

KNOX COUNTY COMMISSION

Regular Meeting

Tuesday – June 9, 2009 – 4:00 p.m.

The regular monthly meeting of the Knox County Commission was held on Tuesday, June 9, 2009, at 4:00 p.m., at the county courthouse, 62 Union Street, Rockland, Maine. Administrative Assistant Candice Richards 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, Administrative Assistant Candice Richards, Airport Manager Jeff Northgraves, Finance Director Kathy Robinson, and EMA Director Ray Sisk (*for Action item #1 only*).

Also present were: David Martucci, Assessor's Agent for the Town of Thomaston; Frederick Newcomb, III, representing Thomaston Auction Properties, L.L.C.; Kaja Veilleux, owner of Thomaston Auction Properties, L.L.C.; Richard Lavoie; Peter Walker; Charles Washington; Ann Matlack, Chair of the Knox County Budget Committee; Bill Jones, from the Knox County Budget Committee; Vivian Newman from the Airport Public Advisory Committee's Business Plan Sub-Committee; and Chris Shrum, representing the APAC's Business Plan Sub-Committee.

Regular Meeting – Agenda **Tuesday – June 9, 2009 – 4:00 p.m.**

- I. 4:00 Meeting Called To Order**
- II. 4:01 Special Presentation** – Safety Award for Vickie Johnson (R. Sisk).
- III. 4:05 Public Comment** - Public Comment during other portions of the meeting will only be granted by permission of the chair.
- IV. 4:20 Consent Items**
 - 1. Approve Consent Items as Presented:
 - i. Approve Agenda - Non Agenda Items Only Permitted if Emergency in Nature.
 - ii. Approve Minutes of Special Meeting Work Session of April 28, 2009.
 - iii. Approve Minutes of Regular Meeting of May 12, 2009.
 - iv. Approve Minutes of Special Meeting Work Session of May 12, 2009.
 - v. Accept Monthly Written Departmental Reports.
 - vi. Approve Reserve Withdrawals.
- V. 4:25 Tax Abatement Appeal**
 - 1. Thomaston Auction Properties, L.L.C. v. Town of Thomaston.
- VI. 5:05 Action Items**
 - 1. Act on Approval of Job Description for a Part-Time Special Projects Planner (R. Sisk.)
 - 2. Act on the APAC's Recommendation to Award Stantec Another Five-Year General Consultant Agreement (GCA) and Authorize the County Administrator to Sign the Agreement (J. Northgraves).
 - 3. Approve Don Campbell's Request to Transfer Hangars 31 and 36 to Campbell Airo LLC and Authorize the Chair to Sign the Consent and Assignment Document (J. Northgraves).
- VII. 5:15 Discussion Items**
 - 1. Discuss the Updated Terminal and Parking Lot Design and Decide Whether to Include Some, All or None of the Proposed Rental Space in the Final Design (C. Shrum, J. Northgraves).
 - 2. Discuss Budgeted Program Grant Money for Eastern Maine Development Corp. (EMDC).
- VIII. 5:45 Other Business**
- IX. 5:50 Adjourn**

I. Meeting Called to Order

Commission Chair Anne Beebe-Center called the June 9, 2009 regular meeting of the Knox County Commission to order at 4:00 p.m.

II. Special Presentation – Safety Award for Vickie Johnson (R. Sisk).

Commissioner Anne Beebe-Center asked Vickie Johnson to come forward and read the following statement:

“Vickie Johnson is being recognized in this open meeting of the Knox County Commission today for her superlative work as a member of the Knox County Safety Committee. In early March, Vickie recognized that county staff and other county residents were having difficulties pulling Deeds Records books. She saw that the size, weight and location of records books on the higher shelves created some injury risk when the books were being removed or replaced. Although small step stools are provided to assist, their stability and utility for the job were questioned.

At the March Safety Committee meeting, she proposed a change in policy requiring non-employee users of the records to seek assistance from Deeds employees when pulling the upper records books. This simple change was implemented and greatly reduces the County’s expose to injury claims from non-employees. Vickie went on to examine the problem and made a proposal to acquire portable steps, purpose-built for this specific use. Aware of the Safety Enhancement Grant Program administered through the Maine Municipal Association, she researched the equipment and through her department head, submitted a detailed grant application for the steps. When received, this grant funded equipment will enhance safety for County employees and reduce the likelihood of work-related injury at little cost to County taxpayers.

The Knox County Safety Award Program was initiated in 2000 to “encourage and motivate safety awareness and to reduce the number of work-related injuries, accidents, or illnesses” to county employees. Vickie is congratulated today for her efforts in ‘Minding the Gap’ between safety hazards and creative risk resolution through awareness and action.”

Commissioner Anne Beebe-Center then presented the Safety Award to Ms. Johnson.

III. Public Comment

Commissioner Anne Beebe-Center asked for public comment. There was none.

IV. Consent Items

1. Approve Consent Items as Presented:

- i. Approve Agenda - Non Agenda Items Only Permitted if Emergency in Nature.
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- v. Accept Monthly Written Departmental Reports.
- vi. Approve Reserve Withdrawals.

- A motion was made by Commissioner Roger Moody to approve the consent items as presented. The motion was seconded by Commissioner Richard Parent.

Commissioner Roger Moody commented that the bill for Atlantic Aviation was past due. He asked if the County needed to do special collection or if the money was expected to come in.

Finance Director Kathy Robinson stated that she would refer the question to Jeff Northgraves since she had just discussed this question with him.

Airport Manager Jeff Northgraves stated that at this point the money was expected to come in. He added that if the money was not received fairly soon, the County may want to take next step.

- A vote was taken with all in favor.

Reserve Withdrawals:

Courthouse Computer	20000812660	\$7,347.00
DARE	30000810070	\$555.94
Deeds Surcharge	20000812740	\$14,272.70
Jail Heating Systems	20000812810	\$3,242.16
Legal Expense	20000812650	\$3,366.82
	Total	\$28,784.62

V. Tax Abatement Appeal Hearing

1. Thomaston Auction Properties, L.L.C. v. Town of Thomaston

Commissioner Anne Beebe-Center invited the two parties to come forward. She also noted that each side had presented additional material today. She stated that the Commission would hear what each side had to say and would ask questions.

Fred Newcomb stated that he was the attorney for taxpayer. He stated that he had two appraisers attending the meeting with him. The first appraiser, Charles Washington, did appraisal for the bank when Thomaston Auction Properties, LLC first purchased the property. The second appraiser, Richard Lavoie, was retained by tax payer to give a second opinion of both the town's assessment and of Charles Washington's assessment. Mr. Newcomb stated that he also had with him John Bottero, who is a representative of the taxpayer and is one of the managers of Thomaston Place Auction Galleries and works with the property owner. Mr. Bottero is very familiar with the facilities on the property and was attending the meeting in case there were any questions that he could answer. Peter Walker, who was also in attendance, is the project manager for Bruce Laukka, Incorporated.

Mr. Newcomb stated that he had given the Commission a brief summary. He stated that he has had a difficult time going over all the materials and information pertaining to the tax abatement. He stated that the State of Maine constitution requires us to find fair market value. The terms "just value" and "assessed value" all come together in the marketplace. The Supreme Court would look at it in terms of what an interested buyer would pay for it at a fair public sale. The definition of that is the marketplace. He stated that the point in time that is being dealt with is April 1st, 2008. He stated that there are several different methods for coming up with the "fair market value". The basic three are:

1. replacement cost method – this was used by town of Thomaston but may have not been the most appropriate method to use.
2. income approach value – meaning the land is only worth what you can make from it.
3. comparable sales approach – this is the most commonly used approach, and means that the property is compared to sales of other similar, nearby properties, and then adjustments are made with various factors related to that property.

Mr. Newcomb stated that one of the key problems is that in the first report filed by the Town, they are confusing the value of the business (Thomaston Auction Properties LLC) with the value of the property. The principal owner of that business, Kaja Veilleux, has become a trade name, or a brand name in the antique auction business. The success of that company has nothing to do with this assessment. Whether the property is a good piece of property for Thomaston Auction Properties, LLC has nothing to do with the assessment. He stated that he mentioned this because it was one of the numbered factors in the town's assessment of the property and was mentioned at the hearing held by the Thomaston's Board of Assessors. He added that he believes that the Board of Assessors has confused the business with the property. He stated that when the property is assessed, you have to picture the old chicken barns.

