

KNOX COUNTY COMMISSION

Special Joint Meeting Knox County Commission and Budget Committee

Thursday – October 21, 2010 – 5:00 p.m.

A special joint meeting of the Knox County Commission and the Knox County Budget Committee was held on Thursday, October 21, 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: Anne Beebe-Center, 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, Finance Director Kathy Robinson, and Executive Assistant Constance Johanson.

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

Also present were: Jan Macdonald and Nadine Reimer of the Knox-Lincoln Extension Service, Francesca DeSanctis of Eastern Maine Development Corporation (EMDC), Mark Hedrich of Knox-Lincoln Soil and Water Conservation District, Eric Galant of Mid-Coast Regional Planning Commission, Paul Miller of Time & Tide RC&D, Alan Hinsey of Knox-Waldo Regional Economic Development (KWRED), Carol Maines of Rockland, and Rockland City Manager Rosemary Kulow.

Special Meeting – Agenda

Thursday – October 21, 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 Election of Officers** (Budget Committee)
 1. Chair
 2. Vice Chair
 3. Secretary
- III. 5:10 Joint Meeting with the Knox County Budget Committee for the Presentation of the Proposed 2010 Budget** (County Administrator Andrew Hart)
- IV. 5:30 Budget Review**
 1. Knox-Lincoln Cooperative Extension (pg. 30)
 2. Knox-Lincoln Soil & Water Conservation District (pg. 30)
 3. Mid-Coast Regional Planning Commission (pg. 30)
 4. Time & Tide RC&D (pg. 30)
 5. Eastern Maine Development (pg. 30)
 6. Knox-Waldo Regional Economic Development (KWRED) (pg. 30)
- V. 6:30 Adjourn**

I. Meeting Called to Order

The October 21, 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 Chair Anne Beebe-Center.

II. Budget Committee Election of Officers

1. Chair:

Ann Matlack called for nominations for chair of the Knox County Budget Committee. Jim Bowers nominated Ann Matlack as chair. The nomination was seconded by Bill Jones. A vote was taken with all in favor.

2. Vice-Chair:

Ann Matlack called for nominations for vice-chair of the Knox County Budget Committee. Dorothy Meriwether nominated Bill Jones as vice-chair. The nomination was seconded by Jim Bowers. Bill Jones commented that he will be unable to attend the public hearing and suggested nominating someone else as vice-chair. Dorothy Meriwether nominated Bob Duke as vice-chair. The nomination was seconded by Jim Bowers. A vote was taken with all in favor.

3. Secretary:

Ann Matlack called for nominations for secretary of the Knox County Budget Committee. Jim Bowers nominated Bill Jones as secretary. The nomination was seconded by Sid Lindsley. A vote was taken with all in favor.

The Knox County Budget Committee and the Knox County Commissioners introduced themselves.

III. Joint Meeting with the Knox County Budget Committee for the Presentation of the Proposed 2011 Budget – County Administrator Andrew Hart

County Administrator Andrew Hart referred to the budget notebooks and said he would give a brief overview on some items addressed in the budget proposal for 2011. The budget requests were due in the administrator's office on September 9, 2010, along with supporting information. Mr. Hart explained that he and the finance director met with department heads during the week of September 20th. There were some changes made, most of them were reductions. The changes are shown in the column under the administrator's proposal.

The 2011 proposed budget includes wages calculated with a two percent (2%) increase plus longevity for both union and non-union positions. The employees are aware that these are proposed wages for the purpose of completing the budget proposal and are not necessarily the wages that they will receive in 2011. The budget has to be approved by both the budget committee and the commission before the proposed wages can take effect. Traditionally the wage figures are based on the CPI-W figure published for September of each year. The actual CPI-W figure for September 2010 has not been received. The health insurance premiums have not been received. The county contracts with Maine Municipal Employee Health Trust (MMEHT). For budgetary purposes, the health insurance premium was calculated with a ten percent (10%) increase as advised by MMEHT. It is expected that the actual increases in the premiums will be received after the first week of November.

