscal priorities and set the agenda outlining the next twelve months for the Town of Old Orchard Beach. In the words of Thomas Paine: "These are times that try men's souls." This is the fourth budget my administration shall submit for your consideration. I am grateful for a strong and capable team of department heads who have submitted budgets which reflect personnel and capital needs, not wishes. Currently the Baldacci administration and the Maine State Legislature are discussing and debating options which will reshape and restructure our present school district. Old Orchard Beach, just like the State of Maine, is seeing its demographics change: Baby boomers are retiring, families are smaller, and our student population is declining. In fiscal year 2003 our student population was 1,250 students. Fiscal year 2008 we are at 962, a 23% reduction. It should be noted to his credit that Councilor James Long shortly before my arrival in Old orchard Beach, opened a dialogue on school consolidate with then Superintendent Jay Bartner. During my 44 months tenure here in Old Orchard Beach the topic of reinventing Town Government and school operations has been a topic of reinventing has been a topic of discussion. We have had some success and it is my hope that through teamwork and good communication future possibilities are limitless. The budget submitted for consideration reflects a balanced "No tax increase" recommendation; nevertheless, it does not fully fund needs of personnel, which were requested by the Police, Administration, Fire Department, Wastewater, and Public Works. The Department Heads serving with me are loyal and pragmatic in their expectations but are allowed to present agenda for their departments. You will have the opportunity to hear their full requests.

Two weeks ago the Administration presented a capital needs agenda of more than 12 million dollars excluding a public safety building and recreation facility. I have not given up on my hope for allowing the citizens of Old Orchard Beach to vote in June, 2007, on a reasonable bond package. Our economic development strategy requires the Town to take a leadership role in promoting a reasonable bond proposal to meet our capital short falls. I understand the cautious nature of bonding, for less than 20 years we managed almost into bankruptcy. Today we face difficult infrastructure needs in Wastewater, road and storm water. To think the costs for these issues will decrease in coming years is a false assumption. Contractor costs for bricks, lumber and other building materials increase 5% each year. Construction costs have hit increases of 35-45% yearly for the last two years with no relief in sight. The Administration introduced a plan in September 2006 for a bond of \$15 million over 20 years with a payment of approximately \$1 million with no tax increase. In FY2012 our current bond payment will go from \$1.5 million to \$800 thousand and in 2013 to \$300 thousand. We cannot afford to let constructions costs, inflation and prior poor fiscal management stand in the way of responsible government. Bond interest rates have increased since our September 2006 presentation; the need is still there – more than today than ever before. We have again attempted in this budget to list areas of continuing and new concerns for future items that need to be addressed in some form. Collaboration efforts with the School Department in the area of finance and maintenance of buildings and fields are vital; developing a joint approach in areas of finance and maintenance of buildings and fields are vital; developing a joint approach to economic development through a collaboration between the Town, the Chamber of Commerce, the School District must be a priority if Old orchard Beach is to remain one of the State of Maine’s community leaders in promoting property tax restraint. The establishment of an enterprise fund for the sewer department is still warranted so that the impact for our infrastructure can be assessed so that the impact for our infrastructure can be assessed on those who use it the most economic development of private and town own land plays a significant important because the establishment of an enterprise fund for the Sewer Department is still warranted so that the impact for our infrastructure can be assessed on those who use it the most economic development of private and Town owned land plays a significant importance because our heavily weighted property tax is distributed 80% residential and 20% commercial. It appears our residential property taxpayers share an unfair burden with this ratio. In closing I am reminded of the words of President Ronald Reagan: “A leader, once convinced of a particular course of action is the right one, must have the determination to stock with it and be undaunted when the going gets rough.” I believe Old Orchard Beach’s best days lie ahead but it will take a partnership between the executive branch, the legislative branch, the School District, and the citizens make our finest hour a reality.

Now to the specifics of the budget: I am proposing a total municipal and school budget of \$23.4 million. In addition to keeping the tax rate at \$13.32 per \$1,000 of valuation because of an estimated increase of revenue of \$710,000; the increase is based on a growth in assessed real estate value of almost three percent.