Mr. Newcomb stated that he had talked in detail with Mr. Walker about what it would cost to build the structures brand new. He stated that he has developed a respect for the classic mid-coast poultry barns and can understand why there are so many of these structures in Maine. He stated that it was because they are probably the cheapest way to enclose space. If you have anything that is wider than 48 feet, you get out of having a simple roof structure. The design is to build one section and then just repeat it. The estimates that Mr. Walker has given enclosing 10,000 feet in the shape of 48 x 200 feet would not hold true if you wanted to build a building that was 100 x 100 feet. It would be far more expensive. This particular type of construction is the cheapest, more commercially feasible way to go. He stated that this is one reason why he thinks that the Board of Assessors was off in their calculations. This structure does not compare in value to structures of other designs. There are not a lot of other commercial structures in the area that are similar to the poultry barns. When looking at the proper value of the property, you cannot look at the value of the business or the success of the business or the antiques being kept there. You just have to look at the value of the 60-year-old chicken barns since that is the actual structure on the property.

Mr. Newcomb stated that he wanted to write some information on the easel because there was some value in seeing the numbers. He wrote:

<u>New (if built today)</u>	
Bldg. #1	\$376,834
Bldg. #2	\$379,300
Land	\$75,000
House(?)	<u>\$110,000</u>
Total:	\$941,134

Mr. Newcomb stated that there is a house on the property but he did not think having a family home on the property would make any difference to assessing commercial property. The total cost for building everything new if done today is \$941,134.00. This is the proper starting point for assessing the property. In order to come up with the value of the property as it is now, it is depreciated. Some parts of the structure are deteriorating, especially building #2, to the point where it is affecting the utility of the property, which makes it worth less. If Thomaston had taken that \$941,134.00 amount as a starting point, and applied their depreciation percentage, the valuation would be at a far more reasonable number. This property is not a million dollar property, and never has been. The replacement cost number fits into the ultimate question, which is, how much would this property sell for on the market? If you went to sell the property, what would someone be likely to pay for it? If you could get the same sized property with brand new buildings for \$941,134, why would you pay as much as the Town of Thomaston is saying it is worth, which is \$966,794.00, for property with old buildings on it?

Mr. Newcomb asked Peter Walker to come forward and sit with him in case there were any questions regarding his estimate.

Commissioner Richard Parent stated that over the last year or so, the economy has tanked. He stated he was wondering how much an estimate would be if it was asked for a year ago.

Mr. Walker stated that he had carried the exact same hours and that the numbers were not low. He stated that it was 3,000 hours at \$35 an hour. He stated that he was approached to look at the two buildings. There needed to be rear windows and “man” doors and he just threw in numbers for those. He related some of the costs involved and then added that up to this point, he charges \$35 an hour for virtually every job that he does.

Mr. Newcomb asked to interrupt. He asked, in an attempt to be clear, if this estimate is the same that it would have been April 1, 2008.

Mr. Walker replied that it was.

Commissioner Richard Parent asked if there would be no difference in materials.

Mr. Walker replied that they have not really dropped an awful lot, and have not really increased a lot. He stated that every once in a while plywood costs go crazy. They went from CDX to OSB. OSB was selling for \$6 bucks and the price of plywood followed it down. Then, something happened and OSB started going right back up. He listed costs for various materials. He stated that the thing that has changed the most in the last year has been subcontractor pricing. On this project, he had planned to do most of the work himself. He related three conversations he had had with suppliers regarding cost estimates. He listed some of the costs from his report.

Commissioner Anne Beebe-Center asked if what Mr. Walker was trying to say was that if the estimate were done a year ago, it would be about the same as it is now.

Mr. Walker replied that the estimate would have been very close. He added that there was more work a year ago and that he might not have bid for the work a year ago, or he might have not even been available to bid for it a year ago. He stated that if he had been available a year ago, that would have been the price.

Commissioner Roger Moody asked if the price includes interior finishing for things like the bathrooms, insulation, etc.

Mr. Walker replied in the affirmative and stated that he believed that they had done two bathrooms in each building, but they were not full bathrooms. They were around \$3,000 each.

Mr. Newcomb asked Mr. Walker if he had been to the Thomaston Auction Properties, LLC, inspected it, and had priced the estimate based on if he were to give them the same type of space that they have now.

Mr. Walker stated that he what was asked. He stated that he went to the property and when you walk in, all you see is artwork, but after that you notice the exposed structure supports. He stated that he worked to through it to see how much it would cost to build it all.

Mr. Newcomb read aloud the figures from Mr. Walker's estimate report, listing items included in each building and the costs. (This information can be found in the document entitled “*Estimate for new construction of buildings of Thomaston Auction Properties, L.L.C. 51-55 Atlantic Highway, Thomaston, Maine*”, written by Peter A. Walker, Project Manager for Bruce Laukka, Incorporated.)

Mr. Newcomb asked Charles Washington to come forward. He stated that Mr. Washington had emailed him some revised grids, which he then had passed on to the Commission.

Mr. Washington stated that the property in question is located in the R-2 zoning district. He stated that he thought it might be helpful for the Commission to know the possible permitted uses for that zone. (This information is on page 36 of his report entitled “*Appraisal/Summary Report of Thomaston Place Auction Galleries, an Auction House*” dated February 22, 2008, prepared for The First, N.A. by Washington Valuations, File #: 080205.) He referred the Commission to page 25 of his report, which shows an aerial view of the property. Page 26 shows the layout and dimensions of the buildings and the property.

Mr. Washington stated that page 38 shows the “highest and best use as improved”, which explains what is permissible and legal for uses of property in the R2 zone. There are about eleven permitted uses, which includes things such as mineral exploration and soil and water conservation practices. The appraiser looks at what you could do with these buildings if they were for sale right now. Conditional uses of the property are looked at by the town. Some of the factors a town would look at are whether or not the business would create noise or smell, or create more traffic. The DOT will also have an opinion if there will be more use of the road. Mr. Washington stated that he was struggling whether that rear building had any value whatsoever. Other people might just demolish that building if they purchased the property. There are some areas where the building had settled and did not contribute much in value. The motivating factor to purchase the property would be the first floor area of the first building. No one would buy the property for the house. Another antiques dealer might be the most interested in buying the property.

Mr. Washington stated that the property is ideal as a gift shop, antiques dealer, or some other type of retail business. A lot of uses are not possible in this zoning area. He stated that he had talked to the code enforcement office about the possibility of using the property for storage but the land could really only be used for seasonable storage of boats and that is it. Some possible uses would not be worth doing because of the economy. There is a lot of competition for various markets so as the possible uses becomes smaller and smaller, the likelihood of the property coming to a marketable use becomes less and less.

Mr. Newcomb asked Mr. Washington what he had concluded the fair market value of the property to be.

Mr. Washington replied that the fair market value was \$618,000.00.

Mr. Newcomb stated that Mr. Washington was familiar with the three different methods to finding the value of a property. He asked if the replacement cost method was the best way to evaluate the value of the property.

Mr. Washington replied that he would not use the replacement cost method because there is a lot of functional and physical depreciation.

Mr. Newcomb asked what “functional depreciation” means.

Mr. Washington replied that it means that if someone were putting in a business right now, they most likely would not build the buildings that are there unless they wanted to produce chickens. The buildings are not functional. Even if the owner wanted to put garage doors on the rear building and use it for storage, there are structural and access issues. The property is most functional as retail space.

Mr. Washington stated that he wanted to add one more comment. He stated that the assessor had criticized his adjustment process and stated that his adjustments had gone in the wrong direction. He stated that his was absolutely untrue. He added that any certified appraiser would adjust the assessment the same way as he had. He stated that the grids he had included in his report show the difference between his recommendations (Grid A) and the assessor’s analysis (Grid B).

Commissioner Roger Moody asked Mr. Washington if his appraisal stands as submitted.

Mr. Washington replied in the affirmative.

Mr. Newcomb asked if the assessment was based on the comparable sales method.

Mr. Washington replied in the affirmative.

Mr. Newcomb invited Richard Lavoie, of Pine Tree Appraisal, LLC, to come forward. Mr. Lavoie's report is dated May 6, 2009.

