KNOX COUNTY COMMISSION
KNOX COUNTY BUDGET COMMITTEE

Quarterly Budget Committee Meeting **Thursday – August 27, 2015 – 5:00 p.m.**
Knox County Commission and Budget Committee

A Quarterly Budget Meeting of the Budget Committee was held on Thursday, August 27, 2015, at 5:00 p.m., at the county courthouse, 62 Union Street, Rockland, Maine. The administrative assistant was present to record the minutes of the meeting.

Commission members present were: Commissioner Carol L. Maines, District 1 and Roger A. Moody, District 3. *Commissioners not present: Richard L. Present, District 2.*

County staff present included: County Administrator Andrew Hart and Administrative Assistant Candice Richards.

Budget Committee members present were: Bill Jones, Lawrence Nash, Dorothy Meriwether, Bob Duke, Shawn Levasseur, Nicholas Lapham, and Gerald Zwick. *Budget Committee members not present: Stephen Carroll, Randy Stearns.*

Others present: MCOG Board Chair John Shattuck; and Steve Jones of Building Envelope Specialists.

Special Meeting – Agenda
Joint Quarterly Budget Committee Meeting
Commission Hearing Room
Thursday – August 27, 2015 – 5:00 p.m.

I. 5:00 Meeting Called To Order (Chair Dorothy Meriwether for the Knox County Budget Committee, Commission Chair Roger Moody for the Knox County Commission)

II. 5:01 Approve Minutes
1. Minutes of the Quarterly Budget Meeting of May 7, 2015

III. 5:03 Appointment to District 1 Budget Committee Seat
1. Appointment by Budget Committee
2. Confirmation of Appointment by Commission

IV. 5:08 Appointment to District 8 Budget Committee Seat
1. Appointment by Budget Committee
2. Confirmation of Appointment by Commission

V. 5:15 Discussion Items:
1. Presentation by MCEDD - John Shattuck, on the merger of MCOG and MCEDD
2. Presentation by Building Envelope Specialists - Steve Jones, on the Knox County Exterior Building Envelope Including Brick and Granite Repair and Replacement
3. Review of 2nd Quarter of 2015
4. Review Budget Calendar for 2016 Budget Process
5. Other Business

VI. Adjourn

I. Meeting Called to Order

The August 27, 2015 joint meeting of the Knox County Budget Committee and the Knox County Commission was called to order by Budget Committee Chair Dorothy Meriwether and Commission Chair Roger Moody at 5:00 p.m.

II. Approve Minutes

1. Joint Quarterly Budget Meeting of May 7, 2015.

- Bob Duke motioned to approve the minutes. Lawrence Nash seconded the motion. A vote was taken with all in favor.

III. Appointment to District 1 Seat

Chair Dorothy Meriwether asked for a motion to appoint Nicholas Lapham to the vacant District 1 (*Isle Au Haut, Matinicus, North Haven, St. George, and Friendship*) Budget Committee seat to expire December 31, 2016.

- Bob Duke motioned to appoint Nicholas Lapham to the District 1 Budget Committee seat. Shawn Levasseur seconded the motion. A vote was taken with all in favor.

Commission Chair Roger Moody called for a motion to confirm Nicholas Lapham to the vacant District 1 Budget Committee seat to expire December 31, 2016.

- Commissioner Roger Moody motioned to appoint Nicholas Lapham to the District 1 Budget Committee seat. Commissioner Carol Maines seconded the motion. A vote was taken with all in favor.

IV. Appointment to District 8 Seat

Chair Dorothy Meriwether asked for a motion to appoint Gerald Zwick to the vacant District 8 (*Thomaston/Cushing*) Budget Committee seat.

- Bob Duke motioned to appoint Gerald Zwick to the District 8 Budget Committee seat to expire on December 31, 2018. Shawn Levasseur seconded the motion. A vote was taken with all in favor.

Commission Chair Roger Moody called for a motion to confirm Gerald Zwick to the vacant District 8 Budget Committee seat.

- Commissioner Carol Maines motioned to appoint Gerald Zwick to the District 8 Budget Committee seat to expire on December 31, 2018. Commissioner Roger Moody seconded the motion. A vote was taken with all in favor.

