

KNOX COUNTY COMMISSION

Special Joint Meeting Knox County Commission and Budget Committee

Thursday – October 29, 2009 – 5:00 p.m.

A special joint meeting of the Knox County Commission and the Knox County Budget Committee was held on Thursday, October 29, 2009, at 5:00 p.m., at the county courthouse, 62 Union Street, Rockland, Maine. The executive assistant was present to record the minutes of the meeting.

Commission members present were: Richard L. Parent, Jr., Commissioner District #2, and Roger A. Moody, Commissioner District #3.

County staff present included: County Administrator Andrew Hart, Executive Assistant Constance Johanson, Finance Director Kathy Robinson, Building Maintenance Supervisor Jonathan Grout and Airport Manager Jeff Northgraves.

Budget Committee members present were: Ann Matlack, Bob Duke, Sid Lindsley, Dorothy Meriwether, Elizabeth Dickerson, and Bill Jones.

Others present were: A. Mason Johnson from Thomaston, Lawrence Nash from Union, Audrey Moody from Camden, Alan Hinsey and George Terrien from KWRED, Rockland City Manager Rosemary Kulow, Vivien Newman from South Thomaston, and Victoria Burpee from EMDC.

Special Meeting – Agenda

Thursday – October 29, 2009 – 5:00 p.m.

- I. 5:00 Meeting Called To Order** (Chair Ann Matlack for the Knox County Budget Committee, Commission Chair Anne Beebe-Center for the Knox County Commission)
- II. 5:01 Vote to Approve New Members to the Knox County Budget Committee** (Budget Committee)
 1. A. Mason Johnson, Jr., representing District #8
- III. 5:10 Approve Minutes** (Chair Ann Matlack for the Knox County Budget Committee, Commission Vice Chair R for the Knox County Commission)
 1. Minutes of Budget Review Meeting of October 22, 2009.
- IV. 5:12 Budget Review**
 1. Knox-Lincoln Extension
 2. Knox-Lincoln Soil & Water
 3. Mid-Coast Regional Planning Commission
 4. Time & Tide RC&D
 5. Eastern Maine Development
 6. Knox-Waldo Regional Economic Development (KWRED)
 7. Building Maintenance Department
 8. Airport
- V. 7:00 Adjourn**

I. Meeting Called to Order

Budget Committee Chair Ann Matlack called the Budget Committee meeting to order and Commission Vice Chair Roger Moody called the October 29, 2009 special meeting of the Knox County Commission to order at 5:00 p.m.

II. Vote to Approve New Members to the Knox County Budget Committee

Ann Matlack explained that Bart Virgie had retired, and moved from the area, which created a vacancy on the Knox County Budget Committee. A. Mason Johnson Jr. was proposed by the Town of Thomaston to fill the vacant seat on the Knox County Budget Committee representing District #8. District #8 is comprised of the Towns of Cushing and Thomaston. The Town of Cushing was contacted to see if they were interested in submitting a candidate to fill the vacant seat. The Cushing Board of Selectmen did not meet prior to this evening's meeting and therefore did not have a candidate to propose at this time. Ann Matlack asked that this issue be tabled until a response was received from the Town of Cushing.

- A motion was made by Bob Duke to table the approval of the proposed candidate from Thomaston. The motion was seconded by Dorothy Meriwether. A vote was taken with all in favor.

Sid Lindsley commented that one town had submitted a candidate and is not being allowed to sit at the table. It was noted that the other town should be given the same opportunity. Bill Jones said he

supported having all the towns in a district have the opportunity to propose a candidate and suggested that the proposed member from Thomaston be allowed to speak at the meeting. Elizabeth Dickerson commented she would support the vote to table, commends the effort to allow the other town to participate, while noting there was a candidate present that could serve.

The question was raised as to what the role of the commissioners was now that the approval by the budget committee was tabled. It was noted that the commissioners did not need to move forward with this item as it had been tabled.

III. Approve the Minutes of the Meeting held on October 22, 2009

Ann Matlack stated that she had some suggestions for changes to the minutes and called for a motion and second to approve the minutes for discussion.

- A motion was made by Dorothy Meriwether to approve the minutes of the October 22, 2009 meeting. The motion was seconded by Elizabeth Dickerson.