Mr. Lavoie stated that he had reviewed both appraisers' reports and that he had done it two different ways. First, he did a cost approach and came up with \$626,000. He then the comparable sales method and came up with \$655,000.

Mr. Newcomb asked what Mr. Lavoie thought was the assessor's primary mistake in using the replacement cost approach.

Mr. Lavoie replied that that one of the biggest problems with the replacement costs approach is that the #2 building is not the size that the assessor says it is. Even though it is treated like the first building, the second floor has limited workable space. The second floor is like an attic, having seven feet of headroom at the peak but slopes to four feet of height only six feet from the center line. This creates a 12 x 200 alley. Even if you wanted to use the space for storage, it has no insulation, heat, or finish, and a height of four feet is too short for people to walk around without having to duck. The other problem is that the assessor's report does not deal with functional or external obsolescence. The only way to do this is to go to sales and see what they are selling for on a square-foot basis.

Mr. Newcomb asked Mr. Lavoie what he thought the appropriate percentage is for depreciation if he were taking the cost approach and came up with what it would cost to replace the buildings and then take into account the age of the buildings.

Mr. Lavoie replied that from what he could find for sales, other properties with similar square footage averaged around \$30 per square foot. He added that he use a physical depreciation of fifteen percent, which he felt was pretty low considering the condition of the buildings. He stated that from the sales, he also used 30 to 35 percent functional obsolescence.

Commissioner Roger Moody stated that he was not following the math. He asked Mr. Lavoie if he had taken the \$941,000 figure and reduced it to get to the \$618,000.

Mr. Lavoie replied that the \$941,000 figure was too high because there are not that many square feet in the buildings.

Commissioner Roger Moody asked how you would arrive at \$618,000 if the figure was correct. He asked if fifteen percent was added to 35 percent to get a 45 percent reduction.

Mr. Lavoie replied that the percentages were not added together. You apply one percentage, and then add the other, but it still ends up being around 40 percent.

Commissioner Anne Beebe-Center stated that it was David Martucci's turn to speak on behalf of the Town of Thomaston.

Mr. Martucci stated that he had given the Commission a written report of his remarks but that in the interest of time he would just hit some of the highlights. He read aloud the second through fourth paragraphs of a document he had just handed out to the Commission, entitled "*Presentation to County Commissioners RE: Thomaston Auction Properties, LLC Appeal*" dated June 9, 2009:

"In appealing the denial of an abatement, a taxpayer has to overcome the presumption that the assessor's valuation is valid. In overcoming the presumption, the taxpayer must prove that the assessed value is manifestly wrong by demonstrating that:

1. The assessor's judgment was irrational or so unreasonable that the property was substantially overvalued, resulting in an injustice; or
2. There was unjust discrimination; or
3. There was fraud, dishonesty, or illegality.

A taxpayer does not overcome the presumption just by demonstrating that the assessor's methodology was improper. In order for the Board to determine if the assessor substantially overvalued the property, the taxpayer has to present credible evidence of its value.

Although the taxpayer need not persuade the Commissioners of the ultimate accuracy of its proffered value, the value presented by the taxpayer must be sufficiently credible to convince the Commissioners that the property is substantially overvalued. In other words, even if the Commission does not accept

the value proffered by a taxpayer, if that suggested value and the basis for the value are credible evidence of the overvaluation of the subject property, the Commission's responsibility to undertake an independent determination of value is triggered."

Mr. Martucci stated that the Commission must first decide if evidence is credible, then it is the Commission's responsibility at that point to do its own independent determination of that value. He stated that he would not go into the definition of "value" since he covered that in his report, but that he did want to address what Mr. Newcomb and his witnesses had addressed during the meeting thus far.

Mr. Martucci stated that construction estimate given by Mr. Newcomb does not match the totals that Mr. Newcomb had written on the easel earlier in the meeting. On the last page of his document, Mr. Martucci had laid out the various estimates and valuations, which shows that the numbers are all over the place. He added that he also took exception to Mr. Washington's statement that that the assessor (*meaning Mr. Martucci*) was wrong. He asked, how can you use a factor that subtracts a smaller size for a primary space but adds for a smaller size in a secondary space? He stated that it made no sense and that there is an error in that math.

Mr. Martucci stated that in Mr. Washington's report it talks about adjusting for different factors. It talks about primary space and about how Mr. Washington looked at some of the comparables in one way, and some in another way. He stated that he objected to this. The comparables are not all the same size and should be adjusted for the size that they are. In the said report, Mr. Washington also details how he makes those adjustments. In primary space, Mr. Washington adjusts ten percent for each fifty percent in size. Mr. Martucci stated that if Mr. Washington was going to do it that way, he should have been consistent across the board and done it the same for each comparable. Mr. Martucci stated that he also did not understand Mr. Washington's method for giving some properties more weight than others, in part because even on page 50 of Mr. Washington's report it states that some of this was done randomly. He added that if the numbers were taken unweighted, and figured them out at that point, the value would come out at over a million dollars. He stated that the Thomaston Board of Assessors felt that that was an appropriate value for the property.

Mr. Martucci stated that Mr. Newcomb had stated on several occasions that the Thomaston assessors had used the cost replacement method to determine the valuation of the property. He stated that this was absolutely not true, and that he had actually used Marshall Valuation Service. The MVS book has several different chapters in it which includes a cost replacement chart, but that he did not use a cost replacement method. He stated that he used a calculator method, which is a combination of all three approaches used universally through the United States and Canada. The first bit of information asked for is what the use of the building is. There is a value in the use. Two buildings built exactly the same but with different uses, under the Marshall Valuation Calculator method are going to have different values because the use of the building has a tangible value.

Mr. Martucci stated that location is also a huge factor. He stated that a realtor would tell you that the three most important factors in the price of a property are location, location, location. Identical buildings in different locations are not going to have the same price.

Mr. Martucci stated that some of the materials presented to the Commission are confusing. He added that Mr. Newcomb had stated that the assessors had confused the business with the building, but Mr. Martucci stated that he did not believe that this was so, except that the Marshall Valuation requires people to identify the use of the property. He added that he had identified the #1 building as a showroom/warehouse, and the #2 building as light manufacturing. The buildings are not classified as chicken barns because they are not being used as such, nor is there any equipment in those buildings related in anyway to raising chickens.

In response to Mr. Lavoie's description of the second floor of the #2 building, Mr. Martucci stated that he was not given access to second floor of that building. He added that he was not going to say that he had the square footage wrong, but that if he could see that space in person, maybe that would change the assessment. He stated that he did not measure every building on the property. He stated that he took the measurements that he had and confirmed some of the major measurements, but that he was not able to get all the way around to measure the width. He stated that he would go back and measure it again and if his square footage was wrong, he would fix that. He stated that he had not been given access to the rear building and was relying on his old data. He stated that he would like to see it. He stated that none of his numbers were cast in stone and that if he gets better data, he uses that in his calculations.

Mr. Martucci stated that the income approach is an approach that can be used on any commercial property and is not about what business is there or how much money they make. The approach is a theoretical, square foot price of what it would cost if it was being rented out. He stated that this income approach, along with the Marshall Valuation, if he took the construction replacement cost that Mr. Laukka did, and added back into that the value of the house and the land, created a fairly accurate number. He stated that it is true that there is no depreciation in there, but that there is also no factor for the location, the ability of use, or the factor of the grandfathering. There is some grandfathering on this property, which means that some uses that are happening on this property right now would not necessarily be allowed if the buildings were built new on this property. The current owners can continue because they were there before the ordinance was put in place. Some of the uses that are currently there, such as the show room, are conditional uses. It is often talked about what the value would be if someone bought the property, but there is also the value of the property as it is; it does not always have to be a sales value. The Supreme Court has ruled that Just Value is what assessors are required to value at, which is basically equivalent to market value. The rules do not say that you have to adjust for every little building at market value. He stated that if he was going to do that, he would have to have forty Mr. Lavoie's out there doing that for him. Mr. Martucci stated that instead, he does a mass appraisal, which is an estimate. The Marshall Valuation Service is used for all commercial properties and they are all done the same. The only exception would be if someone was doing a business out of non-remodified residential home, which is valued as a home.