V. Discussion Items:

1. Presentation by MCEDD – John Shattuck, on the merger of MCOG and MCEDD

   Administrator Hart introduced John Shattuck as being the Economic and Community Development Director for the Town of Topsham and also the Chair for the Midcoast Council of Governments (MCOG) Board. He said that he had asked Mr. Shattuck to attend this meeting to do a short presentation and answer questions.

   Mr. Shattuck explained that the MCEDD General Assembly voted at their last meeting to dissolve MCEDD, and to transfer assets and liabilities, along with the right to use the name MCEDD, to MCOG. MCOG is now the economic development district for this area. The MCEDD model for membership and funding had been counties, but MCOG also allows municipalities to become funding members on their own. MCEDD didn't really enforce payment amounts from counties in order to secure funding, but Lincoln County was not funding MCEDD at all and still getting resources. Knox County had previously been a strong partner but followed suit and only allocated $10,000 in 2015, which is a lot less than the amount requested by MCEDD. Waldo and Sagadahoc Counties have both joined (all their towns) MCOG. Lincoln County has not joined, but Wiscasset has joined on its own and Boothbay and Boothbay Harbor might. In Knox County, the four largest municipalities (Camden, Thomaston, Rockland and Rockport) have already joined on their own. That means that if Knox County as a whole wishes to join MCOG, the County will only have to pay for the remaining 14 municipalities. The MCEDD formula was about $0.75 per capita for 2015 - 2016. The decision was made by the MCOG board that membership would be offered to MCEDD members at that same rate, rather than $1.50 per capita like the other MCOG members. The amount Knox County would need to pay for a full year (July 1, 2015 – June 30, 2016) is $16,094. Since Knox is on a calendar year, for 2015 the balance due is $8,047. If Knox County only pays the $5,000 that was actually budgeted for the last 6 months of 2015, the County is $3,047 short. To be a member of MCOG for the last six

months of 2016, the County would need to pay $8,047, not $5,000. If Knox County sends MCOG a check for $5,000, it will be returned.

Dorothy Meriwether stated that Mr. Shattuck seemed to have a misconception as to why the Budget Committee did not want to fund MCEDD in 2015. She said that the Committee's concerns had to do with MCEDD's management and implementation; it was not because Lincoln County didn't fund MCEDD. She added that she personally has concerns with the way MCEDD was operating. She asked Mr. Shattuck to explain how MCOG is different than MCEDD.

Before Mr. Shattuck could answer, Bill Jones commented that it's erroneous to say that Knox County was a strong and willing partner. The only reason MCEDD was getting the $10,000 in funding for 2015 was because the Budget Committee was overruled by the Commission. The Budget Committee had concerns in the past and are wondering how the change to MCOG might be useful to Knox County. Past economic development organizations did not really expend any resources here – they were focused on other areas of the State.

Mr. Shattuck acknowledged that MCEDD had significant governance issues, in part because they couldn't agree on how to fund the organization and that was a distraction from doing what the organization was supposed to be doing. He said that MCOG deploys significant funds as soon as municipalities or counties join. MCOG is a risk mitigation lender with funding through the USDA, FAME, and other agencies, to provide funding to companies that MCOG believes have the viability to create jobs.

Some of the other questions and answers included:

- How many people default on their loans? Historically it's very low.
- Other than the 4 municipalities that have joined on their own, will the other towns in Knox County qualify for a grant or loan? No, not unless the town joins on its own or if the County as a whole joins, which would cover that town.
- Is there both a general assembly and a board of directors? Yes. The general assembly is roughly twice as big, or larger depending on the number of members, than the Board of Directors.
- If a town that qualifies for assistance (either because they have joined or the county has on their behalf) wants to do a project that will impact a town that is not a member, can the member town still get the help? Yes.
- Why should Knox County have to buy in more for 2015 when the County was already a member of MCEDD and already budgeted a total of $10,000 for 2015? MCEDD ceased to exist on June 30th. An additional $3,047 (over the $5,000 appropriated to MCEDD for the second half of 2015) is required for the remainder of the year if the County wants to be a member of MCOG.
- What about 2016? The 4 towns have already committed to pay through June 30 of 2016. If the rest of the County wants to commit to that, the County would need to budget $8,047 for the first six months of 2016. The County should talk to the towns and see what they would like the County to do.