Revenue

Property taxes	\$17.5M	75%
Excise/Franchise Taxes	\$1.9M	7%
State Education Subsidy	\$1.2M	5%
Intergovernmental	\$1.1M	5%
Licensing/Permits/Fees	\$1.1M	5%
Transfers from other funds	\$459K	2%
Interest Earnings	\$200K	<1%
Undesignated Fund Balance	\$100K	<1%

Government Operations

	FY2007	Department	Recommendation	% Of Budget
Town Operations	\$9.9M	\$11.2M	\$10.4M	45%
Schools	\$9.2M		\$9.2M	39%
Capital Projects	\$1.6M	\$12.0M	\$1.7M	7%
Debt Service	\$1.5M	\$1.5M	\$1.5M	6%
York County	\$571T	\$571T	\$571T	2%
Total Town Budget	\$22.8M	\$25.3M	\$23.4M	

Analysis of State Tax (School Revenue)

YEAR	STATE FUNDING	TOWN FUNDING
FY03	(211,000)	\$450,000
FY 04	(\$232,000)	\$140,000
FY 05	(\$447,000)	\$450,112
FY 06	\$259,065	\$59,221

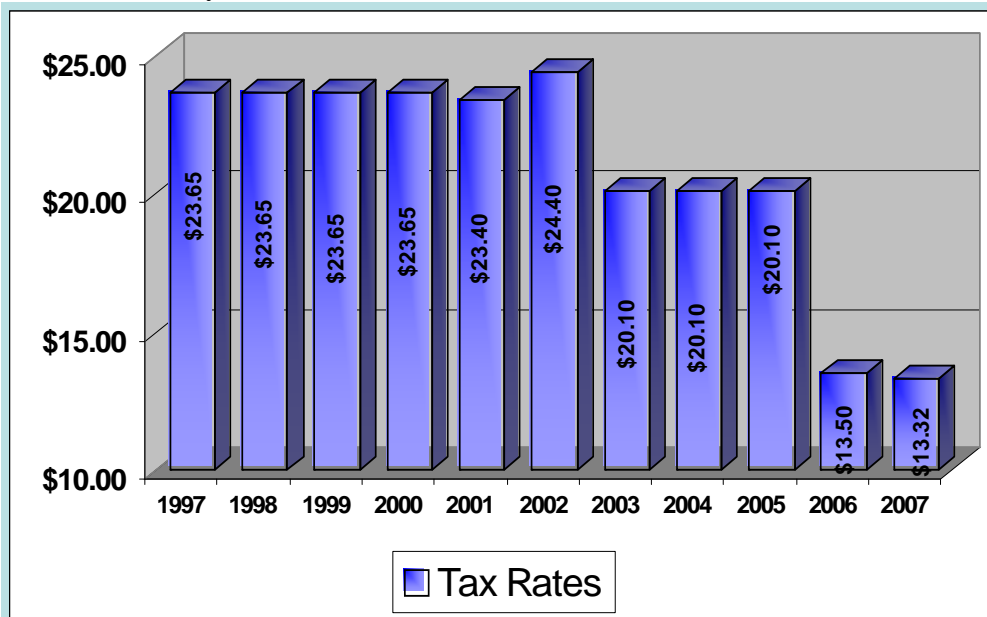
FY 07	(\$196,984)	\$196,984
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TOTAL: (\$828,000) \$1.3 Million