On page 3, in the middle of the fourth paragraph, Ann Matlack suggested removing the words “because there is not enough in surplus to use”. It was noted that there were surplus funds, but it had been decided not to use funds from surplus in 2010. Another suggestion was to move the last two sentences from this paragraph down two paragraphs and insert them after the word “received” in the fourth line. On page 6 – “Ann Matlack suggested showing the impact of the total lease/purchase amount for one year in the dispatch budget” should read “Ann Matlack suggested showing the impact of the lease/purchase amount in the dispatch budget rather than split it between communications and the county project budget.” There was concern that it referred to the whole \$263,000.00 being put in the proposed budget.

- A vote was taken with all in favor to approve the minutes as amended.
- A motion was made by Commissioner Roger Moody approve the minutes of the October 22, 2009 meeting as amended. The motion was seconded by Commissioner Richard Parent. A vote was taken with all in favor.

IV. Budget Review

1. Knox-Lincoln Extension – page 36

County Administrator Andrew Hart explained that he recommended that no increase be put in the proposed 2010 budget for the Knox-Lincoln Extension Service. Commissioner Roger Moody asked if Lincoln County was proposing the same amount of funding or if the actual requested funding being granted. Bill Jones commented that the Extension Service provided actual agricultural advice to farmers and is supported by funds from the University of Maine and Knox and Lincoln Counties.

Dorothy Meriwether asked why the County is supporting this organization. The funding requests are reviewed every year with a lot of discussion on what the organization actually does. It was suggested that the funding is to show County support for the programs offered to benefit the community.

Bill Jones suggested that Dorothy Meriwether’s question was appropriate, and as to the question of getting good value for the money, the answer was yes. It was noted that only a small portion of the community was actually serviced. It is one of the oldest agricultural organizations and was an informational resource to the farmers in the area. The Extension Service partners with the University of Maine to provide information and agricultural expertise to the community. Every county, nationwide, contributes to an Extension Service to some degree.

Bob Duke commented that Knox County partners with Lincoln County in support of the Extension Service and questioned the impact on the organization if Knox County chose not to fund its portion of the partnership. The University of Maine pays for the staff, while the counties support the building costs. Mr. Duke suggested that if the committee wanted to change their mission and not support this organization, it should be discussed at some other time. A number of years ago, Knox-Lincoln Extension Service rented space and the commissioners suggested buying a building to help with the costs of operations. It was suggested that the Extension Service could not operate this year without Knox County’s monetary support. The other organizations had a number of funding resources, but the Extension service only had the two counties and the university.

Ann Matlack reminded the committee that it had not been the intent to have long discussions on the program grants and other organizations. It was suggested that this might be a topic for further discussion at a quarterly budget committee meeting.

The general consensus was to flat fund the Knox-Lincoln Extension Service in the amount of \$54,570.00.

2. Knox-Lincoln Soil & Water Conservation District – page 36

The 2010 budget proposal for Knox-Lincoln Soil & Water Conservation District, recommended by the county administrator, is \$19,421.00. A three percent increase was requested by the organization.

Bob Duke suggested some of the programs might be redundant in the services that were provided to the community. Some of the organizations might need to be looked at in depth as to the benefits of supporting them.

Commissioner Richard Parent suggested that there were beneficial programs offered by the Soil & Water District organization in managing water sources and supplies in a responsible way to stop pollution. There could be some overlap of services, but in general the intent was to provide a different type of information and service to protect local soil and water resources. Traditionally individuals seek help, but the Town of Vinalhaven asked for assistance with a salt water wetland issue.

The general consensus was to flat fund the Soil & Water Conservation District in the amount of \$19,421.00. Dorothy Meriwether agreed with the other members on flat funding the budget proposal for 2010 with the understanding that the committee would discuss the program at a later date, not as to its value, but as a matter of clarifying why the County should be funding the program.

3. Mid-Coast Regional Planning Commission – page 36

The 2010 budget proposal for the Mid-Coast Regional Planning Commission for 2010 was flat funded in the amount of \$2,500.00. No increase in funding was requested. Bob Duke commented that he assumed that the Mid-Coast Regional Planning Commission provided land use planning for the small towns that have limited resources for developing land use ordinances. It was noted that any of the towns may join or can pay for specific services. The original concept was that the organization would be self-funded, but that did not take place.

