

KNOX COUNTY COMMISSION

Public Hearing - Budget

Tuesday – December 11, 2012 – 6:00 p.m.

A public hearing on the proposed Knox County Budget for 2013 was held on Tuesday, December 11, 2012, at 6:00 p.m., at the county courthouse, 62 Union Street, Rockland, Maine. The Knox County Budget Committee and the Knox County Commission met following the public hearing.

Commission members present were: Carol L. Maines, Commissioner District #1, Richard L. Parent, Jr., Commissioner District #2, and Roger A. Moody, Commissioner District #3.

County staff present included: County Administrator Andrew Hart, Administrative Assistant Candice Richards, Chief Deputy Tim Carroll, Communications Director Linwood Lothrop, Register of Probate Elaine Hallett, Register of Deeds Lisa Simmons, Airport Manager Jeff Northgraves, Systems Administrator Mike Dean, and District Attorney Geoffrey Rushlau.

Budget Committee members present were: Ann Matlack, Dorothy Meriwether, Lawrence Nash, Elizabeth Dickerson (*arrived at 6:09 p.m.*), Bob Duke, Randy Stearns, Henry Carey, and Bill Jones.

Also present were: Laurie Bouchard, HR consultant; George Chappell of the Courier Gazette; Thomaston Town Manager Valmore Blastow; Rebecca Lothrop, resident of Rockland; Mark Hedrich of Knox-Lincoln Soil & Water District; Wesley Daniel, Washington Selectman; Donald Grinnell, Washington Selectman; Richard Carver, Owls Head Selectman; Nadine Reimer of the Knox-Lincoln Counties Extension Service; and Betty Thomas, resident of South Thomaston.

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|---|
| <p>I. 6:00 Meeting Called To Order (Chair Bob Duke for the Knox County Budget Committee, Commission Chair Roger Moody for the Knox County Commission)</p> |
| <p>II. 6:01 Approve Minutes (Chair Bob Duke for the Knox County Budget Committee, Commission Chair Roger Moody for the Knox County Commission)</p> <ol style="list-style-type: none">1. Minutes of Budget Review Meeting of November 15, 2012.2. Minutes of Budget Review Meeting of November 20, 2012. |
| <p>III. 6:03 Opening Remarks – Bob Duke, Chair</p> |
| <p>IV. 6:05 Public Hearing</p> <ol style="list-style-type: none">1. Chair Duke Opens Public Hearing on the 2013 Proposed Knox County Budget.2. Chair Duke Closes Public Hearing. |
| <p>V. Budget Committee Vote on 2013 Budget</p> <ol style="list-style-type: none">1. Vote to Approve 2013 Budget and Transmit to Commission. |
| <p>VI. Commission Vote on 2013 Budget</p> <ol style="list-style-type: none">1. Vote to Approve 2013 Budget. |
| <p>VII. Adjourn</p> |

I. Meeting Called to Order

Budget Committee Chair Bob Duke called the December 11, 2012 Knox County Budget Committee meeting to order at 6:05 p.m.

Commission Chair Roger Moody called the December 11, 2012 special meeting of the Knox County Commission to order at 6:05 p.m.

II. Approve Minutes

1. Minutes of Budget Review Meeting of November 15, 2012.

- A motion was made by Lawrence Nash to approve the minutes. The motion was seconded by Randy Stearns. A vote was taken with all in favor.
 - A motion was made by Commissioner Richard Parent to approve the minutes. The motion was seconded by Commissioner Carol Maines. A vote was taken with all in favor.
2. Minutes of Budget Review Meeting of November 20, 2012.
- A motion was made by Lawrence Nash to approve the minutes. The motion was seconded by Randy Stearns. A vote was taken with all in favor.
 - A motion was made by Commissioner Richard Parent to approve the minutes. The motion was seconded by Commissioner Carol Maines. A vote was taken with all in favor.

