

KNOX COUNTY COMMISSION

Special Joint Meeting Knox County Commission and Budget Committee

Tuesday – November 9, 2010 – 5:00 p.m.

A special joint meeting of the Knox County Commission and the Knox County Budget Committee was held on Tuesday, November 9, 2010, at 5:00 p.m., at the county courthouse, 62 Union Street, Rockland, Maine. The Executive Assistant Constance Johanson 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, Airport Manager Jeff Northgraves, and EMA Director Ray Sisk.

Budget Committee members present were: Ann Matlack, Bob Duke, Sid Lindsley, Dorothy Meriwether, Elizabeth Dickerson, Tina Plummer, Mason Johnson, Jim Bowers, and Bill Jones.

Also present were: Lawrence Nash of Union and Carol Maines of Rockland.

Special Meeting – Agenda Tuesday – November 9, 2010 – 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 Approve Minutes** (Chair Ann Matlack for the Knox County Budget Committee, Commission Chair Anne Beebe-Center for the Knox County Commission)
 1. Minutes of Budget Review Meeting of November 4, 2010.
- III. 5:05 Budget Review**
 1. EMA (pgs. 14-16)
 2. Airport (pgs. 31-33)
- IV. 7:00 Adjourn**

I. Meeting Called to Order

The November 9, 2010 joint meeting of the Knox County Budget Committee and the Knox County Commission was called to order by Budget Committee Chair Ann Matlack and Commission Vice-Chair Roger Moody.

II. Approve Minutes

Chair Ann Matlack called for a motion and second to approve the minutes of the Budget Review Session held on November 4, 2010

- A motion was made by Sid Lindsley to approve the minutes of the November 4, 2010 meeting. The motion was seconded by Jim Bowers.

Dorothy Meriwether commented that she wanted it noted that she had a concern with the minutes regarding her comment on page 7. She said she wanted it noted that she was uncertain about the two percent wage increase and the whole point that she was making was that she felt pressured into making a decision on the two percent wage increase. She is behind reducing the budget overall and would like to see it flat funded.

Bob Duke suggested modifying the motion.

- A motion was made by Dorothy Meriwether to strike the paragraph and to approve the minutes of the November 4, 2010 meeting as amended. The motion was seconded by Sid Lindsley with Jim Bowers agreeing to the second. A vote was taken with eight in favor and one abstention (Bill Jones) to approve the minutes as amended.
- A motion was made by Commissioner Richard Parent approve the minutes of the November 4, 2010 meeting as amended. The motion was seconded by Commissioner Roger Moody. A vote was taken with all in favor.

III. Budget Review

1. EMA – pages 14 - 16

EMA Director Ray Sisk commented that the Emergency Management Agency (EMA) proposed budget for 2011 was down slightly. Ann Matlack asked what LEPC stands for and was told it

stands for the Local Emergency Planning Committee. The members represent local municipalities, industry, public safety, and media. It was originally set up under Title 3 of the Superfund Act Reauthorization Amendment (SERA). The organization is required coordinate emergency exercises having to do with emergency planning regarding hazardous materials on sites throughout the county. The LEPC has 22 members with 14 statutory required seats. County Administrator Andrew Hart is the chair of the committee.

The LEPC pays for 5 hours a week for the EMA Clerk's position. There is a one time (one year – 2011) opportunity to add five hours for the EMA Clerk for a total 10 hours. In previous years, there was a 35/5 weekly hour funding split, but in 2011 there will be a 30/10 funding split with the LEPC. The funding split will return to the 35/5 funding formula in 2012.

Bob asked about the telephone expense line and the reason for the increase. Director Sisk explained that the EMA office applied for a grant to pay for a Reverse 911 Notification System. The grant was approved for the equipment and three years of support. The increase of \$771.00 in the telephone budget line is for additional telephone lines in support of the notification system. The Reverse 911 Notification System with its capacity of "on demand system" allows notifications to go out to every land-line phone in the county. Director Sisk was asked if this was more closely related to the communications department. The director said that communications would be a natural place to have the system, but it would remain with the EMA office even if communications and EMA were co-located at some point because it was eligible for the EMA 50 percent reimbursement program. This program is explained in the documentation provided to the committee and commissioners by Director Sisk.