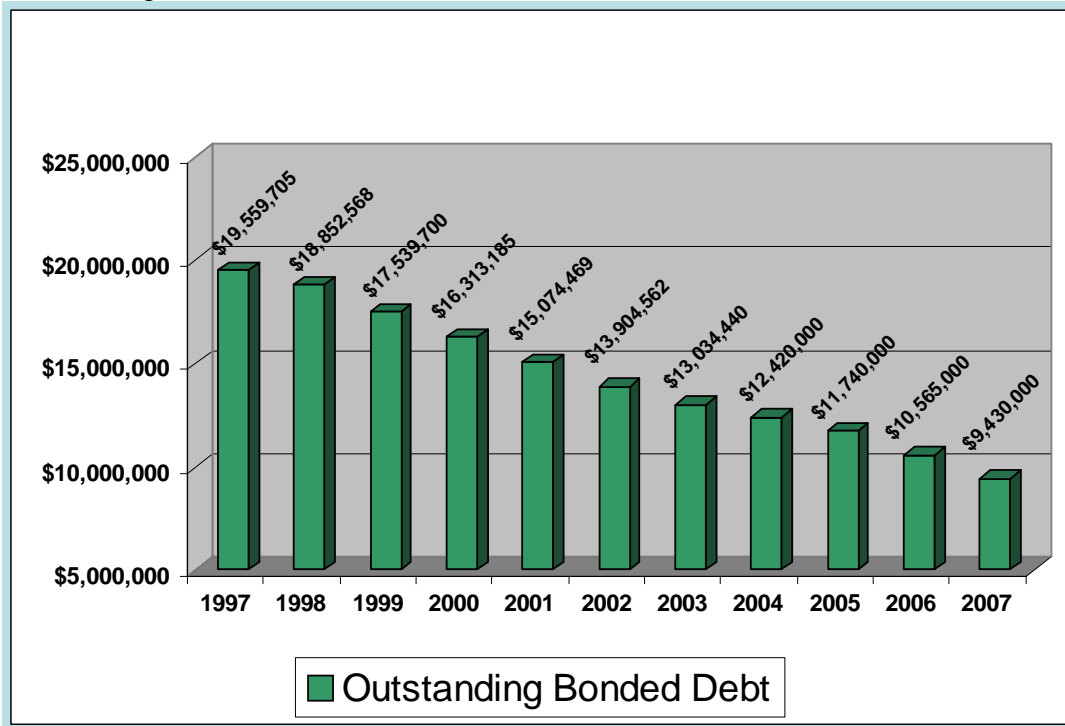
Total: Town & School Operations

	FY2007	Requested	Recommended
Expenditures	\$22.7M	\$34.5M	\$23.4M
Revenue	\$22.7M	\$34.5M	\$23.4M

Tax Rate History



Outstanding Bonded Debt



Proposed Bond Package

Waste Water	\$ 5,000,000
Storm water and Roads	5,000,000

Major Capital Projects that have been spent:

Total	\$2,850,000
East Grand Avenue	\$ 750 K
Milliken Street Parking	650 K
Memorial Park	499 K
Bradbury Street	400 K
Storm water Outfalls (4)	400 K
Parking, Town Hall	150 K

CHAIRMAN KLINE: I thank the Town Manager for his diligence in getting the budget together considering the difficulties of the issues.

SHARON ULTSCH: I am speaking this evening about the Adult Education Program. This is the only opportunity I get to tell you what has been happening in Adult Education. I will keep my comments brief. I have been the Adult Education Director for 19 years. We offer services for adults in this community that excite me and I want to thank you for your continued support. We are a joint program with Saco. One of the few joint programs in York County and it has been very successful, collaborating the last eight years. I believe

we are a model for collaboration. We have a governing board that administers – 2 school board members from Saco and Old Orchard plus the Superintendent of Schools from each community and that is probably why the collaboration works so well. One exciting bit of news is that the City of Saco passed a bond issue letting us convert 20 Common Street with handicapped accessible. I am in the process of working with designers and this will allow us to have programs during the day. We are planning to move during the fall of 2008. We are asking for an increase this year as shown in my budget. We had a squeeze with federal funding. There was a stream of funding that was available for us and then taken care showing some of the reasons for us to increase our request from each of the communities. Your continued support of our program is very much appreciated.

SUPERINTENDENT: Fiscal Year 2008 School Budget Presentation. We do not have our State funding figures yet which makes our task more difficult. On top of that the Board of Education felt that a different way of presenting the budget to the Council was needed this year. The feeling has been that for a period of time, from a historical background, there has been 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. We will be presenting our needs – not palatable but we believe we need to let you know what our real needs are.

Myth versus Reality.

OOB schools are administratively top heavy. – moving target – how we can do without – without assistant principal – curriculum coordinator. Shows a comparison of Schools – operational and structural organization like our. Added up costs – gives you the cost proportionate for the schools. Similar – we are at 20% of our budget is operational. The others are up in the 30% part of their budget. In competition with comparable budget we are not top heavy.

OOB students not properly prepared for the future. We offer rigorous core and enrichment classes which balance academic and personal growth. We have an all day Kindergarten program. Extra curricular activities promote physical and social growth for all students. Any students that want to participate can participate – exceed all other public schools – we do not have a cut policy. We continue to meet AYP requirements set by the No Child Left Behind Act (NCLB.) All our teachers are highly qualified based on No Child Left Behind.