Mr. Martucci stated that he felt very strongly that so far, nothing has been presented to the Board of Assessors or to the Commission that convinced him that the assessment was wrong. He stated that it is up to the Commission to decide if the taxpayer has the evidence to prove that the property is "substantially overvalued". He emphasized that the taxpayer has to prove that the property was *substantially* overvalued, not just a little bit overvalued. If the Commission believes that the evidence proves the property to be substantially overvalued, the Commission has to do an independent determination of value. He stated that he was not sure what that means but that some counties have hired their own appraisers, while others have gone and done their own reviews. He thanked the Commission for their time and ended speaking by apologizing that none of the members of the Thomaston Board of Assessors were able to attend the Commission meeting.

Commissioner Roger Moody stated that he was still interested in knowing more about the reduction of the value of the property over time. He asked if the Marshall system allowed for the phased reduction of property value.

Mr. Martucci replied that several factors involved in the Marshall Valuation Service that are not the factors that had talked about but work the same way. The first questions he asked when looking at a property are: What is the class (or type of construction) is the building? What is the quality of the building? He stated that then you add in the depreciation value, which can be a combination of factors depending on the building. It can be either the condition of the building or the observed depreciation. In some cases, it is one or the other, while in other cases it is both.

Mr. Martucci stated that as an example, he had rated the rear building as class D because it is a wood-frame building and is low quality, so automatically it is already receiving a depreciation factor. He then gave it a seventy-five percent condition, so that takes another twenty-five percent off of the top. By the time all the adjustments were made, the square foot price was \$30, minus the depreciation of twenty-five percent, and that gives him a number. The front building was in better shape than the rear building so Mr. Martucci went up one step to an average and gave it a lesser conditional deduction of fifteen percent. Because it is a showroom warehouse, it is assumed to have certain facilities, which it does have. He stated that the only adjustment he had made was for the heating system.

Commissioner Richard Parent asked if the Marshall Valuation Service is dependent on which part of the country the property is in. He asked if Mr. Martucci had used the MVS for New England.

Mr. Martucci replied that the MVS is a system used both nationwide, as well as in Canada, with tables in the back for local adjustments for local costs and local labor. When this valuation was calculated in December of 2008, Mr. Martucci stated that he used section 13, which covered showroom/warehouses. The current costs gave him a multiplier of 1.02, so there was a two percent increase in costs in Maine over the standard costs in the book. The local multiplier was 1.0. The numbers are updated by MVS every month.

Commissioner Richard Parent asked if Mr. Martucci would get back to the Commission with updated information after he had recomputed the property.

Mr. Martucci replied that he could if the Commission wanted him to. He stated that it was news to him that he had a problem with the square footage. He added that he would make it a priority to try to determine what the factor on that is.

Commissioner Roger Moody commented that at the last meeting the question of whether or not the taxpayer had actually paid the taxes yet. He asked if the taxes had been paid since then.

Mr. Martucci stated that it had been taken care of as far as he was concerned. The taxpayer has paid the taxes.

Kaja Veilleux, owner of the property, stated that he had personally taken the assessor (*meaning Mr. Martucci*) to all of the buildings, including the back building, and that Mr. Martucci had access to every one of the buildings. Mr. Veilleux stated that he had also asked Mr. Martucci why the taxes would triple since he had purchased the property and was told that it was because it was a business. Mr. Veilleux stated that this did not make sense to him because it has *always* been a business.

Mr. Martucci replied that he did not think that Mr. Veilleux quite recalled the conversation. He stated that the last time the property was assessed was in 1993 or 1994. All commercial properties were reassessed in 2008. Residences were reassessed in 2007. This was a fifteen year gap between when it was assessed and when it was reassessed. When it was assessed in 1993 it was not done with the Marshall Valuation Service but was done with an old, State manual that no longer exists. Mr. Martucci stated that he could not say that that two were exactly equivalent but that the MVS is approved by the State and that is what he uses.

Mr. Newcomb asked Mr. Martucci if he had heard him correctly that Mr. Martucci had not used the replacement cost method to assess the property.

Mr. Martucci replied that the Marshall Valuation calculator method is a combination of sales data, cost data, and income data. It is not a strict cost replacement system.

Mr. Newcomb asked Mr. Martucci if he used the strict cost replacement system, strict comparable sales, or use income.

Mr. Martucci replied in the negative. He stated that he produced an income approach, which supports the numbers.

Mr. Newcomb asked if the depreciation figure for building #1 was fifteen percent.

Mr. Martucci replied that it was a two tiered process. The first tier is to determine the quality of the building, which can range from superior to low. There are five different increments for this in the Marshall system.

Mr. Newcomb stated that perhaps Mr. Martucci had misunderstood his question. He stated that in Mr. Martucci's report, in the first section, (*he is referring to the blue binder that Mr. Martucci first submitted to the Commission on May 3rd*) there is a Town of Thomaston calculator form. Line 30 of Section 1 shows fifteen percent. He asked if this percentage was the total depreciation.

Mr. Martucci responded that this was not the total. The first consideration is the quality of the building. That will affect the beginning square foot cost of the building. If it were a superior building, it would have a much higher beginning cost.

Mr. Newcomb interrupted Mr. Martucci and stated that the starting point was when the building was constructed, according to Mr. Martucci's records, back in 1953 (making it a 56 year old building).

Mr. Martucci responded that Mr. Newcomb was incorrect and that assessors deal with the building as it stands today.

Mr. Newcomb stated that when Mr. Martucci was saying that the starting point is the quality of the building, that means how it was constructed back in 1953. He asked if that was correct.

Mr. Martucci stated that it was correct.

Mr. Newcomb asked if the depreciation line on line 30 is how much Mr. Martucci was taking off it since 1953.

Mr. Martucci stated that this was not correct. In 1953 it may have been a superior quality building. If the rates had been the same, the assessment would have started at the higher square footage rate.

Mr. Newcomb stated that he wanted to be clear about Mr. Martucci's numbers. He asked what the percentage of reduction in value is, according to age, in Mr. Martucci's calculation

Mr. Martucci stated that there is no specific reduction in number for age. It has to do with the type of building and its quality. That is where it starts. The way it exists today, if a building is superior it is one value, if it is low, it is a completely different value. The rear building is classified as a class D, low quality. When it was built, it was probably a much higher quality construction. He stated that he takes into account, when determining the quality of the building, is what the actual physical condition of the building is.

Mr. Newcomb interrupted Mr. Martucci by stating that he wanted to ask his question in a different way because he thought it was important to bring something up. He stated that in Mr. Martucci's calculator cost form, the replacement cost is listed as \$1,032,250.00 for both buildings. The depreciated costs listed are \$824,310.00. He stated that this would appear to be a reduction of about fifteen percent.

Mr. Martucci stated that it was fifteen percent on the front building and twenty-five percent on the rear building, after you adjust for the quality of the building.

Mr. Newcomb stated that according to Mr. Martucci's form, the percentage comparing the replacement costs and depreciation costs is Mr. Martucci's percentage of depreciation.

Mr. Martucci stated at under Mr. Newcomb's assumptions, he should start with a brand new, superior building, as though it was built today, and then depreciate that from there. He stated that this not what an assessor does. He stated that he takes the building as it exists today, a below-quality structure and an average-quality structure. He asked if anyone would build a low-quality structure.

Commissioner Anne Beebe-Center stated that the Commission had heard enough. She stated that a meeting would be scheduled within the next thirty days for the next Regular Commission meeting on July 14th.

Commissioner Roger Moody stated that he was still uncertain where the Commission was going with this. He stated that he did not know what the fairest way is to figure out the depreciating value of the buildings. He added that he did not know if the County had access to a consultant to look into the matter.

Commissioner Anne Beebe-Center stated that it was incumbent upon the Commission, based on what she was looking at.

Commissioner Roger Moody asked when the Commission would take a vote to retain such expertise or to investigate retaining such expertise.

Commissioner Anne Beebe-Center stated that the Commission could vote right now to investigate.

- A motion was made by Commissioner Roger Moody to request the county administrator to seek two or three proposals from qualified appraisers, developing the costs of consulting with the Commission on matter of Thomaston auction properties vs. Town of Thomaston. The motion was seconded by Commissioner Richard Parent. A vote was taken with all in favor.

Mr. Martucci asked if the meeting would be a public meeting.

Commissioner Anne Beebe-Center stated that the meeting is the Regular Commission meeting, which is a public meeting.

Commissioner Roger Moody asked if Mr. Martucci was referring to when the meeting when the Commission would make their decision or any meeting that the Commission might have with a consultant.