Bill Jones asked about the increase in the ICMA budget line. The increase reflects the standard increase plus the director's participation in the program. The director did not elect to participate in previous years.

Director Sisk noted the effectiveness and performance of the office speaks for itself and in terms of dollar figures; the local investment is matched by federal dollars, which translates into having the program at half the cost. All the grants that have been received also assist in keeping the cost of the program down. The director reported that there have been private donations this year.

Bill Jones asked if all components of the current program are needed. Director Sisk said yes and more could be done. There are federal and state mandates including the care of pets during an emergency or disaster. EMA is expected to do a lot of different things and provide many services, but not all are mandated. The office provides approximately 60 percent of the services that could be provided. Bill Jones if there was any penalty associated with not providing the other 40 percent. Director Sisk explained that the EMA exercises "do diligence" in their operations to avoid any complications. He pointed out that the organizational study recommended adding another position even with the grant funded positions in place. The EMA office is always looking for volunteers to help with programs.

A reference was made to the federal funding and the possibility of it decreasing. It was noted that the 50 percent funding match, which is the federal Emergency Management Performance Grant (EMPG) will probably remain in place, but the homeland security grant funding may be effected because some of the threats have been mitigated since the September 11th terrorist attacks. The EMPG program has been offered to local municipalities with 11 towns participating.

Jim Bowers noted that the director had the opportunity to observe the Franklin County EMA operations. He asked how Knox County measured up to the other counties. Director Sisk commented he thought Knox County measured up and noted that the job is getting done with the help of some really great volunteers. He explained that there is a mutual aid agreement in place with Waldo County.

Ann Matlack asked if there were any question on line items before moving on to the next departmental review.

Bill Jones noted that there was a discussion last week on cutting the budget by a percentage and noted that some of the figures in the budget needed to be verified, such as the health insurance, and workers' compensation costs if the intent was to flat fund the 2011 budget proposal. He suggested waiting for these figures to be put in the budget proposal. Bob Duke suggested taking a consensus on the EMA proposed budget for 2011.

- A motion was made by Jim Bowers to approve the county administrator's proposal of \$51,807.00 for EMA; subject to changes in the health insurance and workers' compensation rates. The motion was seconded by Elizabeth Dickerson.

The question was asked if personnel services needed to be addressed in the motion. Jim Bowers said he left the reference to personnel services out of the motion. Ann Matlack commented that as

she understood it, the inference from last week's meeting was that the committee would reduce the overall budget and let the administrator determine where any cuts would be made. It was noted that a vote was taken on the previously reviewed departmental budgets to approve the county administrator's recommendations. It was noted that this is what is being proposed as a motion on the EMA budget.

Jim Bowers suggested that until all the departmental budgets have been reviewed there was little point in discussing the two percent wage increase. The consensus of the committee appears to be the development of a flat funded budget. The proposed budget may be flat funded at the end of the review sessions because of factors in the budgets not reviewed to date.

Bill Jones stated that he planned to abstain because, while the EMA budget proposal looks very reasonable, he did not want to vote on a specific figure for the bottom line because some figures in the budget proposal are incorrect. He suggested taking a consensus on the budget proposals as there may be changes.

Ann Matlack explained that her reasoning for asking for a motion was to get away from the practice of making changes at the very end of the budget process. It was noted that this budget process has been different from other years in that it was known that there could be changes made with rates being obtained late in the process and the commissioners making recommendations based on an organizational study. The county administrator had commented previously that there was the possibility that the final budget may not be ready for approval until sometime in January.

Bob Duke said he was planning on voting against the motion because of the way it was presented with the reference to the workers' compensation and the health insurance. He suggested taking a consensus on the EMA budget proposal. Jim Bowers said his intention of making a motion was to take a consensus and moving on to the review of the airport budget proposal. He said he was willing to withdraw his motion and use an informal method of consensus.