2. <u>Presentation by Building Envelope Specialists – Steve Jones, on the Knox County Exterior Building Envelope including Brick and Granite Repair and Replacement</u>

Steve Jones from Building Envelope Specialists explained that BES had done the assessment on the building. He said that he was attending the meeting in order to give an overview of how Phase 1 of the project went, to answer questions, and talk about future steps. He explained that BES had provided contractors extremely detailed designs so they would know exactly what they were bidding on. When it came time for Knowles to do the work, the specs were so detailed that there was no room for interpretation and the work went really smoothly. There were no change orders, so the money allocated for a 10% contingency never got expended. There were no unforeseen conditions that couldn't be resolved by Knowles during the project. The building needed a considerable amount of work but the

building is still in really good condition. It's old and weathered but the bones of it are really good. It's a beautiful piece of architecture.

Mr. Jones showed some pictures of the exterior of the building that showed some of the damage and explained why it was happening. He showed how the mortar is starting to break apart and crack, which means there's a lot of moisture where there shouldn't be. The problem gets worse over time. Some areas were repointed incorrectly in the past, some because it was the wrong mortar, and some with the wrong mortar depth. BES had done tests on the mortar to find out what the original mortar recipe was. It turned out to be natural cement, which does not work with Portland cement. The pictures also showed some of the repairs made including weather caps over joints to keep out snow and water. This project is meant to make the building last a long time and have it be money well spent. It isn't just aesthetics.

Administrator Hart noted that it cost the County a little bit under $160,000 to fund Phase 1 by using what was left in the building reserve fund and then covering the remainder with contingency funds. The County originally bid out phases 1 - 3 but only started with Phase 1 because there was no money to fund the other phases. He said that he had asked Knowles how much it would cost the County to do all four phases this year to just get it all done. The Commission will need to decide if they want to do it all at the same time, and whether the County should include the windows replacements because if those are done at the same time, that will be less money spent in the long run. It is too late in the year to go out to bond so the options are a lease/purchase which would lessen the amount by having it spread out over probably a 5-year period, or find some way to budget it. The County applied for several grants to pay for the project but were unsuccessful.

Mr. Jones stated that Knowles gave the County a 10% reduction in price to do the whole project at once partly because of the way the construction industry is right now. If you have talented, highly skilled employees, you need to keep them busy in the winter or you'll lose them. That is why Knowles does not mind dropping the price because it helps them out if the County wants the project all at once. If Knowles doesn't have work for their employees in the winter, they have to lay people off and hope those people are available in the spring. The problem is, some other company could have already hired those skilled workers. The prices that Knowles quoted in their bid for the other phases will be honored because Administrator Hart locked the prices in. If the project is done during those time frames, Knowles will honor the prices. If the County goes outside that schedule and stretches the project over a longer period of time, the County will end up paying more for the same amount of work. The cost of construction right now is as cheap as it's ever going to get. BES will help the County figure out which windows need to be replaced and there might be some that don't. Material costs in construction are going up fast so if the County can include the windows in this project, it will save a lot in the long run.

3. <u>Review of 2nd Quarter of 2015</u>

Administrator Hart briefly reviewed the two Year-to-Date reports for January to July of 2015 that showed revenues and expenses broken down by department. He noted that the jail revenues are so low because the State still hasn't sent a payment. Right now it's unclear when the funds will be sent. The money is there but the Commissioner of the Department of Corrections and the State Treasurer are trying to figure out how to distribute it. The Board of Corrections no longer exists. The Commission decided at a previous meeting to figure out how to get the Jail through the rest of 2015 without knowing what the County will receive from the state. For 2016, the jail budget will be back in the County budget and will be reviewed by the Budget Committee and Commission. The law lets the County increase the tax cap on the jail by either 3% or by your growth factor, whichever is lower. Last year the County's growth factor was 1.65%, which is about $56,000 over the cap for the jail budget. Administrator Hart noted that he believed the jail should be responsible for covering the jail's increases and should not have to be balanced through cuts to the other departments.