Mr. Martucci stated that the way he understood it, that that would be the meeting that the Commission could only have after making a finding whether or not the evidence presented is credible to believe that the taxpayer is overtaxed. That is what the Commission has to find first

before it can do any investigation on its own. That is what the Supreme Court essentially said. The first thing the Commission has to do is determine whether or not the evidence that was presented that the property was over assessed is credible. If the answer to that is yes, then you would go ahead and pursue your own estimate value.

Commissioner Roger Moody stated that the problem for him was understanding the information.

Mr. Martucci stated that this was why he did not say anything when the Commission was voting. He stated that he had no problem with the Commission getting consultants. He stated that he just wanted to make sure that the Commission was clear that the Commission has to make a finding first before the Commission can actually engage consultants and use that information to determine what the value is.

VI. Action Items

1. Act on Approval of Job Description for a Part-Time Special Projects Planner (R. Sisk).
EMA Director Ray Sisk explained that he was request that the Commission approve the job description for a part-time Special Projects Planner for the EMA office. The position will be funded primarily through a Homeland Security award grant that was submitted for such a position. He added that he has two sources of funding from grant awards, totaling about \$71,000.
 - A motion was made by Commissioner Richard Parent to approve the job description for a part-time Special Projects Planner. The motion was seconded by Commissioner Roger Moody. A vote was taken with all in favor.
2. Act on the APAC's Recommendation to Award Stantec Another Five-Year General Consultant Agreement (GCA) and Authorize the County Administrator to Sign the Agreement (J. Northgraves).
 - A motion was made by Commissioner Roger Moody to award Stantec another five-year General Consultant Agreement and to authorize the county administrator to sign the agreement. The motion was seconded by Commissioner Richard Parent. A vote was taken with all in favor.
3. Approve Don Campbell's Request to Transfer Hangars 31 and 36 to Campbell Airo LLC and Authorize the Chair to Sign the Consent and Assignment Document (J. Northgraves).
 - A motion was made by Commissioner Richard Parent to approve Don Campbell's request to transfer hangars 31 and 36 to Campbell Airo LLC and authorize the Chair to sign the consent and assignment document. The motion was seconded by Commissioner Roger Moody.

Commissioner Roger Moody asked if this was just changing the names from Don Campbell to Campbell Airo LLC.

Airport Manager Jeff Northgraves stated that this was correct. He stated that the lease requires this process.

- A vote was taken with all in favor.

VII. Discussion Items

1. Discuss the Updated Terminal and Parking Lot Design and Decide Whether to Include Some, All or None of the Proposed Rental Space in the Final Design (C. Shrum, J. Northgraves).
Chris Shrum stated that he has been working with the County, Airport Manager Jeff Northgraves, and the Airport Public Advisory Committee Business Plan sub-committee, to draft a business plan. He stated that there are a number of questions and decisions that need to be made, which are tied to the business planning process, but are more specifically tied to the terminal. The sub-committee met a week ago to go over some assumptions for the business plan that have a direct affect on the terminal, including the possibility of a café or food service and gift shop within the terminal. The APAC is designed as an advisory committee, so in order to move forward, guidance is needed from the Commission.

Mr. Shrum read aloud, nearly verbatim, the following memo which had been emailed previously to the Commissioners:

“A series of earned income scenarios exist for the new terminal related to food service and the operation of a gift shop. In order to move forward with final design for the proposed terminal building, the Knox County Regional Airport Business Plan Committee turn to the County Commissioners for their insight and recommendation.

Three primary questions need to be proposed when considering the various options are outlined below:

1. What level of activity is appropriate for the Knox County Regional Airport?
2. What scope and scale of service does Knox County Regional Airport want to provide customers, both commercial and general aviation?
3. How important is earned income to the airport operation and what is the necessary balance between appropriate activity and revenue generation?

Your response to these questions should guide which option is most appropriate for future decisions regarding the proposed terminal and the general direction of the business plan.

Option 1 – Vending Machines

Overview: A dedicated space within the terminal with limited seating will be equipped with a series of vending machines that will offer travelers packaged food options, primarily snack foods and canned/bottled drinks. A range of vending options will be explored to maximize choice for the traveler.

Pros:

- Space needs for the vending machines would reduce the overall building size by 300 to 500 square feet, which in turn would reduce the overall cost of the facility and reduce ongoing occupancy and maintenance costs.
- Increase from current on-airport food offering.
- Decrease in occupancy and maintenance costs.

Cons:

- Space within the new terminal for food service is 100% reimbursable by the FAA and elimination will increase the County's share of the building costs.
- Earned income generated through vending machines would be significantly less compared to prepared foods options given the lack of space rental income and percentage of gross profit.
- Limited scope and scale of services available on airport, vending option is very close to the current offer.

Option 2 – Limited Service Prepared Foods

Overview: Limited service prepared foods consists of cold sandwiches, salads, and possibly soups, similar to the options available at a deli counter. There would be no wait staff and limited, if any hot foods prepared on site. Products offered through a vending machine, such as canned/bottled drinks, candy, and snack foods would be available through the operator. Seating would be made available for customers.

Pros:

- Increased scope and scale of services available to customers and employees of the airport.
- Increased earned income potential from limited service prepared foods through lease fees and the percentage of gross profit generated from sales.
- Increased activity of general aviation projected as a result of expanded offerings.

Cons:

- Requires additional space for food preparation, which increases costs of constructions, occupancy, and maintenance (100% of construction costs qualify for FAA funding support). Decreased foot print increases local costs.
- Increased competition could adversely impact area restaurants, deli counters, and convenient stores.
- Increased general aviation activity could impact surrounding communities in terms of noise, environmental concerns, and air/vehicle traffic.

Option 3 – Full Service Menu

A full service menu restaurant with wait staff would offer a range of hot and cold prepared foods. The food offering would be similar to many small restaurants in the region such as the Owls Head General Store or Brass Compass. Seating would accommodate roughly 30 customers.

Pros:

- Full scale and scope of services offered to customers and employees.
- Increased earned income potential through food sales as a result from increased sales margins. Decreases local cost share of construction.
- Increased general aviation activity
- Could become a destination restaurant for residents and travelers.

Cons:

- Requires additional space for food preparation, which increases costs of constructions, occupancy, and maintenance (100% of construction costs qualify for FAA funding support).
- Increased competition could adversely impact area restaurants, deli counters, and convenient stores.
- Increased general aviation activity could impact surrounding communities in terms of noise, environmental concerns, and air/vehicle traffic,

Gift Shop

A gift shop is proposed on-airport that would provide a variety of gift items, artwork, and reading materials. The gift shop would require roughly 300 square feet and would be a leased operation (100% of the construction costs eligible for FAA funding). There are two options regarding the gift shop – incorporate it into the business plan and terminal design or eliminate it from the business plan and terminal design. The following are things to consider:

Pros:

- Increased earned income potential from lease agreement and percentage of sales.
- Provides an increased level of scope and scale to customers.
- Decreases local cost share for cost of construction

Cons:

- Unknown market potential to support operation.
- Increased competition for area retail stores.
- Increased maintenance and occupancy costs”

Mr. Shrum stated the County needs to focus on the three questions he had asked at the beginning of his presentation:

1. What level of activity is appropriate for the Knox County Regional Airport?
2. What scope and scale of service does Knox County Regional Airport want to provide customers, both commercial and general aviation?
3. How important is earned income to the airport operation and what is the necessary balance between appropriate activity and revenue generation?

Mr. Shrum stated that earned income offsets public subsidy. If you increase your income, you decrease your public subsidy, or taxes required to operate. The plan is being looked at from a 20 to 30 year perspective. He asked if there were any questions.

Commissioner Roger Moody stated that he did not have strong feelings in one direction or another. He stated that he was intrigued by the FAA’s decision-making process of what they will include and what they will not. He stated that he would be glad to hear from members of the public that had come to the meeting to speak on the subject.