Mr. Hart explained that the 2011 proposed budget is \$67,000.00 over the 2010 budget, which represents a 1.04 percent increase. The 2011 proposed tax assessment is \$6,532,567.00 and the tax assessment for 2010 was \$6,465,562.00.

County Administrator Andrew Hart referred to page 5 of the proposed budget, which shows the county's taxes and dispatch fees. It was noted that the dispatch fees are accurate and will only change if the communications budget changes. The tax figures are not accurate because the estimated State Valuation figures for 2011 have not been received. The tax figures on this page represent the valuations for 2010. As soon as the estimated State Valuations are received, these will be included in the proposed budget for 2011 and updated sheets will be distributed.

Page 6 shows the average real personal income growth, which is 1.66 percent. This figure is provided by the Maine State Planning Office. The property growth factor is 1.18 percent. Mr. Hart referred to the chart, noting that the municipalities and unorganized territories were listed here along with the "new value between April 1, 2009 and April 1, 2009", which is the "numerator", and the "municipal valuation as of April 1, 2009", which is the "denominator". The average real personal income growth factor of 1.66 percent is added to the property growth factor of 1.18 percent for a total of 2.84 percent.

The 2010 property growth factor was 3.75 percent, as shown on page 7. Last year the percentage increase, as shown in the last column of the chart ranged from 5 to 10 percent. Looking at this year's chart, the largest percentage increase for any municipality is 2.86 percent (the Town of Thomaston). The Unorganized Territories had a zero percent increase. The allowable increase in the tax assessment for 2011 is shown on page 7. By applying the property growth factor for 2011 (2.84%) to the 2010 allowed tax assessment (\$3,648,900.00), the county is allowed to raise the tax assessment to no more than \$3,752,529.00 or \$103,629.00 more than then the base tax assessment in 2010. The 2011 proposed county budget calls for a decrease in the tax assessment of \$408,662.00 to \$3,342,867.00 as shown in the charts on page 7. Mr. Hart explained that the asterisk beside the 2009 allowed tax assessment is to indicate that the jail budget was included that year. The jail budget is capped at \$3,188,700.00, which lowers the total assessment of \$6,705,712.00 to \$3,517,012. What this means is that the jail budget, which is regulated by the state, cannot be increased.

Bob Duke asked if the committee adopted the budget as proposed, did the numbers on the chart for the tax assessment limit (tax cap) get reset or did they remain the same. Mr. Hart explained that the formula is to take the 2010 allowed tax assessment (\$3,648,900.00) and multiply it by the 2011 property growth factor of 2.84 percent, which results in an allowable tax assessment increase of \$103,629.00. The 2010 tax assessment (\$3,648,900.00) is added to this increase (\$103,629.00) to obtain the allowed tax assessment of \$3,752,519.00 for 2011. This figure remains the same and is the start for calculating the tax assessment next year. The charts carry over the allowed tax assessment figure in the budget proposal each year on this page. In 2007, there was a "vote to increase", which raises the starting figure for the following year's calculations.

County Administrator Andrew Hart explained that there is no provision for use of surplus in the proposed budget for 2011. He advised refraining from discussing surplus at this meeting. Municipal

Resources, Inc. (MRI) gave a presentation yesterday on the organizational study that they conducted. The proposed budget for 2011 maintains the status quo of county positions, but this could change due to the commissioners accepting the MRI's report and recommendations. The commissioners meet on October 28th to discuss the report and implementing any recommendations.

Bill Jones asked if the county administrator could suggest a time to discuss the surplus. Mr. Hart indicated that it would probably be near the end of the budget process. Ann Matlack suggested that it would be helpful to know the amount of surplus available. It was noted that without funds coming in from the state for jail operations, that there has been a reluctance to use surplus to off-set increases in non-jail county expenditures. There is an audited figure for surplus as of December 31, 2009, which the county administrator offered to have for the next meeting.