The cost of operations is not covered by what the towns contribute and the County has been asked for a commitment of \$2,500.00 each year, for a number of years. It was suggested that Mid-Coast Regional Planning Commission be supported by user fees; i.e. the towns that use the services should be the sole support of the organization.

4. Time & Tide RC&D – page 36

The 2010 budget proposal for Time & Tide RC&D was flat funded in the amount of \$3,670.00. Bill Jones suggested that he might vote against funding this organization because it seems it is an organization that is in search of a mission. Bob Duke suggested flat funding the County's contribution to Time & Tide RC&D.

The consensus was to flat fund Time & Time RC&D.

5. Eastern Maine Development – page 36

Eastern Maine Development Corporation (EMDC) requested \$10,000.00 from Knox County to support its operations in 2010. A proposal was presented in 2006 and it was decided to give \$20,000.00 to EMDC, of which \$15,000.00 would support a staff member to administer and advance economic development in Knox and Waldo Counties (KWRED). EMDC and Knox-Waldo Regional Economic Development (KWRED) have since parted ways, and this year KWRED is making a separate appeal for supporting funds in the amount of \$90,000.00.

The literature presented in the budget notebooks outlines what services are provided and Ms. Victoria Burpee was at this meeting to answer questions.

Bill Jones asked when the EMDC person stopped being present at the local level. Mr. Hinsey left about a year ago and there was an interim person that was contracted who left in March of 2009. There is no longer an EMDC staff member present in the area.

Bob Duke suggested that the County should be supporting one entity, but not both because of the duplication of services. Rockport has a person working for Rockport on economic development issues and the position is supported by local businesses.

Dorothy Meriwether stated that she was looking at the letter from EMDC and asked if the 10 active loans were for businesses in Knox County. Ms. Burpee responded by saying the loans were to seven (7) companies in Knox County. Some are low interest for start up businesses and some are for expansions to create jobs.

EMDC has state and federal money to loan and do work for the Small Business Administration. The lending is just one part of what EMDC does. EMDC's Procurement and Technical Assistance Center (PTAC) has provided 12 County businesses with one-on-one government marketing

procurement technical assistance. The counseling sessions provided 2.5 million dollars in awards of federal funds that went to Knox County.

Ms. Burpee commented that she wanted to clarify that the County is not unique in having a local entity such as KWRED at the local while still having a regional entity such as EMDC. The two organizations do not replicate each other's economic efforts, but rather compliment each other's efforts. Alan Hinsey will be working for KWRED and can obtain assistance from EMDC. The funding from Knox County for EMDC can pay for travel and time involved in this type of assistance. Most of the other funding is very specific in regards as to how it can be used.

Bill Jones asked who owns EMDC. EMDC is a private, non-profit organization. Knox County is one of the original counties when the organization was formed in 1967. EMDC helped get the Industrial Park for the City of Rockland. Mr. Jones asked if EMDC was a government subcontractor. Ms. Burpee commented that EMDC was very good at leveraging money, some which comes from the Department of Labor and some from the Department of Transportation. It was noted that the requested \$10,000.00 for EMDC would only be spent for assistance to Knox County. If EMDC's involvement is more extensive, then the staff's time would probably be incorporated into the specific project that requires that involvement.

Commissioner Roger Moody asked if KWRED is meeting with a specific business, and services are being provided, and the County did not fund the requested \$10,000.00, would there still be any assistance provided to KWRED by EMDC. Ms. Burpee responded in the affirmative, but the amount of time might be limited.

Dorothy Meriwether suggested that it appeared the budget committee needed to hear from KWRED before making a decision on the funding request.

Bill Jones suggested that the submitted letter did not suffice for an explanation and financial statement might be beneficial. The financial statement is available on the web. Mr. Jones asked why business would want to borrow from EMDC rather than a bank or other lending institution.

There is a company wanted to build in Rockland's Industrial Part and the bank would only fund a portion of the cost. The funding for this project was 50 percent from the bank, 15 percent from the owners and 35 percent from EMDC. The loan was a fixed interest loan for 20 years, which gives an assessment of the building cost. EMDC does not compete with conventional lenders, but rather fills a development gap. The funding through EMDC was from the Small Business Administration, but this funding is not available directly to small businesses.