- A motion was withdrawn by Jim Bowers to approve the county administrator's proposal of \$51,807.00 for EMA; subject to changes in the health insurance and workers' compensation rate changes. The second to the motion was withdrawn by Elizabeth Dickerson.

The consensus of the budget committee was that the EMA budget proposal for 2011 was acceptable. It was noted that the EMA director had done a good job of presenting his budget.

2. Airport – pages 31-33

Airport Manager Jeff Northgraves distributed copies of corrected budget pages. The proposed figures are correct, but the percentages in the variance column have been corrected.

The terminal is nearing completion. The Open House has been moved from November 19th to December 17, 2010.

Last year a business plan was developed. Mr. Northgraves distributed copies of the business plan showing figures for 2011 through 2023. There was a projected figure for 2011 that was detailed in the spreadsheet of \$357,286.00 and that has been revised to a proposed figure of \$364,905.00. The total revenues are to be a little higher than those originally projected.

Mr. Northgraves explained that Table 12 shows the "impact on the taxpayer" as \$0.78 in 2011 in the proposed column and this figure is without the terminal. The cost of operating the terminal was originally estimated to be \$15,160.00 for 2011 and that has been revised to a projected cost of \$13,247.00. The estimated cost for custodial services has been revised from \$25,500.00 to \$17,700.00 because of the hourly rates quoted (\$15.00 per hour as compared to \$25.00 per hour). Other revisions were noted including the parking lots' porous material upkeep, which reflects an actual offer to plow the new parking lots and their annual vacuuming. The occupancy cost increased because of the increase in personal hours (20 to 28 hours) requested for the administrative assistant, the increase for electricity in the terminal, and the increase in cost for city water because of the water fountains and sprinkler system. Mr. Northgraves said he anticipated that the administrative assistant being accessed by the public more, especially in conjunction with the parking fee program.

Two telephone lines are necessary for the fire alarm system. There are some savings in the heating fuel budget line that serviced the old trailers. The trailers that were leased are gone and that is a savings of \$5,000.00.

Capital improvements section of the spreadsheet represents the county's share of the cost of the AIP projects. There will be a passenger facility charge in 2011, which can be used to offset the county's share of the AIP projects. The increase in the amount proposed to be put in reserve is to pay for items that are not AIP eligible such as the landscaping project. The town of Owls Head was promised that the area around the terminal would be landscaped and the cost of this project is

estimated to be \$10,000.00. The other \$4,000.00 will go towards the cost to deice the runway, which will improve the safety of the runway.

The part-time employee was recommended by business plan and the organizational study. Mr. Northgraves said he would prefer to have a full-time maintenance person, but a part-time employee would be sufficient for the summer maintenance, but the winter months really need a full-time employee. The terminal building upkeep adds to the duties of the maintenance staff. It was first thought that some of these duties could be provided by the courthouse maintenance staff, but this may not be a viable solution to the need for terminal maintenance. Currently there is a third maintenance person working as a temporary full-time maintenance employee until April 2010.

It was noted that there was some confusion because of the explanation, the business plan, and the corrected proposed budget pages. The explanation was based on the spreadsheets distributed by the airport manager, but the budget pages are what, for the most part, is being considered.

As proposed the electricity budget line was expected to cost \$18,000.00, but Mr. Northgraves said that he needs to add \$3,000.00 to this line. He also recommended adding \$240.00 to the proposed figure of \$2,160.00 for internet service because the actual cost of the service has been determined (\$2,400.00). The airport manager's revised proposed bottom line for his budget is \$79,541.00, which includes a full-time maintenance person.

County Administrator Andrew Hart recommended increasing the internet service and electricity budget lines, but not changing the additional maintenance person from part-time to full-time. He recommended \$69,352.00 for the total net budget for the airport. It was noted that the personnel service figures may change. The figures presented were calculated by the finance office.

Jim Bowers asked about the advertising budget line in terms of the business plan's recommendation of \$5,000.00. Currently the advertising budget line is at \$500.00. The reason that this line was not increased for 2011 is that the Augusta Airport received a public relations grant and is willing to share the grant funds with the Knox County Airport.