Bob Duke said that one item of concern is the approach to the proposed budget in light of the organizational study. There may be changes due to the recommendations from MRI and asked if the committee should be reviewing the budget proposal without knowing the impact of the study.

Jim Bowers suggested that the review session today is not impacted by the organizational study and therefore there is no reason not to continue with this meeting. Several budget committee members indicated that they would like a copy of MRI's report.

Commissioner Anne Beebe-Center explained that the commissioners were meeting to develop a plan and a time-line to deal with the recommendations regarding the departments, which will help with the budget process. Some of the recommendations could impact the 2011 proposed budget.

County Administrator Andrew Hart suggested rearranging the budget review calendar to leave the departments that are impacted by the organizational study to the end of the process.

IV. Budget Review

1. Knox-Lincoln Cooperative Extension (page 30) Jan Macdonald and Nadine Reimer
Jan Macdonald asked if everyone had a copy of the Extension's annual report. Copies were provided in the budget notebooks.

Ms. Macdonald explained that the University of Maine is a land grant college and provides the education services for the Knox-Lincoln Cooperative Extension. There are a number of educational programs including; Maine Healthy Beaches, Fisheries Outreach, Home Horticulture, 4-H Youth Development, Parent Education for First Time Families, and commercial Agriculture. Some of these programs are designed to promote environmentally safe practices for the conservation of resources.

Mark Hutchinson, an Extension Educator, is a member of the Maine Compost Team (MCT) and is involved with educating residents on composting as well as commercial vegetable and fruit production.

Nadine Reimer is involved with the parent education project, which sponsors local teen parent programs funded through the state. There has been a very successful program in Camden Regional High School. There are also education classes on food preservation and gardening. Some of the food raised goes to local food banks.

The Healthy Beaches Project is funded by a grant from the U.S. Environmental Protection Agency. It is a statewide effort to monitor water quality and protect public health on Maine's coastal beaches. In 2009, 28 towns and the state participated in this voluntary project. There was a special study conducted to pinpoint potential sources of contamination impacting various watersheds.

Ann Matlack explained that there was a question last year on why the Cooperative Extension Service requested funding from Knox and Lincoln Counties. The Cooperative Extension Service began because of legislation passed during President Lincoln's term of office. The funding formula consists of funding contributed by the three levels of government, federal, state, and county. The financial resources for the programs consist of 30 percent coming from the University of Maine, 62 percent coming from grants, contracts, and special funds, and 4 percent coming from each county (Knox and Lincoln). The county tax dollars support the Cooperative Extension Service with physical office space, two administrative assistants' wages, and programming expenses. The state funds the administrative assistants' benefits, but this may change. The administrative assistants provide support for the many volunteers involved with the educational programs.

Ann Matlack asked if there were any questions. Bill Jones asked if the facility was owned jointly by the two counties. The answer is yes. Bob Duke explained the history of the building, noting that the old facility was rented and rental costs were escalating to point that it was decided to build a facility specifically for the Extension.

The request for funding is an increase of two percent over the request of two years ago.

Bob Duke asked if the administrative assistants were considered state employees. It was noted that they are university employees and their salaries are determined by their union.

2. Knox-Lincoln Soil & Water Conservation District (pg. 30) Mark Hedrick

Mr. Hedrick explained that he was chairman of the Knox-Lincoln Soil & Water Conservation District's board.

Knox-Lincoln Soil & Water Conservation District is one of 3000 district nationwide providing over 60 years services to both counties. There are a number of educational programs available to adults and children as well as technical assistance available to municipalities. A workshop on proper installation of septic systems was offered last year. A seminar was offered in the Town of Washington on proper ways to build and maintain gravel roads to reduce erosion and prevent pollution of waterways. There is a program to certify contractors to be able to work within shoreline zones that are protected by town ordinances. Apple pruning workshops have been provided. Individual residents or towns can contact the agency to come out and observe specific issues and determine the type of assistance needed.