Vivian Newman, from South Thomaston and a member of the Business Plan Sub-Committee, stated that there is a strong element of concern of the County overextending itself and whether or not there really would be an economic return from a café and a gift shop. A group of the committee has the frame of mind of wanting to do better with less and are concerned with fiscal responsibility in terms of the taxpayer, at all government levels. She stated that money is not just a plum out there waiting to be plucked. Money comes from the tax payers. She stated that the group had felt that there was not enough evidence to validate the argument of having a gift shop. The airport is largely seasonal in terms of use. She asked if there is reason to believe this is going to be more than just a frill. The concern is about the purpose of the airport, which is to increase the economic development of the region, not just the immediate area. She stated that the group also did not like that the airport will compete with the local businesses, particularly with the current economic climate.

Commissioner Anne Beebe-Center asked if it was known if the people coming into the airport rent cars and go out into the towns.

Airport Manager Jeff Northgraves replied that there are a lot of car rentals. The travelers do go downtown in Rockland, but sometimes stick around at the airport and do not go anywhere.

Commissioner Anne Beebe-Center what are they doing at the airport if they are not renting cars to go out into the community.

Airport Manager Jeff Northgraves replied that a lot are just stopping for fuel but are sometimes picking up/dropping off passengers and/or cargo. The airport is in a prime spot between Canada and lower states so it is often used just for fuel stops. If the pilots can get a sandwich at the little booth currently there they will, or they just leave after fueling up.

Commissioner Anne Beebe-Center asked if the County would have to start with a full-blown restaurant if committing to the space, or if it would be possible to start with something smaller first.

Mr. Shrum replied that once the terminal is built, it is a lot more challenging to retrofit it afterwards than to build the terminal with the space already in it. If the Commission wanted to phase in a food service on the property, it can, but if thinking long term, provisions for future intentions would need to put into the business plan now.

Airport Manager Jeff Northgraves stated that the County would go out for an RFP (Request for Proposal) to see what businesses might want to be in the terminal. Then the County can look at the list and think about what businesses the County might want in there. Once a decision is made, the County would enter into a lease agreement with that business. The business would rent the space per square footage and would give a percentage of their income to the County. He stated that he believes that business competition is a good thing if appropriate.

Commissioner Anne Beebe-Center commented that the region is growing.

Commissioner Richard Parent commented that he looks at a restaurant in an airport as a convenience for the travelers and the people who work there, rather than a destination for the locals to go. He added that he would much rather order a sandwich from a restaurant than to get one out of a machine. He stated that from his own experience, people are only going to go in a gift shop if they realize at the last minute that they need to buy a souvenir.

Airport Manager Jeff Northgraves stated that other than buying reading material for the flight, 85 percent of the people that use gift shops in airports are using them for last minute gift purchases.

Commissioner Richard Parent stated that based on this fact, he did not look at either a restaurant or gift shop as competition for local businesses.

Airport Manager Jeff Northgraves stated that he agreed.

Commissioner Anne Beebe-Center stated that she looked at it as economic development. She stated that the County has a responsibly run airport and has reconnected with the property owners surrounding the airport to ensure that they feel safe. The airport is very important to our area. It is the first time for people to see our area when they fly in. The County has a chance to have a small terminal to get it right. She stated that she would hate to shut doors on future expansion because it is decided to not have a full-fledged restaurant to begin with. She added that she would hate to lose the space to possibly expand to gain a restaurant or even a small gift shop.

Commissioner Roger Moody asked what the FAA would say if either of these plans are included in the business plan but the businesses were closed because they turned out to not be economically feasible.

Airport Manager Jeff Northgraves replied that the FAA would encourage the County to find vendors for the terminal or to find an alternate use for the space.

Commissioner Roger Moody stated that he felt it was right to do long-term planning but that he also believed the airport has seasonable travel and that he was not sure businesses would survive.

Commissioner Anne Beebe-Center asked Airport Manager Jeff Northgraves to talk a little about the County's obligation to manage the airport by looking for revenue producing opportunities.

Airport Manager Jeff Northgraves stated that the grant assurances, with the money the County has already taken from them, part of those grant assurances are that the County will do everything we can to make the airport a viable economic operation. This means not forgetting about revenue generation. Because of that obligation, the FAA has made revenue space eligible for FAA funding, so the County is obligated to look for ways to decrease the need to require funding from the taxpayers (local tax).

Commissioner Anne Beebe-Center asked how much of the airport is self-sufficient and how much is carried by the taxpayers.

Airport Manager Jeff Northgraves stated that right now, the taxpayers carry about \$10,000.00 in local tax. It is a \$350,000 operation every year. Most of that is being taken care of. This year will be interesting because the budget was done based on a three percent CPI but now it may be a negative CPI. The rentals are less than what was budgeted for. Downeast Air is off about twenty-five percent from previous years. Cape Air is actually where he predicted them to be in terms of the number of passengers. The Augusta airport and our airport are the only ones in Maine with positive numbers in the month of May. Other airports are down in numbers. Knox is the only airport that is increasing right now and will soon outgrow this. Once the terminal is built and done right, it could easily last the County fifty years. He stated that he wanted to point out that if the terminal is decreased in size, the over-all cost to the taxpayer decreases, but not the general taxpayer. He stated that part of his job is to find this money and “pick it” and bring it into this county instead of somewhere else.

Mr. Shrum stated that the tax dollars provided to the airport from the FAA is in part Maine taxes coming back to the County. Those are also taxes paid by someone other states. Maine pays less into the pool than it actually receives from the federal government.

Airport Manager Jeff Northgraves stated that the money is not true tax. It is tax, but it is tax on aviation. It does not come from the general fund, but rather a separate fund that is funded by the aviation industry. That money is what funds the AIP (Airport Improvement Program) process. Knox County is entitled to one million dollars of it every year. If the airport does not have the areas in it that the FAA will give the County money for, the percentage that the local taxpayers cover will change. The local taxpayers would actually end up paying more money in the long run because the space would have been covered by the FAA.

Mr. Shrum added that the County would also lose the potential earned income.

Ms. Newman stated that the Business Plan Sub-Committee has not gotten that far with the business plan to the point where it would address the issue of earned income. She stated that this made it difficult for her to represent any opinion on the subject.

Commissioner Anne Beebe-Center stated that the County is under an urgency of deadlines because the blueprints need to be completed.

Airport Manager Jeff Northgraves stated that for the architect to proceed, and be able to come up with good numbers by the end of July, which is what he has been tasked to do, the terminal design needs to be done. That way, the County can go out for bond, start the public process and have a biddable package ready by the end of July so that the County can get actual costs instead of just estimates. Right now, bids in the aviation industry in New England are coming in significantly lower than expected. He stated that he recently received a call asking the County to submit this to the stimulus funding board, which would be a good thing for the County to do. It could potentially save the County about \$87,000.00. It is important to get some real numbers before going out to bid. The bigger issue is not whether or not there is a café or gift shop in the airport, but whether or not the County wants the airport to develop an economic engine that is capable of moving the airport away from tax subsidies. The APAC voted 6-0 to support the terminal plan as it is. He stated that he personally wanted to make it very clear that his recommendation, which is a very strong recommendation, is that if the County is going to build a terminal that is going to last 20 to 40 years. Being shortsighted would be a very big shame.

Ms. Newman stated that she wanted to be clear that she did not think that anyone on the Business Plan Sub-Committee was interested in squelching the airport. They are primarily concerned with convenience and services to the traveling public being adequate. She stated that when it gets into the whole category of amenities, which is frivolous thing upon frivolous thing because it is the nice thing to do, the sub-committee wants to draw a line at that. She added that she wanted to thank both Jeff Northgraves and Chris Shrum for a presentation that was clear and balanced.

Gray Smith, from South Thomaston and a member of the APAC, stated that he has been involved with the airport. He stated that at the APAC meeting the previous evening, the committee went through the information very carefully and everyone came to the same conclusion that the County should not short-change itself. The County has hired a world-class engineer (Stantec) who proposed this terminal, including the café and gift shop. He stated that if those two things were not included in the initial plan, he did not see how the airport could function down the road. He stated that he was in favor of supporting the plan.

Bill Jones stated that he was not on airport committee, but that he served on the Knox County Budget Committee. He stated that if he were the one making the decision, he would want to know what would happen to the space for the café and gift shop if there turned out that they could not make money. He stated that he would want to know what else the space could be used for, like office space for the airport manager. He stated that it sounded like the space was a “freebie”, it would just be important to know if the use is flexible in case the café or gift shop fail. He commented that people he knows will often fly places where they know that they can do things without having to rent a car to go somewhere away from the airport.