In earlier years, much of EMDC's funding came from grants, but this has changed. Now EMDC borrows money at a lower interest rate than a person or small business could.

Dorothy Meriwether commented that it appeared that EMDC should be self supporting. Looking at the number of counseling sessions and their cost of \$10,000.00, it appeared that the counseling sessions cost \$147.00 each.

Ms. Burpee explained that if EMDC was asked to meet with a small business regarding financing, then EMDC can charge the staff time to that project. The lending portion is only one part of what EMDC has to offer and perhaps should be self-sufficient. Other portions of the services may not be billable to specific projects.

6. Knox-Waldo Regional Economic Development (KWRED)

KWRED has been affiliated with EMDC with \$20,000.00 going to EMDC, \$5,000.00 to stay with EMDC and \$15,000.00 going to KWRED. Mr. Hinsey gave a brief history of EMDC the creation of KWRD to focus on the economic development of Knox County and Waldo Counties. The economic development of the area is driven by the Camden, Rockland and Belfast areas. The benefit of being associated with EMDC was the access to federal funds.

Mr. Hinsey was the local staff member to prescreen clients for lending for business plans in terms of marketing, capital and the workforce. Mr. Hinsey left last October and there was an interim person hired and the program was scheduled for re-evaluation in six months. There were discussions on costs and it was noted that not all the funding stayed in the local area. Some of it went for overhead and administrative costs.

KWRED decided to split away from EMDC. There appeared to be a shift in economic development strategies in an attempt to make the dollars go further and stay within the local area. KWRED is now registered as a non-profit organization. The plan is to go back to traditional funding sources for its work in the local area while maintaining a working relationship with EMDC in order to be able to access federal funding. There are six economic development districts within the state that are able to access federal funds.

This year there were discussions on the funding sources and it was decided to go to some of the towns, similar to other agencies. Mr. Hinsey commented that it was clearly a regional effort for economic development. The Towns of Camden and Belfast were asked for \$15,000.00 and the towns gave it. The City of Rockland was asked for the same amount and gave \$7,500.00. In terms of regional economic development this did not seem to be an equitable funding formula. Most of the jobs are centered in these towns.

The strategy for creating additional jobs in the region centered on determining the best funding source. Lincoln County's approach was looked at and it was decided to go with a county wide approach similar to Lincoln County's, which is why the \$90,000.00 was requested.

Ann Matlack asked if there was a Lincoln County employee hired or was the position contracted out. It was contracted out through Coastal Enterprises, Inc. (CEI).

Elizabeth Dickerson asked if the \$90,000.00 request was because that is what Lincoln County did and is not based on any analysis that Mr. Hinsey may have done. Mr. Hinsey responded that was correct. The towns were not going to be approached for funding.

Dorothy Meriwether asked if Waldo County was being approached for funding. Mr. Hinsey commented that Waldo County has not participated to any great length in the economic strategies or offered much in the way of funding. The funding in Waldo County came from the City of Belfast.

The question was asked what would happen if Knox County did not approve the \$90,000.00 request. Mr. Hinsey explained that the organization would have to go back to the towns and ask for funding. The towns that are generally approached are those that have the job market and expect to increase their market share.

Chris Shrum worked for KWRED and helped the Town of Rockport as shown in his monthly reports. Camden and Rockport paid for much of the work done in the past in Pine Tree zone.

Another source of funding could come from grants from the private sector.

Ms. Burpee and Mr. Hinsey worked together on the lending portion of the small business development to mitigate the loan risk. Mr. Hinsey did the prescreening portion of the lending program.

Sid Lindsley asked if EMDC could do what Mr. Hinsey does for economic development if the funding was raised from \$10,000.00 to \$30,000.00. Mr. Hinsey responded no, not to the level of intensity of having a person at the local level. It could be done, but the cost would be greater because much of the funding for EMDC goes for overhead.

Commissioner Roger Moody suggested that is was a fundamental question for county government in terms of what programs the County is willing to support, many of which are agriculture based. Farming may be growing, but the question remains as where the funding should go. For years there has been money spent on rural economic development and perhaps the shift should be to economic development of the core areas of the County. Unemployment fluctuates between six and ten percent. The planning strategy for economic growth should be the development of the main highway corridors.