Many of the programs benefit from the partnership with the USDA Natural Resources Conservation Service (NRCS) and their resource conservationist who works on a daily basis to promote conservation education and provide technical assistance to local landowners and communities on a one-on-one basis. In the past, contracts were developed that brought in a significant amount of funding for the support of services provided. The NRCS provides office space, which is a cost-saving measure.

Dorothy Meriwether remarked that she agreed with the Knox-Lincoln Soil & Water Conservation District's mission, but still questioned the rationale of the county committing funds, in the form of tax dollars, to this program. It seemed that some of the organizations present at this meeting overlap in their efforts to assist the residents with the various programs provided. It was suggested that perhaps there is an issue of redundancy.

Commissioner Richard Parent explained that there was not much overlap, although being in a rural area, many of the programs addressed agricultural issues. The approach by each of the organizations to providing assistance to agricultural and other local resources, such as the fisheries, were different. Time & Tide helps individuals start up a business, while the Soil and Water Conservation District's programs help residents with pollution and erosion issues.

Commissioner Roger Moody looked at the programs in terms of the economic development of a rural area and suggested that it is a proper role for a county to support economic development. It was noted that the services and programs were available to all county residents.

3. Mid-Coast Regional Planning Commission (pg. 30) Eric Galant

Eric Galant explained that the Mid-Coast Regional Planning Commission is based in Rockland and serves Knox County and a portion of Waldo County. It began in the 1950's as part of county government. In the early 1970's it became a non-profit organization. The board of directors is made up of municipal officials from Knox and Waldo Counties. Currently most of the representation comes from Knox County.

Mid-Coast Regional Planning Commission provides land use planning services in the form of comprehensive planning and land use ordinances. Comprehensive planning starts by inventorying resources, surveying the capacity of the community to implement the plans and ordinances already in place, and determining what the additional planning the residents want.

Assistance with comprehensive planning has been provided this past year to South Thomaston. Assistance has also been provided to Rockland, Thomaston, Washington, Appleton, and Union. Comprehensive planning is the process by which residents can formulate actions to help sustain and improve their community, economy, and environment.

Mid-Coast Regional Planning Commission helps with developing town ordinances for land use that implement the recommendations in the adopted comprehensive plan. Some of the ordinances address issues regarding shoreline zoning, floodplain management, site plan review for commercial sites, town-wide zoning, and specific ordinances that address with cell towers, cemeteries, wind energy turbines, and others.

Mid-Coast Regional Planning Commission is asking \$2,500.00 for 2011, which is the same amount it has requested each year for last 7 years. This contribution allows the contributing community to participate on the board, direct operations, and augments state and federal funding. This past year the Knox County EMA office was assisted with their hazard mitigation plan, which is mandated by FEMA. Assistance to obtain block grants infrastructure for communities is another service provided. The purpose is to help communities plan.

4. Time & Tide RC&D (pg. 30) Paul Miller

Paul Miller explained that there are differences in the services provided by the various organizations present at this meeting.

The Kennebec Clam Flat Project is a project in response to the closing of clam flats because of pollution. There are workshops for installing septic systems properly provided by Knox-Lincoln Soil & Water Conservation District staff. Information is gained on how to prevent soil erosion that causes water pollution. Time & Tide provides information on how to obtain grants to fund the solution. Although it appears that there is some overlapping, each organization actually fills a specific “nitch” in dealing with rural issues regarding maintaining an environmentally sound program to preserve the local resources.

Time & Tide works at a grass roots level to find ways mostly in the form of grants to develop resources and businesses. In 2009, the organization impacted approximately \$330,000.00 worth of activity from their budget. Time & Tide’s budget is approximately \$22,000.00. This represents a real “bang for the buck” in the six counties that have access to Time & Tide.

Mr. Miller was asked where Time & Tide is located. It is located in the Service Center in Augusta. Some meetings are held at various county locations so local residents can attend those meetings. There are also meetings held by means of teleconferences. There are many volunteers and two staff members provided by NRCS.