Commissioner Anne Beebe-Center commented that Airport Manager Jeff Northgraves had already answered the question of what the eligible uses will be for those spaces if the café or gift shop cannot survive at the airport.

Airport Manager Jeff Northgraves stated that he would have to work with the FAA to try to find an eligible use of the space. If the FAA’s suggestions were not going to work, there are some other uses of the space that the airport could do since there are several things that were not put into the plan. What was put into the design was decided several months ago. There were specific things that were decided against by the committee, but that are eligible and possibly revenue generating. The space does not have to start as a restaurant or stay as a restaurant forever.

Commissioner Anne Beebe-Center asked if there were some educational opportunities.

Airport Manager Jeff Northgraves answered in the affirmative but added that the Business Plan Sub-Committee has moved away from the airport developing its own independent educational process, but are instead using surrounding educational resources to bring them into the airport in the form of posters for the walls.

Mr. Shrum stated that in the staffing section of the business plan provides for internships and opportunities for college age individuals to get exposed to aviation management.

- A motion was made by Commissioner Roger Moody to endorse the airport terminal plans as presented, which include space for café and gift shop. The motion was seconded by Commissioner Richard Parent. A vote was taken with all in favor.

Commissioner Roger Moody stated that he suspected that the café and gift shop were not going to be large revenue-makers. He added that the interesting thing about the design for him was that it was a departure from traditional New England architecture.

Airport Manager Jeff Northgraves stated that he had given the Commission copies of layouts because there were three pieces to Stantec’s presentation. One was the parking lot plan, which was not just endorsed but was enthusiastically endorsed by Business Plan Sub-Committee. They really liked what the parking lot area is going to look like. Another piece was the exterior of the terminal and what that area was going to look like. The presentation included pictures of local structures because they were told very specifically that the County did not want the airport structures to stand out, but rather to blend in and be part of the community. Stantec made a collage of local architecture, which is now in the airport manager’s office. They used those pictures to come up with the concept for terminal building and its roof. It will be a long, low building. It will fit into the look of the local community. Everybody on both the Sub-Committee and the APAC have approved of the design.

Commissioner Anne Beebe-Center asked if there would be gardens included in the plan.

Airport Manager Jeff Northgraves stated that landscaping is not FAA eligible. There will be a lot of green, but most will just be top soil and seeding around the parking lot area. There will need to be some separate funds to do some landscaping.

Airport Manager Jeff Northgraves stated that he had given the Commission some information on the stimulus package debate and that once he has discussed it with the county administrator and finance director, he will come back for direction about using stimulus money. He stated that he believed that it will not only save us money but right now the County will use about three years

worth of AIP entitlements. If the County uses stimulus money it is not entitlement money so those three years of entitlement money can be used for other projects. It will also save us on the construction time. The County will still need to go out for bond.

2. Discuss Budgeted Program Grant Money for Eastern Maine Development Corp.

Commissioner Anne Beebe-Center stated that the Ann Matlack, Chair of the Budget Committee was in attendance. She invited Ms. Matlack to come forward. She stated that for past three years, Knox County has dedicated \$15,000 of the \$20,000 to the Knox Regional Economic Development (KWRED). The other \$5,000 went to the Eastern Maine Development Corp. (EMDC). The county allotment allows any town in Knox County to use the services of EMDC for free, except for those services which cost money, such as the use of a contractor. This gives the towns a gateway to EMDC's resources. The terminology in budget had said EMDC instead of KWRED. She asked Ms. Matlack to explain the evolution of the discussion from those budget meetings.

Knox County Budget Committee Chair Ann Matlack stated that she had gone back to look at the Budget Committee meeting minutes from the year 2005, which is when the committee first started discussing the issue. She stated that she was on budget committee at that point. That year, \$7,500.00 was put on the agenda for EMDC. The committee was approached by a man named Jonathan Daniels, who said that there was an opportunity for a \$25,000 for a grant match if communities could come up with \$25,000.00 for a grant match. At that time, several members of the committee felt underserved by EMDC and were concerned that even \$7,500.00 was more than they were interested in putting aside for Eastern Maine. Mr. Daniels told the Budget Committee that the grant match would specifically put a person in Knox and Waldo (shared) to tap into the resources. Instead of asking for \$7,500.00, EMDC was asking for \$20,000.00, \$5,000.00 of which would be specifically for EMDC. Ms. Matlack stated that it was noted that if the \$20,000.00 was granted, EMDC would earmark \$15,000 to support staff and contacts in Knox County. EMDC was organization that employed the person and allowed Knox County to tap into some of the other resources.

Ms. Matlack stated that the question now is whether or not Knox County is receiving resources were promised back in 2005. Through October 15th of 2008, Alan Hinsley was the County's representative who worked for EMDC. When Mr. Hinsley's career took him in a different patch, EMDC was going to provide someone. In the meantime, the County was without services. Victoria Burpee, one of the interim directors, said there would be one person in Knox, initially part time and then eventually full time. The Committee believes that since October 15th, Knox has not provided the level of support promised. The request from the KWRED board is that the Commission consider not giving the remaining \$15,000 to EMDC but instead reserve the money for the Knox Regional Economic Development Counsel so that a contract person can finish off some of the work that had been started and provide support to the local communities. This will also help recreate KWRED as an entity affiliated with EMDC or perhaps another entity.

Commissioner Roger Moody stated that he is the Commission representative to the EMDC board but is new and does not know as much about the history of the board as Ms. Matlack does. It is important to have an economic development specialist in Knox County. He asked if KWRED and EMDC are in a relationship of mutual respect or if they are in dispute.

Ms. Matlack stated that in some ways, they are still trying to figure out what the relationship is. EMDC had a total change of personnel at the top. Mr. Obi has been in place since January, after being the head of EMDC several years ago. KWRED has had discussions with Mr. Obi, who has met with Joe Slocum, city manager of Belfast and Jack Williams, VP of Camden National Bank, both of whom are members of the KWRED board. Mr. Obi will be meeting again with Mr. Williams this week about what kind of relationship there should be from here on out. Ms. Matlack stated that she did not think that there was any animosity. She stated that KWRED is concerned that there is no economic development person in Knox County, especially since there had not been one since the middle of October last year. EMDC had hired someone who's work was being associated with this area, but it was not the kind of work that had been seen in the past. Part of that person's work was supposed to be providing funding for their own position because the \$25,000.00 was supposed to be seed money to jumpstart the ability of this person to help fund himself/herself. This has been a bone of contention between the two groups. There seems to be a great misunderstanding of what KWRED is and what it has done for Knox County. Lack of understanding what EMDC has planned for Knox County. There is also a lack of understanding in this area about what EMDC has planned for us. Until recently it have not been EMDC's plan to put someone in this area. They had recently hired someone for Hancock and Washington Counties, but had made an attempt to find a person for Knox County. KWRED felt that there was a big void in this area that EMDC was not bothering to fill.

Commissioner Roger Moody asked if conversations between KWRED and EMDC were happening to discuss ways to proceed in the future.

Ms. Matlack answered in the affirmative. She stated that there have been several discussions with EMDC. There have also been discussions with several other organizations. At present, KWRED does not have a 501(c)(3). It is a long process to get one, and KWRED will need an affiliation in the near future in order to continue their work in this area.

Commissioner Roger Moody stated that it seems that Ms. Matlack's approach with KWRED has been constructive in terms of a long-term strategy. He stated that he just did not want to be surprised by anything when he attends board meetings at EMDC. He stated that if the discussions between KWRED and EMDC turn less positive, he would like to know about it so that he can understand the situation and perhaps even try to help.

Ms. Matlack stated that one of the discussions that the KWRED board has been having is whether or not KWRED can make EMDC an offer that will allow the two entities to part ways. One of the concerns about EMDC was that EMDC feels that the money that they have spent "on behalf of" KWRED should be repaid to them. KWRED had made EMDC an offer originally of a modest amount to settle some debts. KWRED is now looking at paying a lump-sum payment of \$23,700 to EMDC. KWRED would ask for part of that to come from Knox County, and from Belfast, Camden, and Rockland. The money will pay for Alan Hinsley's salary through October 15th and some administrative time that EMDC had spent on KWRED's behalf. EMDC had originated the sum of \$23,700.00. KWRED is asking that the four entities of Knox County, Belfast, Camden, and Rockland take a prorated part of the \$23,700.00, depending on how much each entity participated in KWRED. Part of the \$15,000 would go to help pay that. There would need to be an invoice sent up to Bangor and then the remaining funds would go towards KWRED to continue work in this area.