Commissioner Maines asked if that was partly because of the jail's legal costs. Administrator Hart agreed that the majority of the legal costs the County has been paying are because of the jail. As of July 1st, however, the jail now pays their own.

Nicholas Lapham asked if there were any big capital improvement needs for the jail that need to happen. Administrator Hart said that the County did ask for money from the BOC for capital improvements but were turned down. The jail needs to replace two transport vans and the employees' wages at the jail were frozen at 2014 levels so that needs to be caught up. Also, the security system really needs to be replaced but costs about $450,000 to replace it.

4. Review Budget Calendar for 2016 Budget Process
Administrator Hart explained that this is the proposal schedule:

2016 Budget Review Sessions Schedule

*** ALL DATES ARE SUBJECT TO CHANGE ***

Date	Time	Day	Type of Meeting	Presenters
October 29	5:00 p.m.	Thursday	**PUBLIC HEARING** **Budget Presentation to Commissioners & Budget Committee** ▪ Overview ▪ Tax Cap Planning, Economic Development & Program Grants ▪ MCRPC ▪ Knox-Lincoln Extension ▪ Knox-Lincoln Soil & Water ▪ MCEDD **Budget Review Session** Departmental Budgets ▪ County Administration & IT ▪ Debt Service	 A. Hart A. Hart TBA A. Hart A. Hart
November 5	5:00 p.m.	Thursday	**Budget Review Session** Departmental Budgets ▪ Probate ▪ Registry of Deeds ▪ District Attorney ▪ EMA ▪ Finance	 E. Hallett L. Simmons G. Rushlau R. Sisk K. Robinson
November 12	5:00 p.m.	Thursday	**Budget Review Session** Departmental Budgets ▪ Sheriff's Office - Patrol Division ▪ Sheriff's Office - Jail Division	 D. Dennison J. Hinkley
November 19	5:00 p.m.	Thursday	**Budget Review Session** Departmental Budgets ▪ Building Maintenance ▪ Communications ▪ Airport ▪ Any department that needs further review **Final Review and Vote on Budget Proposal**	 A. Hart L. Lothrop J. Northgraves
November 24	5:00 p.m.	Tuesday	**Budget Review Session** Departmental Budgets ▪ Any department that needs further review **Final Review and Vote on Budget Proposal**	 A. Hart Others as necessary
December 17	6:00 p.m. At the conclusion of PUBLIC HEARING	Thursday	**PUBLIC HEARING –** Budget presentation to the public. **Final Budget Meeting** ▪ Committee Votes on Budget ▪ Commission Votes on Budget	Committee, Commission, Administrator, Finance Dir.

Administrator Hart noted that the County is only hearing requests from four of the program grant organizations because the Commission decided not to include Time & Tide RC&D or Restorative Justice. The grant requests are only about $90,000 of the $9.8 million budget (2015 budget). This year the organizations are only getting five minutes to speak. The grants are 0.001% of the budget *without* putting the jail back in. The discussion should be brief – do you want to fund them or not?

Bob Duke made a recommendation to the two newest members of the Budget Committee to read the materials on the program grants (that they will receive later in October) and call the organizations themselves with their questions so the budget meeting won't get bogged down with program grants because the larger budgets need the Committee's and Commission's attention. He also encouraged the commissioners to speak up during the budget process and let the Budget Committee know what they think.

5. Other Business
   There was none.

VI. Adjourn

- Bob Duke motioned to adjourn the meeting. Shawn Levasseur seconded. A vote was taken with all in favor.

- Commissioner Carol Maines motioned to adjourn the meeting. Commissioner Roger Moody seconded. A vote was taken with all in favor.

The meeting adjourned at 6:54 p.m.

Respectfully submitted,

Candice S. Richards
Administrative Assistant

The Knox County Commission approved these minutes at their regular meeting held on September 8, 2015. The Knox County Budget Committee approved these minutes at the next Joint Budget meeting on October 29, 2015.