Projects include making fuel from hay, improving clam flats, improving a wool-washing business, and growing organic elderberries. Generally, projects come from within the six counties, rather than the organization soliciting applicants.

Dorothy Meriwether asked how people find Time & Tide to get assistance. Mr. Miller said it could be from the website, fairs, and references from users.

Bill Jones asked about finances. The Extension Service is the largest request made by the program grants and has a fixed budget request of four percent (4%). The county is asked to fund the Soil and Water Conservation District at a fifth of their budget. This is a small budget, but it has six counties contributing funds. The pie chart contained in the information provided by Time & Tide shows what each county contributed in 2009. It shows Knox County contributing \$3,853.50. The request for 2011 is \$3,625.00 and is in the proposed 2011 budget on page 30. A question arose concerning the pie chart showing \$3,853.50 as being contributed, but on page 30 of the proposed budget \$3,670.00 is shown being allocated to Time & Tide in 2008, 2009, and in 2010. It was noted that there appears to be a mistake.

Dorothy Meriwether commented that one of the one sponsors is the Soil and Water Conservation District and wondered about funding one organization, only to find it is contributing funds to another organization. Mr. Miller explained that a sponsor is a member of the board and is not a source of funding.

5. Eastern Maine Development (pg. 30) Francesca DeSanctis

Francesca DeSanctis explained that Eastern Maine Development Corp (EMDC) was created in 1967 with six counties as members. There have been discussions held on reorganizing the economic development districts (EDDs) statewide this year. Although a plan has been developed, it is not likely to be implemented until sometime in 2011. EMDC is committed to serving Knox County in 2011.

EMDC has many programs and services with an established lending program. There are seven active loans in Knox County, which created or retained 122 jobs in the area. EMDC is requesting \$10,000.00 for 2011.

Bill Jones asked about the current status of the loans in terms of being paid or being in default. The response is that there are economic issues and EMDC offers assistance to find a means of changing direction for businesses to get them back on track with repayments. The overall economy affects businesses. These loans are a greater “at risk loans” than bank loans. As financial supporter of EMDC, Knox County has access to the Comprehensive Economic Development Strategy (CEDS) process, which determines the economic development projects in the area that federal funds can be directed towards.

Ann Matlack said she understood EMDC is backing away from the Small Business Administration (SBA). Ms. DeSanctis explained that the SBA had to send out a request for proposals (RFP) for a service provider because bids have not been sent out for a number of years. There have been discussions on changing the model of how the different services may be provided.

Bill Jones commented that the amount of EMDC’s budget coming from counties is four percent (4%). He asked what the basis was for requesting \$10,000.00 from Knox County. EMDC plans to

evaluate their funding formula. The \$10,000.00 is to match the Economic Development Administration's (EDA) contribution and is the same as last year's request. It was unknown the reasoning behind the requested amount last year. The contributions by the county members vary, which is one reason for reevaluating the funding formula.

Bob Duke asked if the funding formula was based on population. Ms. DeSanctis answered that sometimes it was based on population and then sometimes on per capita income, which is the reasoning for looking to find a new funding formula.

Bob Duke referred last year's discussions on whether to fund both EMDC and KWRED or just KWRED and the ensuing question on whether not there would be any repercussions if the decision was made to only fund KWRED. The answer was no to any repercussions. The decision was made to fund KWRED only. Later discussions indicated that because Knox County did not contribute to EMDC, federal funds through the CEDS process would not be available. KWRED funded Knox County's contribution of \$2,500.00 for 2010 so that federal grant monies could be obtained. Bob Duke asked if the county did not financially contribute to EMDC, would federal grant monies be available. Ms. DeSanctis explained that obtaining federal funds through the CEDS process is more difficult if a county is not a member of an EDD. She deferred to Commissioner Roger Moody who represents the county to EMDC.