It was suggested that some towns were considering having their own economic development plans to work with people on unemployment and underemployment issues. The towns were looking to small businesses to improve the job market in their area.

Bill Jones suggested that \$45,000.00 be given to KWRED on the condition that it would be matched by Waldo County. It was noted that it was not likely Waldo County would not meet the match. Waldo County is more rural outside of the City of Belfast.

Sid Lindsley noted that most of the employers are in the larger towns and as to supporting economic development in the area, the dollar amount requested for the Extension Service and the Soil and Water District is close to \$70,000.00.

It appears to be a matter of deciding to fund one or the other of the two organizations, either EMDC or KWRED.

Dorothy Meriwether commented that she supported the regional approach to economic development and wondered if the County Administrator's proposal of \$20,000.00 was sufficient for KWRED.

Bob Duke asked if Belfast was still involved with KWRED. The City of Belfast is looking to have its own economic development similar to the Rodney Lynch model. Rodney Lynch is a planner for the City of Rockland and focuses on obtaining grants for local community development. The City of Belfast has one major employer, which is a concern.

Dorothy Meriwether suggested funding EMDC in the amount of \$5,000.00 and KWRED in the amount of \$25,000.00.

Sid Lindsley commented that the towns were funding KWRED now at close to \$70,000.00. If the County does not fund the requested positions in the Communications Department and the Sheriff's office, as recommended by the County Administrator, then KWRED could be funded at a higher amount (\$70,000.00). He suggested trying it for a year. The smaller towns should benefit because the creation of jobs along the coast. Many of the young adults are leaving the area because of the lack of jobs.

Mr. Hinsey was instrumental in bringing in Boston Financial. The economic climate is poor and it will take time to recover. It was noted that it was difficult to separate out what Chris Shrum did for the area as a contract employee of KWRED and that as a local resident.

The proposed budget for 2010 is to fund EMDC at \$10,000.00 and \$20,000.00 for KWRED.

Sid Lindsley proposed approving \$70,000.00 for KWRED and \$10,000.00 for EMDC. It was noted that Camden, Rockland and Belfast had agreed to fund KWRED, as of July 1, 2009 for a total amount of \$37,500.00.

Dorothy Meriwether commented that the proposed amounts, as suggested by Sid Lindsley, seemed random and suggested \$45,000.00 or \$50,000.00 for KWRED.

Bob Duke suggested that if KWRED is short-funded, then the towns would have to be approached to cover the short-fall.

Bill Jones did not see supporting EMDC because they are based in Bangor and oriented towards providing services in that area. Their principle function is to distribute federal funding. As to KWRED, Mr. Jones commented it was hard to know how much its services are worth. The question as to the worth of some of the other programs was brought up again. It was noted that the other programs had funding formulas, but KWRED was a contractor.

Elizabeth Dickerson commented that economic development appeared to be a public/private partnership rather than being under a government umbrella. This was because of the resources available in many cases and it made it difficult to come up with a funding plan.

Ms. Burpee explained that some of the funding for EMDC comes from USDA and has to be matched with non-federal funds. It is difficult to find non-restricted funds and the major source for these funds is the County.

Bob Duke suggested getting to a preliminary number to put in the budget and move along. Mr. Duke suggested the \$70,000.00 and \$10,000.00 as proposed by Sid Lindsley. Mr. Jones stated he would not support these figures. Bob Duke, Sid Lindsley, Ann Matlack, and Elizabeth Dickerson indicated that they would support these proposed figures. Dorothy supported Mr. Duke's proposed figures in order to have a consensus before moving on to the remaining budget reviews.

It was noted that the committee still had to look at the final figures for the overall 2010 budget.

7. Building Maintenance Department – pages 9-11

Ann Matlack asked where the cost for the annual maintenance for the courthouse landscaping was. It was noted that the funds were located in the building maintenance budget in the "grounds and maintenance" line at the bottom of page 9. County Administrator Andrew Hart explained that this line increased because of the stipulation in the amended landscape plan that was approved by the Rockland Planning Board. In order to get approval for the landscape project, the County had to agree that there would be funding for the annual maintenance and bi-weekly maintenance, April to October each year, of the courthouse grounds.

Mr. Hart explained that bids were sent out recently for the sanding and plowing of the parking lots at the courthouse and law enforcement facility. The bid specifications also included shoveling the walkways this year.