III. Opening Remarks

Budget Committee Chair Bob Duke

Chair Bob Duke asked everyone to introduce themselves:

| | | | |
|---------------------|-------------------|------------|--|
| Commissioner, Chair | Roger A. Moody | District 3 | Appleton, Camden, Hope, Isle Au Haut, Matinicus Isle Plantation, North Haven, Union, Vinalhaven, Washington and the unorganized territory of Criehaven |
| Commissioner | Richard L. Parent | District 2 | Cushing, Friendship, St. George, Thomaston and Warren |
| Commissioner | Carol L. Maines | District 1 | Owls Head, Rockland, Rockport and South Thomaston |

| | | | |
|-------------------------|---------------------|------------|---|
| Budget Committee, Chair | Bob Duke | District 6 | Rockport and Camden south of Route 1 from Camden/Rockport line to the Megunticook River |
| Budget Committee | Ann Matlack | District 1 | Isle Au Haut, Matinicus, North Haven, St. George and Friendship |
| Budget Committee | Dorothy Meriwether | District 2 | South Thomaston, Vinalhaven and Owls Head |
| Budget Committee | Elizabeth Dickerson | District 3 | Rockland |
| Budget Committee | Randy Stearns | District 4 | Camden – north of Route 1 from the Megunticook River |
| Budget Committee | Lawrence Nash | District 5 | Appleton, Union and Washington |
| Budget Committee | Bill Jones | District 7 | Warren and Hope |
| Budget Committee | Henry Carey | District 8 | Thomaston and Cushing |

Bob Duke noted that the Budget Committee and Commission had started reviewing the budget on October 25th and that one of the biggest increases in the budget is the former Courier Gazette building located at 301 Park Street in Rockland.

IV. Public HearingQuestion/Comment Period:

The public hearing portion of the meeting commenced at 6:10 p.m.

Mark Hedrich – Knox-Lincoln Soil & Water District

Mr. Hedrich asked the Commission and Budget Committee to reconsider their previous straw vote regarding his budget request. At the last meeting on November 20th, the straw vote was in favor of only increasing the 2012 budget request by 2% for the 2013 budget year. Mr. Hedrich stated that he needed his full budget request and that part of the reason for the increase was because his agency had been co-located with another agency but have since then been left to find their own location and pay utilities and other expenses (copier, computers, etc.). Chair Bob Duke stated that the Committee could take this up for discussion after the public had all been given an opportunity to speak.

Val Blastow – Thomaston Town Manager

Mr. Blastow explained that he had handed out a written statement which he requested be entered into the record. He declined to read the statement as it was several pages long. Below is his written statement that has been entered into record by adding it to these minutes:

I am here this evening to simply state that I believe that the wage and benefit portion of this budget based on the changes since 2007 poses serious tax impacts on the citizens of Knox County for the future, in my opinion, as well as the liability being created at the State level in the Corrections Budget.

Knox County is not being fiscally prudent. The County realized \$810,000 in savings between 2007 and 2012 by replacing maintenance staff with contract services (\$150,000), reducing insurance costs (\$170,000), and retiring the jail bond in 2010 (\$490,000). In addition, the County's jail budget over the past four years has been capped, with any increases being paid by the State Board of Corrections, which began overseeing county jails in 2008. Yet despite these savings, the County budget has increased dramatically since 2007. How has this happened?

First, the County increased non-jail employees' wages and benefits by \$750,000 between 2007 and 2010. Then, in 2010, the county completed a Department and Organizational Study that identified "(disparities real or perceived in wage rates and classifications" among county employees. Such disparities may well have been created over the preceding three years of compensation increases, but the County's response was to commission a wage and classification study in 2011, and then, following the recommendations of that study, to approve compensation increases of another \$280,000 for non-jail employees, an increase of more than \$1,000,000 or 32% since 2007. Given that there are approximately 44 non-jail County employees in 2012, that's an average wage-and-benefits increase of more than \$20,000 per employee through the economic downturn of 2007 - 2012.

Between 2007 and 2013 just six of the 44 non-jail positions will have received \$134,813 in wage adjustments, or \$24,468 average each in monetary increases or 52% from \$260,812 to \$395,625. These positions now ranging from \$60,594 to \$69,865 will exceed the Administrator of a larger county than Knox. While three other Knox County Department Heads only receive between \$30,000 and \$40,000. However, in regards to the Corrections/Jail positions now controlled by the State through a Board of Corrections under Title 34A, their authority is limited as they do not have the authority to exercise jurisdiction over labor negotiations or contracts. Therefore in my opinion, this administration would have authority as set under the charter to fair and equitable treatment.