Commissioner Roger Moody commented that it is a complicated progression in transitioning from one EDD to another. The commission has voted to realign with the Midcoast Economic Development District (MCEDD) as its required EDD to obtain federal grants. The realignment project was sponsored by the state. The plan has to be approved by the governor. The move to realign with MCEDD is expected to take place next year; the transition period being between now and as early as July 1, 2011 later. The recommendation is to remain with EMDC until such time as the move to MCEDD takes place.

6. Knox-Waldo Regional Economic Development (KWRED) (pg. 30)

Alan Hinsey introduced himself as the executive director of the Knox-Waldo Regional Economic Development Council (KWRED). Rockland City Manager Rosemary Kulow is present and is the newly elected chair of KWRED's board of directors.

Mr. Hinsey commented that the review session appeared to be a continuance of last year's discussion on what each organization provided in terms of services. He suggested moving ahead to the question and answer period. He asserted that the organizations did not overlap and KWRED does not duplicate services provided by other organizations. The industries, businesses, and resources are similar throughout the predominately rural economic region, but their needs are serviced in different ways by the organizations. KWRED's mission and focus is on bringing businesses to the area to stimulate long-term robust economic growth. The key strategy to effectively accomplish the mission of robust economic growth, KWRED must become the recognized leader of a coordinated regional effort, by providing timely and effective assistance to existing businesses, recruiting businesses, developing shared economic regional goals, leveraging resources throughout the region, and building a sustainable employment base.

KWRED was involved in the stimulus money and acted as the agent for getting these funds out to the community to provide jobs and improve a town's infrastructure.

The budget request is for \$70,000.00. (*The county administrator's proposal is for \$45,000.00, which represents no increase over last year's approved contribution*) Mr. Hinsey reported that his contract is expiring and KWRED is looking to hire a new executive director. It is expected that KWRED will have a surplus this year of \$19,000.00, which he would like to see kept in reserve for cash flow purposes. The grants funding has been good and generally these funds are expended first while keeping the county's contribution to last. One new project for this year is redesigning the website with an estimated cost of \$2,000.00.

Sid Lindsley asked how much money was requested from Waldo County. Mr. Hinsey responded that Waldo was not being asked because the funding requests went to the towns. Much of Waldo County will remain with EMDC. Some of the southern towns are expected to move with Knox County to MCEDD. Belfast and some the surrounding towns will also remain with KWRED.

The question was asked if the committee was in favor of making preliminary decisions by taking a "straw vote" on each section of the proposed budget or waiting until the end of the process to make decisions on the requested amounts. Elizabeth Dickerson suggested waiting as it appeared that there could be a number of changes.

It was noted that there was a lot of good information presented at this meeting that was not available last year because of the shorten time-line for budget reviews. Next year will probably be a shorter schedule because the presentations were thorough this year. There are four departments affected by the organizational study in terms of recommendations regarding personnel; Registry of Deeds,

Finance, Building Maintenance, and Administration. These will probably be scheduled towards the end of budget process.

Bob Duke suggested that the issues surrounding and recommendations on the IT department could not be addressed in a month. It would be January before the IT services could be provided by another agency.

The proposed budget has preliminary figures for personnel services, which could change with implementing MRI's recommendations. It was suggested that it could take up to a year to implement the changes that the commissioners approve. As to the proposed wage increase of 2 percent, it was explained that union contract expires at the end of this year. Four other counties have union contracts in mediation. Some towns are proposing a zero increase in wages. Bob Duke expressed his concern that the non-union employees benefit from any increase that the union employees negotiate. Mr. Hart reported that \$25,000.00 was put in the 2011 proposed budget for a wage and benefit study, which was promised to the union. Bob Duke said he would not support an increase in wages for county employees in 2011.

IV. Adjourn

A motion was made and seconded to adjourn. A vote was taken with all in favor.

The meeting adjourned at 7:15 p.m.

Respectfully submitted,

Constance W. Johanson
Executive Assistant