Ann Matlack asked how the building maintenance staff's work hours would be impacted by having the grounds maintenance contracted out. It was noted that the janitorial staff had to curtail their cleaning efforts when the walkways needed to be cleared. The state had an issue with the walkways and steps being cleared in time to open the building during the winter season. The janitorial staff

will be cleaning the interior of the courthouse this winter while the contractor will be responsible for clearing the walkways and entrances.

Bill Jones asked if it was a matter of having differences of opinion to explain the difference in the department head's proposal and the administrator's proposal. The explanation was that the department head's figures were preliminary and the adjusted figures were appropriate cost estimates that both the administrator and department head agreed upon.

Bill Jones suggested it appeared that the brick re-pointing and Superior Courtroom painting projects were proposed in lieu of other projects. There were discrepancies in the proposed cost estimates for some of the projects. Mr. Hart explained that when the 1978 section of the courthouse flat roof was looked at this year, the estimate then became a quote of \$35,000.00 to replace the roof and install an EPDM membrane.

The window replacement project was put in the 2009 budget. It is expected to be completed in 2010 in conjunction with the brick re-pointing project. Funding for some of the window replacement project is expected to come from the energy efficiency grant that the County applied for, which was initially denied. It has been appealed and it is expected that the County will receive \$179,000.00 in grant funds.

The re-pointing project started with what appeared to be the back portion of the courthouse falling away. An engineer was contacted to examine the building and determined that it was not going to get any worse and drainage pipes were installed to take care of the water problem.

The Superior Courtroom needs to be painted and the lighting upgraded. The state agreed to a 50/50 cost sharing formula to pay for the project. The staging is the most costly portion of the project. The court will have to be closed for the duration of the project, but it is expected that this will be a one-time expenditure. The replacement of the light fixtures may qualify for the energy efficiency grant.

Commissioner Roger Moody asked about the reduction in heating costs for the courthouse. It was noted that there were no exact figures available, but the more windows that were replaced, the less heat that would be lost through the old windows and casements. Most of the heat lost was through the windows, not the walls which are very thick in the old section of the courthouse.

The boiler replacement project was postponed and funding removed from the 2009 budget. The recommendation was to start putting money in reserve to pay for the replacement in 2014 at an estimated cost of \$50,000.00. Mr. Hart explained that he planned to have an energy consultant review heating issues in the courthouse. The project may need to be done sooner if the consultant recommends changing the boiler.

Bob Duke recommended doing the boiler replacement now because the pay back is so quick. The boiler is approximately 15 years old and has a larger capacity than is needed for the building. A boiler needs to be properly sized. The heat retention is unknown and will remain so until the completion of the window replacement project. Mr. Duke recommended putting the cost of the boiler in the proposed 2010 budget to see what the budget figures look like.

The energy efficiency grant may be used to pay for the boiler, but final notification of approval for the grant has not been received. The concept for the 2010 budget was to have funding in it for all the catch-up projects for repairs to the courthouse because of the jail debt being retired. It now it appeared that the boiler replacement project was being put off and the concept was changed to one of saving for it by putting money in reserves each year.

Commissioner Roger Moody commented that it would be a good idea to have a five year capital improvement plan in place to show the projects proposed over that time span. The roof replacement was being funded in the 2010 budget, the boiler replacement was expected to be done in four years, and the chill water system in 10 years.

One consideration, in developing the 2010 budget, was trying to keep the tax assessments down.

It was noted that \$500,000.00 was taken from airport surplus to pay for the terminal building and therefore it did not seem to make sense to be saving for a \$50,000.00 boiler over three years. It was suggested that funds for the boiler replacement project be put in the building maintenance proposed budget for 2010.

Elizabeth Dickerson commented that she would like to see the energy efficiency study done before purchasing a boiler. Mr. Grout agreed. There are 97 windows in the building and 16 are scheduled to be replaced in 2010. It was expected that the window replacement project would be on-going, with the windows in the worst condition being replaced first.

It was agreed that the \$15,000.00 should be taken out of the proposed budget for the boiler.