High School and Post Secondary Education completion falls behind other schools.

French language is taught from grade 2 to 12; Pathways Alternative Education Program so that no child is left behind. – 30 students participating – dropout students have decreased.

Honors and Advance Placement Classes and Organized College Visits in Grades 9 through 12 has been done for the first time and in many instances these students are first in the family to attend college. Students get college calculus course credits. Drop out rate – shows rate of graduation – verified stats by the State. We have recommendations such as – teaching/reading/alternative schools developed/spot drop outs/parents need to get more involved earlier – we could be a poster child for Time Magazine for we do teach reading early – we have two alternative schools – nine students eligible to graduate – all time high to graduate this year. We have the procedures in place to spot children in need. Many of

our students are attending Boston College, Bates, Duke, Seaton Hall, Berkeley, and Syracuse University. and other outstanding institutions of learning. So to say our students aren't ready is false. It is another myth.

OOB School system does not think outside the box.

Power School implementation. This was teacher/parent communication. 12K curriculum alignment – workshops, Curriculum, mapping – significance in all curriculum planning – post secondary college, Administering testing by NorthWest Evaluation Association, an organization which works alongside member school districts to create a culture that values and uses data to improve instruction and student learning. Committed to the full inclusion model which promotes co-teaching of students. We are above the average school program day. We are thinking about increasing the school year. Developed a survey that asked some of the tough questions about the education of Old Orchard Beach which was distributed in November. Effort to gather community input on the state of education. The results of the survey have been put into practice.

Collaboration Efforts – 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. It will pick up a lot of steam once Town official and the school communicate such as merging Finance offices, software, Munis, etc.

We are currently revamping existing five year plan to include benchmark guides for completion of Capital Improvement projects. We are designing and Building a Technology Center at the High School. It is our wish to develop and implement a marketing strategy to attract students to the Old Orchard Beach School System. We need to update our district security system and develop a partnership with Municipal Departments. We are dedicated to creating a dedicated account where the School District can use funds for future planning and capital improvements.

Our school systems are a long standing tradition in Old orchard to provide a solid educational foundation for its youngest community members. General enrollment for the school district has been averaging 1,000 students over the last 25 years. Many families have been attracted to our small school system because of the learning opportunities that are afforded the students.

Strong community involvement and support has been a staple for the Old orchard Beach School System through student outreach programs for Senior Residents; active PTO and Boosters Organizations; 37 different community and Alumni Based scholarships; local business support of school activities; and several school committees have diverse community representation. Our graduates tend to live, work and play in Maine. The Old Orchard Beach Alumni Association has over 4,500 active members. Thousands of Old Orchard Beach Alumni have chosen to reside in Maine and have chosen to work and raise families in the State. This is proof that the people of Old Orchard Beach are willing to invest in our school system. We have had student outreach programs to the senior residents; active PTO and Booster organizations; 37 different community and Alumni based scholarships; local business support and several School Committees have diverse community representation. The logic behind the OOB School District Conservative

Spending Practice is local funding limitations; fiscal responsibility to our community and there is no “open checkbook” for education. Great care has been taken to balance our students’ educational needs with the limited resources allocated. It has been done with accountability. For the 2007-2008 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. The intent of this year’s budget is to bring some focus back to the tradition of the Old Orchard Beach School System. The Superintendent then focused on numbers which are attached to the school presentation.

The Superintendent requested a \$1 million increase in the School Budget – a little less than \$10.3 million, or a more than 11 percent increase in spending. It is my opinion that the past six years school funding, increases have not kept up with the rate of inflation, leaving the school department under-funded. He indicated that the budget request represents salary increases of more than \$400,000; health benefits increase of almost \$80,000; an increase in technology spending of more than \$114,000; and a request for a new school bus. He indicated that he hopes the Council will pass a school budget that will make up for the \$153,000 the school department has lost in grant funding for the coming fiscal year.

CHAIRMAN KLINE: We thank each of you for the presentation this evening and we now begin the workshop process of dealing with these vital and important issues.

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 eight (8) is a true copy of the original Minutes of the Town Council Workshop of March 27, 2007.

V. Louise Reid