A fair and equitable review of the 46 Corrections positions will reveal wages and benefits have only increased 10% in six years or \$234,479 while the 44 other county employees will have increased 36% or \$1,106,796. The end result is a \$716,892 difference in increase between the two groups even if ALL employees had received 3% every single year since 2007.

Again, the purported 4% increase in the proposed budget in reality is an 8% increase, as the capped Jail Budget of \$3,188,700 is included in the calculation. It is therefore inaccurate and misleading for the County to continue to include it.

The Maine Sunday Telegram printed an editorial on July 29, 2012, stating that the State Board of Corrections' oversight of jails since 2007 had avoided \$16.5 million in property tax increases at the local level while costing state taxpayers only \$8.5 million. (In Knox County, as noted above, these savings have been negated by non-jail County increases.) Citing the effectiveness of state cost sharing, the editorial advocated its continuance. But what will happen if the state curtails its support of county jails in the future? As Thomaston's Treasurer and Town Manager, this scenario concerns me a great deal.

Consider that the state has reduced its commitment to Thomaston's education costs (under Aid to Education and State Revenue Sharing) by \$811,000 since 2007-2008. If not for that, Thomaston's mil rate for 2013 would be 14.4, not 16.8. Anyone arguing that the state will not cease paying a share of county jail costs should stop and remember this!

Given current trends, the State Board of Corrections will have approved an annual payment to Knox County above the \$3,188,700 cap of \$934,924 by 2015. If the state were to cease that payment, Thomaston alone would pay an additional \$41,189 annually.

I do not believe the Knox County towns cannot afford the current county budget trends.

Valmore Boston Jr. 12-11-12
Thomaston Town Manager

Knox County Budget Changes 2007-2013 Wages & Benefits

The following is a review of wage and benefits for Knox County in two categories: all other County Employees group and Jail/Corrections in another group. The review utilizes actual wage and benefit budget expenses for 2007 and then arbitrarily increases both 3% per year through 2013 and then compares the aggregate impact to the actual 2013 budget expenses. The result is a 32.72% increase for all other employees and a 10.22% increase for Jail/Corrections employees. The all other group received an estimated \$519,667 more than a 3% increase for all the years, and the Jail/Corrections group received an estimated \$131,058 less than a 3% increase for all the years would have resulted in!

| All Other Knox County Employees Wage & Benefit | | | Jail/Correction Wages & Benefits | | |
|---|----|------------------------|--|----|------------------------|
| Year | % | | Year | % | |
| 2007 | 3% | \$ 3,095,500 92,865 | 2007 | 3% | \$ 2,295,020 68,851 |
| 2008 | 3% | 3,188,365 95,651 | 2008 | 3% | 2,363,871 70,916 |
| 2009 | 3% | 3,284,016 98,520 | 2009 | 3% | 2,434,787 73,044 |
| 2010 | 3% | 3,382,536 101,476 | 2010 | 3% | 2,507,830 75,235 |
| 2011 | 3% | 3,484,013 104,520 | 2011 | 3% | 2,583,065 77,492 |
| 2012 | | 3,588,533 107,655 | 2012 | | 2,660,557 79,816 |
| 2013 | | 3,696,188 | 2013 | | 2,740,373 |
| Actual | | \$ 4,202,296 | Actual | | \$ 2,529,499 |
| Received an Additional Above 3% Every Year | | \$ 506,108 | Paid Less Than 3% Per Year Increase | | \$ (210,874) |
| Increase 07 - 12 | | \$ 1,106,796 | Increase 07 - 12 | | \$ 234,479 |
| Percent of Change | | 35.75% | Percent of Change | | 10.22% |