There are two other changes. The property management line should be \$3,832.00, which is the amount in the agreement with the state. The other change is that the health insurance line has been adjusted to reflect the rate increase of 1.58 percent. All of the budgets now reflect this rate increase. The health insurance was looked at because the plans were changed over the last few years. The County has the lowest plan and it does not cover as many items as some of the other plans. Changing to a better plan offered by Maine Municipal Employee Health Trust (MMEHT) would be more than a five percent increase. The County plans to stay with MMEHT. It is expected that there may be other options available next year.

It was agreed that the proposed 2010 building maintenance budget was reasonable with the changes as recommended by Mr. Hart and the deletion of the \$15,000.00 for the boiler replacement project.

8. Airport – pages 37-40

Airport Manager Jeff Northgraves distributed copies of the proposed schedule for airport expenditures over the next 20 years. The airport manager explained that the business plan subcommittee had been meeting for the last two years, with Chris Shrum facilitating the meetings. There were very specific recommendations by the business subcommittee as outlined in the distributed sheets.

The business plan was expected to be presented to the Commission for approval in November or December. There were a number of philosophical ideas behind the budget proposals. The committee had very intense discussions, which basically focused on the philosophy that the airport should not be self sufficient and should be supported by county through taxation. The premise was that self-sufficiency would be supported by airport economic development and that would be a burden to the local community. It was noted that there were many facilities in the area that were a burden to the local community while benefiting the larger community. It was a matter of doing business.

The Knox County Commission was made aware of this sentiment was asked to make a decision on whether to go on exclusively with self supporting development or exclusively with support by taxation. It was decided that it should be approached with a combination of efforts to lessen the burden to the taxpayers with the understanding that there will always be a need for some support through taxation.

Bob Duke commented that there was \$500,000.00 used for terminal building, which came from tax dollars. The airport budget does not show this use of reserves.

Bill Jones stated that he wanted to know where the guidance was for finding this middle of the road approach. Mr. Northgraves explained that part of the business document is creating a staff succession plan. One part of the succession plan was to add a part-time maintenance person to eventually replace the chief of maintenance and the other part is to plan for the eventual replacement of the airport manager. The recommendation was to start this succession plan this year in order to increase the airport manager's salary over the next five years.

One other change in the proposed airport budget for 2010 was for an increase in the advertising line. The county administrator left this line in, but reduced it. Mr. Northgraves recommended joining with Cape Air to do more advertising to market the airport and its services. He said he was comfortable with the reduced figure of \$3,000.00.

The three items mentioned are on the first page of the handouts. The next page illustrates other recommendations. One of the decisions was the terminal building. It is not expected that the terminal building will impact the airport budget the first year it is completed. There will be associated costs in the following years. The revenues that may be generated from the new terminal building, specifically from the café and gift shop, are unknown.

Another recommendation was to start funding a capital improvement plan, which is approximately \$25,000.00 a year, which is two percent of the federal funds received each year. Traditionally there has been no plan and items were budget requests and usually came from surplus or reserves. The idea was to have the items actually in the budget. Some items are, and some are not, AIP eligible.

There was a misconception that the airport could not have a passenger facility charge. It is another recommendation that the passenger facility charge of \$4.50 on every enplaning passenger be implemented. The airlines collect the fees and pass them on to the airport to be used to offset the capital improvement plan.

The question of going for a full economic push would mean going out tomorrow and making money by building 40 – 50 or more new hangars. There would be a waiting list to purchase the new

hangars. The building of additional hangars translates into additional aircraft and this could have an environmental impact on the local residents of South Thomaston and Owls Head. The middle of the road approach is to build six (6) new hangars and see what the impact is to the local residents. A gradual growth pattern appears to be an effective way to manage economic growth in the area and a strategy for balancing the support of the airport between taxation and self funding methods.

Bob Duke asked about the demographics of the airport business subcommittee. There is one Fixed Based Operator (FBO), Kevin Waters from Penobscot Island Air, Marilyn Hotch, Kathleen Allain and Ken Wexler from Owls Head, Vivian Newman from South Thomaston, and Bill Maddox from Rockland. Mr. Northgraves commented that there was an even split among the members, some for, some against, and some in the middle. The subcommittee was selected by the Airport Public Advisory Committee.

Airport Manager Jeff Northgraves commented that he agreed with the county administrator and finance director's input to the airport's proposed budget for 2010. The one item that he was here to pitch for was the part-time employee.