Bill Jones mentioned the opinion that the airport users should pay for operating the airport, rather than the taxpayers supporting airport operations. There was the question of how the airport could become self-sufficient. The answer is to build and sell hangars. It was noted that revenues cover 80 percent of the cost of airport operations.

The Owls Head Airport Advisory Committee presented their position to the commissioners that the airport should not develop the airport to the point of it being self-sufficient, but rather always using some tax dollars to support some services such as the air service to the islands. The commissioners took a "middle of the road" approach to answer the question on self-sufficiency or taxpayer support for airport operations. The decision was to limit the building of hangars, which lessens the impact of noise to the community and use some tax dollars in support of the airport. The hangar owners lease their hangar's site from the county, which accounts for some of the airport's revenue. The county also receives revenue from fuel sales at the airport as well as the excise tax for all aircraft based at the airport. Additional revenue is anticipated from leased space in the terminal. Mr. Northgraves anticipates that one hangar will be built in 2011.

Airport Manager admitted that the revenue projection may be optimistic because the space in the terminal has not been leased yet, but he said he was confident that the gift shop and café areas will be leased. The space that could be leased to car rental companies may not be leased soon because both Budget Rent-a-Car and Enterprise are not interested. The new hangar will provide revenue as soon as the contractor breaks ground.

Ann Matlack asked for a consensus on whether the additional maintenance person should be part-time or full-time. Jim Bowers said he would support the full-time position if there was a way to pay for it. Bob Duke said he would support a part-time maintenance person.

Commissioner Roger Moody asked if the maintenance staff position could be outsourced. Mr. Northgraves that the cleaning of the terminal could be contracted out, but the snowplowing of the runways and other maintenance duties associated with the airport proper have to have specialized training.

There was discussion on moving some funds within the budget if there was need. One budget line that has been used as a source of funding for other lines is the hazardous waste cleanup budget line. This line has been in the budget in case there is a spill but it has not been used often. This budget line or any other can be used a source of funds to supplement other lines that have been depleted by the method of authorized line transfers. Even though there is flexibility within a departmental budget, the bottom line can not be changed.

Bob Duke asked what the airport surplus figure is and was told it is \$58,000.00. Mr. Northgraves is currently using some of that money to pay for the temporary help. Surplus is used some years to help reduce the budget. The furniture for the terminal will deplete some of the reserves as well as some other items that are not AIP eligible.

Sid Lindsley asked if the budget numbers were padded. Finance Director Kathy Robinson explained that the budget shows what the department head anticipates the cost of operations to be, but there has to be some flexibility and movement between budget lines because the actual costs are not always the same as the projected ones. Mr. Northgraves stated that he was comfortable with keeping \$35,000.00 in surplus to provide coverage for unexpected expenditures. The audit each year shows the actual expenditures and revenues. At the end of each year the department head makes recommendations as to where to place unexpended funds. Some of the surplus this year will go towards the 27th pay period in 2010. It was noted that the airport surplus is separate from the county surplus.

Mr. Northgraves explained that the custodial position is estimated to be \$19,000.00, which translate into \$15.00 an hour for 21 hours per week (3 hours a day). This is a contract position. It was suggested that spill clean up could be taken from reserves rather than being a budget line because of the track record of this actually occurring.

A consensus was taken on the proposed net budget for the airport in the amount of \$69,252.00, which includes a part-time position. The consensus of the committee members is to agree with the administrator's recommendation and budget proposal of \$69,252.00 for the 2011 airport budget.

County Administrator Andrew Hart suggested that the review session calendar needed to be revised because of the organizational study being presented next week. The next joint budget meeting is scheduled for December 2nd for the review of budget proposals from the Registry of Deeds, Finance Office, Building Maintenance Department, and the Administrative Office. The next meeting is scheduled for December 9th to finish reviews or revisit departmental budgets if necessary. The public hearing is scheduled for December 16th at 6:00 p.m.

IV. Adjourn

A motion was made Sid Lindsley and seconded by Bob Duke to adjourn. 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 7:21 p.m.

Respectfully submitted,

Constance W. Johanson
Executive Assistant