Commissioner Roger Moody asked if the County share of the \$23,700.00 was coming from the \$15,000.00.

Ms. Matlack stated that part of the \$15,000.00 would pay the County's share of the \$23,700.00 so that the account can be settled with EMDC.

Commissioner Richard Parent asked at what point was the County supposed to pay the \$15,000.00 to EMDC.

Ms. Matlack stated that this was a good question because EMDC never invoiced for it. It is only recently that EMDC realized that they did not invoice the towns.

Commissioner Anne Beebe-Center stated that EMDC had invoiced the County.

Ms. Matlack stated that this was correct.

Commissioner Richard Parent asked if the County had paid EMDC money.

Ms. Matlack replied that the County has paid them \$5,000.00, which is the annual money that goes to EMDC on behalf of all the towns within the County.

Commissioner Roger Moody stated that the Commission had met with the Lincoln County Commission the day before and had discussed economic development. He stated that Ms. Matlack may already be aware of efforts going on, but that at some point in discussions with Knox and Waldo Counties it might be wise to include Lincoln County.

Ms. Matlack stated that Lincoln County is one of the groups that KWRED is talking to about whether it is in the best interest of this area of the Mid-Coast to work more closely together.

Commissioner Roger Moody asked if it was the Lincoln County Commission Ms. Matlack was speaking to or another group.

Commissioner Anne Beebe-Center stated that it is the town managers that are representatives to the Lincoln County economic development, which is part of the Sagadahoc and Brunswick economic development group. Together they are an economic development district. Representatives of that district are talking to KWRED, and they were also at the meeting with the Lincoln County Commission (the town managers of Damariscotta and Waldoboro). She asked for a motion.

Ms. Matlack asked if the Commission could vote to postpone paying any more money to EMDC until invoiced for the County's portion of the \$23,700.00.

Finance Director Kathy Robinson stated that to her knowledge, the way the County has paid EMDC in the past, EMDC does not necessarily invoice the County. Administrative Assistant Candice Richards or Executive Assistant Candy Johanson create an invoice and then the finance office generates payment. The same is done for all of the other program grants. The County has already made the first quarterly payment of \$5,000.00 to EMDC. The County does not know if that money is divided and designated to a particular portion of EMDC. The second \$5,000.00 payment has not been paid yet. It was being held back based on this discussion.

Commissioner Anne Beebe-Center stated that it sounded like the motion should read that the County hold the second quarterly payment until the County receives an invoice from KWRED.

Administrative Assistant Candice Richards stated that out of all the program grants the County budgets for, EMDC is the only one to actually send an invoice, but the invoice just asks for \$5,000.00 and is not broken down to explain what the money is going towards. The invoice that the finance office sees is an invoice that she generates with the other invoices for the other program grants. She stated that she would get a copy of the invoice to the Commission so they could see what it looks like.

Commissioner Anne Beebe-Center stated that she felt that what the Commission was going towards was having the full \$5,000.00 payment go toward the \$23,700.00 for the agreement between KWRED and EMDC. She asked Ms. Matlack if this was what she was asking for.

Ms. Matlack responded in the affirmative.

Commissioner Anne Beebe-Center asked if there needed to be a different invoice so that EMDC knows to apply the \$5,000.00 to the KWRED bill.

Ms. Matlack stated that she believed so. She stated that KWRED had met with the Rockland City Manager and Camden Town Manager, but the Belfast City Manager was not in attendance and he is the fiscal agent for KWRED. She stated that she did not get an answer on whether the funding should go through Belfast or if it needs to go individually to EMDC. She stated that she would clarify with KWRED how that should be set up.

Commissioner Anne Beebe-Center asked if the County should postpone the payment to EMDC for two weeks.

Ms. Matlack stated that this would be helpful.

Commissioner Roger Moody stated that he was interested in hearing more about this as it develops.

Administrative Assistant Candice Richards stated that normally, the quarterly invoices for program grants are submitted to the finance office for payment at the start of the third month in the quarter, which would have been June 1st. She stated that since it is already June 9th, EMDC may call soon to find out why they have not received payment. She stated that she needed to know if the Commission wanted the invoice to be changed so that it had more specific instructions of what the money is intended for, or if a letter should be sent to EMDC explaining why they have not received the money yet.

Commissioner Richard Parent asked to back up the conversation a bit because he was having a problem understanding part of it. He asked what the County has received for the first \$5,000.00 payment which was paid to EMDC earlier in the year. He asked what the County is paying for if the County has not had anyone doing anything for the area since last October.

Commissioner Anne Beebe-Center replied that the first \$5,000.00 payment went to the economic development district. It is a county payment, as opposed to a town payment. That entitles the County to a variety of services.

Commissioner Richard Parent asked if that meant that the County had received some service.

Commissioner Anne Beebe-Center stated that the County has not, but it allows the towns within Knox County to receive the services. Most of those services cost additional money. All the \$5,000.00 really does is say that the County is a member of the economic development district.

Ms. Matlack stated that the question of what the County is actually getting from EMDC for the money we pay them is precisely why this discussion was taking place.

Commissioner Richard Parent asked why the County was obligated to pay if not receiving any services.

Commissioner Roger Moody stated that there is a reimbursement component to this for EMDC wanting reimbursement for services they did last fall on behalf of Knox County.

Ms. Matlack stated that this was correct. She added that EMDC is on a fiscal year while some of the towns are on a calendar year, which is why payments are sent quarterly. It was determined that during the third quarter last year (July – September) and into the middle of October, there were services rendered, but EMDC never invoiced, so the municipalities still have funds sitting there that have not been paid to EMDC. Because some of these towns are coming up on the end of their fiscal year, they want to tie up the loose ends with their accounting. KWRED does believe that there were services provided during that quarter, and that Knox County participated in some of those services through October. EMDC is an economic district. She stated that she did not know if it was federally set up or set up by the State, but it administers federal funds. Dues are done by requesting stipends from the counties (rather than the individual towns). On behalf of the towns of Knox County, the County pays \$5,000.00 to help offset some of the expenses at EMDC.

Finance Director Kathy Robinson stated that she understands the difficulties of EMDC being on a fiscal year when some towns and Knox County are on a calendar year, but the County pays \$5,000.00 each quarter. Although there may be some expenses that are not paid, it is not because the County has not contributed.

Commissioner Anne Beebe-Center stated that Ms. Robinson was absolutely right.

Finance Director Kathy Robinson stated that she was having trouble understanding how it is Knox County's responsibility to pay towards the \$23,700.00 when the towns have not been charged yet and the County has already paid quarterly.

Commissioner Anne Beebe-Center stated that it is going to be prorated and the municipalities will pay part of it to Knox County.

Ms. Matlack stated that KWRED was not asking Knox County to pay the entire amount, but rather a share of it. The money in the towns has been appropriated but has not been spent yet. KWRED would rather it was appropriated to KWRED instead of to EMDC.

Bill Jones, member of the Knox County Budget Committee representing Warren and Hope, stated that he was attending the meeting to support the Budget Committee Chair, Ann Matlack. He stated that he was even more skeptic of EMDC than Ms. Matlack is. He added that he has had a career in economic development. The Budget Committee was skeptical of what the County received from EMDC before 2005. It was the Committee's understanding that the money paid for a person to be working in this area, and if that is not happened, then he did not see why the County should pay. He stated that KWRED would do the job and so the County should not pay for services that it does not get.

- A motion was made by Commissioner Roger Moody to hold off further payments to EMDC until the County receives a letter from KWRED indicating the conclusion of their discussions with EMDC concerning the final amounts due for the fiscal period ending June 30, 2009. The motion was seconded by Commissioner Richard Parent. A vote was taken with all in favor.

VIII. Other Business

There was no other business.

IX. Adjourn

- A motion was made by Commissioner Richard Parent to adjourn the meeting. The motion was seconded by Commissioner Roger Moody. A vote was taken with all in favor.

The meeting adjourned at 6:46 p.m.

Respectfully submitted,

Candice Richards

The Knox County Commission approved these minutes at their regular meeting held on June 9, 2009.

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

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

Roger A. Moody – Commissioner District #3