It was noted that the maintenance supervisor was a specialized position and it will take time to train a replacement. There are several individuals in the area that may be able to fill the position. The person has to know the very specific requirements in each of the tasks performed. A lot of the mechanical work has been done on site by this person rather than being contracting out.

Vivian Newman commented that she was at the meeting to underscore the personnel and succession issues and needs. The future of the airport depends on who manages the airport and she strongly recommends the increases as suggested by the business plan.

The Hancock Airport Manager's salary is \$87,000.00 and the successor is slated to make \$75,000.00. The two airports were similar in the past, but are now different with Cape Air providing service to Boston.

The workload at the airport has increased. The part-time position will eventually move into the maintenance supervisor's position. There will still be a need for a part-time position further down the road for winter maintenance and some summer maintenance.

Finance Director Kathy Robinson commented that what needed to be determined is why the position is needed. Is it to job shadow for a year to eventually replace the maintenance supervisor? If so, this would be setting precedence in the County's hiring process for other positions. It appeared that the actual need for the position should be documented. The County is being asked to fund a position to learn a trade.

Mr. Hart asked if the snowplowing could be contracted. Mr. Northgraves responded that it could not because the plowing of the runways is very specific and there is a long training process. Elizabeth Dickerson commented that the maintenance supervisor appeared to have a large amount of very specific information that was probably not in the job description and wondered if it was possible to find a replacement by simply advertising. Mr. Northgraves explained that he felt confident in finding a replacement to be trained. If the maintenance supervisor should leave sooner, the airport manager could borrow an employee from another airport to get by for awhile.

Mr. Northgraves commented that the airport manager's salary needed to be increased to attract a qualified person in the future. The replacement for the maintenance supervisor would only need to be increased if it was necessary to attract a certified person to come from another airport. At some point need start increasing the salaries each year because they have been low.

Ann Matlack asked if the recommendation is for the part-time position and the increase in the airport manager's salary.

It was noted that it might be short-sighted not to hire a part-time person because of the increase in the maintenance workload.

Commissioner Roger Moody suggested doing a pay comparison. Mr. Northgraves reported that Chris Shrum did a study to support these figures. It was noted that this issue was discussed during union negotiations. Salary surveys have been conducted in the past by various groups. Mr. Hart commented that it was more than what the office could handle and it was thought that a professional survey could be contracted out.

Commissioner Richard Parent commented that the employees are the most important asset the County has. The bottom line was often what was looked at rather than a plan for employee retention.

Bob Duke asked if the passenger facility charge was in the budget as revenue. Mr. Northgraves explained that he did not have the final word from the FAA on this issue, but funds cannot be used in the same year that they are collected. The revenue from the passenger facility surcharge would show in the following year's budget. The plan was to implement the program in January 2010. This year's projects are coming out of reserves and are mostly involved with the terminal building. It's like a pass through to off-set the capital improvement plan. Going out over the years, it will be capped out because of the limits on spending.

The projected revenues dropped this year and are expected to decline next year. The TSA lease does not exist and the fuel surcharge is off by about 40 percent. The terminal building will occupy the current Downeast leased property so that revenue will be gone.

Revenues in 2009 are expected to be \$375,000.00 and the revenues for 2010 are expected to be \$210,000.00.

Mr. Northgraves reported that the estimate to operate a comparable airport is \$60,000.00, nationwide. The airport manager explained that when he started in his position, he was looking to coming in under the \$60,000.00. Last year, the budget could have been zero, but that would require the use of surplus.

The 2010 proposed budgets for EMA, the Sheriff's office and the District Attorney's office will be reviewed at next week's meeting. The Communications department proposed budget will be discussed further.

V. Adjourn

- A motion was made by Bob Duke to adjourn. The motion was seconded by Sid Lindsley. A vote was taken with all in favor.
- A motion was made by Commissioner Richard Parent to adjourn. The motion was seconded by Commissioner Roger Moody. A vote was taken with all in favor.

The meeting adjourned at 8:30 p.m.

Respectfully submitted,

Constance W. Johanson
Executive Assistant

The Knox County Commission approved these minutes at the joint meeting with the Knox County Budget Committee held on November 12, 2009.

Anne H. Beebe-Center, Chair – Commissioner District #1

Richard L. Parent, Jr. – Commissioner District #2

Roger A. Moody – Commissioner District #3