DEPARTMENT TOTAL EXPENDITURES

| | 2007 | PROPOSED 2013 | AMOUNT OF INCREASE | % OF INCREASE | YEARLY AVERAGE FOR 6 YRS |
|-------------------|-----------|------------------|-----------------------|------------------|--------------------------------|
| ADMINISTRATION | 250,419 | 472,567 | 222,148 | 88.71% | 14.79% |
| DISTRICT ATTORNEY | 278,521 | 403,809 | 125,288 | 44.98% | 7.50% |
| EMA | 96,983 | 137,034 | 40,051 | 41.30% | 6.88% |
| FINANCE | 143,231 | 253,190 | 109,959 | 76.77% | 12.80% |
| PROBATE | 185,588 | 230,290 | 44,702 | 24.09% | 4.01% |
| REGISTRY | 243,353 | 251,271 | 7,918 | 3.25% | 0.54% |
| SHERIFF | 1,604,457 | 1,991,696 | 387,239 | 24.14% | 4.02% |
| AIRPORT | 272,108 | 507,416 | 235,308 | 86.48% | 14.41% |
| DISPATCH/COMM | 723,953 | 1,013,512 | 289,559 | 40.00% | 6.67% |
| TOTALS | 3,798,613 | 5,260,785 | 1,462,172 | 38.49% | 6.42% |
| JAIL/CORRECTIONS | 3,497,606 | 3,572,980 | 75,274 | 2.15% | 0.36% |

KNOX COUNTY WAGE AND BENEFIT COMPARISON
DECEMBER 5, 2012

| ALL OTHER EMPLOYEES (44) | | | JAIL/CORRECTIONS EMPLOYEES (46) | | |
|---|-------------|------------|---------------------------------|--|------------|
| 2007 | | % INCREASE | | | % INCREASE |
| WAGE | \$2,393,066 | | \$1,659,988 | | |
| BENEFITS | \$895,666 | | \$635,032 | | |
| 2008 | | | | | |
| WAGE | \$2,563,954 | 7% | \$1,802,090 | | 9% |
| BENEFITS | \$909,464 | 2% | \$598,213 | | -6% |
| 2009 | | | | | |
| WAGE | \$2,672,944 | 4% | \$1,802,090 | | |
| | \$922,253 | 1% | \$598,245 | | |
| 2010 | | | | | |
| WAGE | \$2,806,299 | 5% | | | |
| BENEFIT | \$987,349 | 7% | | | |
| NOTE: ELIMINATED ALL MAINTENANCE WITH A SAVINGS OF \$153,545 | | | | | |
| 2011 | | | | | |
| WAGE | \$2,775,997 | 3% | | | |
| BENEFIT | \$1,088,336 | 15% | | | |
| 2012 | | | | | |
| WAGE | \$2,892,578 | 4% | | | |
| BENEFIT | \$1,135,575 | 4% | | | |
| 2013 | | | | | |
| WAGE | \$3,040,591 | 5% | \$1,896,781 | | 5% |
| BENEFIT | \$1,161,705 | 2% | \$632,718 | | 0% |



KNOX COUNTY COMMITTED TO TAX/FEE
OCTOBER 2012

| | 2007 | 2008 | % | 2009 | % | 2010 | % | 2011 | % | 2012 | % | 2013 PROPOSED | % |
|----------------|-----------|-----------|--------|-----------|---------|-----------|--------|-----------|--------|-----------|-------|------------------|-------|
| TOTAL EXPENSES | 8,343,050 | 8,259,933 | -1.00% | 9,157,890 | 10.87% | 8,979,218 | -1.95% | 9,063,892 | 0.94% | 9,166,444 | 1.13% | 9,698,616 | 5.81% |
| REVENUES | 1,262,029 | 1,798,583 | 42.52% | 1,310,760 | -27.12% | 1,627,707 | 24.18% | 1,611,316 | -1.01% | 1,635,974 | 1.53% | 1,742,683 | 6.52% |
| COMMITTED | 7,081,021 | 6,461,350 | -8.75% | 7,847,130 | 21.45% | 7,351,511 | -6.32% | 7,452,576 | 1.37% | 7,530,470 | 1.05% | 7,955,933 | 5.65% |

KNOX COUNTY BUDGET CHANGES FROM THE OCTOBER 25, 2012 BUDGET PROPOSAL

| PAGE | EXPLANATION |
|------|--|
| 9 | Audit transferred to Finance \$11,000 Consultation: reduced \$8,000 (HR?) |
| 11 | Building Upgrade: reduced \$28,000 |
| 13 | Electricity: \$8000 added |
| 14 | Health Insurance reduced \$16,000 |
| 16 | Insurance: \$800 |
| 18 | Added \$11,000 from page 9 audit |
| 19 | Reduced Health Insurance \$3,000 |
| 21 | Reduced Health Insurance \$2,000 |
| 23 | Reduced \$13,000 Health Insurance; reduced \$7,000 Workers' Comp |
| 24 | Reduced TAN \$5,000 |
| 25 | Reduced Health Insurance \$2,000 |
| 26 | Reduced Capital Reserve \$25,000 |
| 28 | Reduced Health Insurance \$8,000 |
| 28 | Tower Rental reduced \$14,400 |

Don Grinnell – Washington Selectman

Mr. Grinnell thanked the Committee and Commission for doing a good job working on the budget this year. He said that yes, there is an increase but he recognized that most of that is related to the debt service for the 301 Park Street. He asked if there was any surplus being applied to the 2013 budget and if that is consistently done every year. He said that if this is being done every year then he wondered if the County was collecting more taxes from the towns than was necessary.

Administrator Hart responded that the County did use \$175,000 of surplus in the 2013 budget, which happens to be the same amount as what was used in the 2012 budget. He added that he didn't know if the same thing would be done in future years and noted that three years ago the County didn't use any surplus funds towards the budget that year.

There was a brief discussion regarding whether the County surplus complied with state statute and whether the County should apply surplus to the County budget or not. It was noted that not all Budget Committee members agreed whether the County should carry 20% surplus or not, but that the Committee was all in agreement on using the \$175,000 of surplus in the 2013 budget.

There was no other public comment.

Public Hearing Closed:

The public hearing portion of the meeting was closed at 6:26 p.m.

- Dorothy Meriwether made a motion to have a discussion about the Knox-County Soil & Water request. Bill Jones seconded the motion.

Administrator Hart noted that there was a difference of \$5,333 between the amount currently in the budget and what was actually requested by Knox-Lincoln Soil & Water. The request had been for \$25,143 while the administrator's recommendation had been \$19,810 (which is 2% over 2012). The Committee had voted on November 20th to fund the Administrator's recommendation amount of \$19,810; however, some Budget Committee members voiced their feelings of support for the full amount of \$25,143 and wished to take another vote.

- Lawrence Nash made a motion to change the number in the budget to the full request of 25,143. Randy Stearns seconded the motion. A vote was taken with six in favor (Duke, Meriwether, Matlack, Nash, Stearns, Dickerson) and two opposed (Carey, Jones). The motion therefore passed.

V. Budget Committee Vote on 2013 Budget

Vote the bottom line – the Budget Committee is responsible for setting the bottom line.

- A motion was made by Randy Stearns to approve the 2013 Knox County Budget as proposed in the total amount of \$9,552,122 and a net amount of \$7,770,034 and transmit the 2013 Knox County Budget to the Knox County Commission. The motion was seconded by Ann Matlack. A vote was taken with 7 in favor (Stearns, Duke, Nash, Matlack, Carey, Jones, Meriwether) and 1 opposed (Dickerson). The motion therefore passed.

VI. Commission Vote on 2013 Budget

- A motion was made by Commissioner Carol Maines to approve the 2013 Knox County Budget as presented in the total amount of \$9,552,122 and a net amount of \$7,770,034. The motion was seconded by Commissioner Richard Parent. A vote was taken with all in favor.

The 2013 Budget was therefore passed.

VII. Adjourn

- A motion was made by Randy Stearns to adjourn the meeting. The motion was seconded by Ann Matlack. A vote was taken with all in favor.
- A motion was made by Commissioner Carol Maines to adjourn the meeting. The motion was seconded by Commissioner Richard Parent. A vote was taken with all in favor.

The meeting adjourned at 6:41 p.m.

Respectfully submitted,

Candice Richards
Administrative Assistant

The Knox County Commission approved these minutes at their regular meeting held on January 8, 2013. The Knox County Budget Committee approved these minutes at their quarterly meeting on May 2, 2013.