

**TOWN OF ORONO
SPECIAL COUNCIL MEETING
COUNCIL CHAMBER - MUNICIPAL BUILDING**

MONDAY, JUNE 24, 2019 AT 7:00 P.M.

MINUTES

1. Roll Call

Present: Council Chair Cindy Mehnert, Tom Perry, Sam Kunz, Meghan Gardner, Cheryl Robertson, Terry Greenier and Town Manager Sophie Wilson. Absent: Laurie Osher.

2. Agenda Review

Ms. Mehnert requested a motion to add Order 19-120 to the agenda. Moved by Tom Perry and seconded by Sam Kunz to add Order 19-120 to the agenda. All voted in favor, 6-0.

3. New Business

Order 19-97 Order, approving the Fiscal Year 2019-2020 Municipal Budget.

Operating Expenses	\$7,858,821	
Capital Debt Service (P&I)	1,190,529	
Economic Development Expenses	886,309	
Capital Expenses	<u>\$1,197,000</u>	
Total Municipal Expenses		\$11,132,659
General Revenues	\$2,738,886	
Revenue Sharing	\$1,513,835	
Use of Unassigned Fund Balance	\$350,000	
Use of Assigned Fund Balance	\$488,188	
Use of Restricted Funds	\$886,309	
Revenue to Offset Capital Expenses	<u>\$225,000</u>	
Total Municipal Revenue		\$6,202,218

Total Amount to be Raised by Taxes for the Municipal Budget \$4,930,441

Moved by Sam Kunz and seconded by Meghan Gardner. All voted in favor, 6-0.

Ms. Wilson stated the budget order authorizes the expense budget presented at the June 10th public hearing and the projected revenue budget with increases in Revenue Sharing (\$239,315) and Homestead (\$143,060) along with a decrease in the draw on Undesignated Fund Balance (\$50,000). The projected tax rate based upon this order would be approximately \$26.70 or \$0.40 less than presented at the public hearing.

Order 19-98 Order, approving a Sewer User Rate Increase to fund the Water Pollution Control Facility of \$0.40 per 100 cu.ft. per quarter with a

minimum metered charge per quarter of \$64.20 and unmetered per quarter charge of \$95.06 effective for all charges assessed by the Town after January 1, 2020.

Moved by Tom Perry and seconded by Cheryl Robertson. All voted in favor, 6-0.

Ms. Wilson stated the proposed sewer user rate increase of \$0.40/100 cu. ft. raises the rate to \$5.35/100 cu. ft. and would be effective on January 1, 2020. The rate increase funds an increase in the FY20 operating budget and an increase to the reserves.

Order 19-99 Order, approving the Water Pollution Control Facility budget for Fiscal Year 2019-2020 in the amount of \$1,628,103 for Operations and \$238,746 for Capital Improvements for a total of \$1,866,849.

Moved by Sam Kunz and seconded by Tom Perry. All voted in favor, 6-0.

Order 19-100 Order, approving the Five-Year Capital Investment Forecast 2020-2024 for the Town and Water Pollution Control Facility.

Moved by Meghan Gardner and seconded by Sam Kunz. All voted in favor, 6-0.

Order 19-101 Order, approving the Fiscal Year 2019-2020 Fee Schedule effective July 1, 2019.

Moved by Sam Kunz and seconded by Cheryl Robertson. All voted in favor, 6-0.

Ms. Wilson noted changes made to the Fee Schedule as a result of the public hearing on June 10th to make it clear that Public Works has a mailbox reimbursement rate. Ms. Wilson stated that the Public Works annual permit fee of \$25 will initially be valid from July 1, 2019 - December 31, 2020 (18 months for the first year) and sold annually thereafter.

Order 19-102 Order, accepting the FY18 Town of Orono Financial Audit.

Moved by Sam Kunz and seconded by Tom Perry. All voted in favor, 6-0.

Ms. Wilson presented a brief overview of the FY18 financial audit. She noted that the town was in good standing. *See the attached presentation.*

Mr. Perry commented he met with the auditors and they were complimentary about the finance staff. Ms. Wilson stated they are doing a great job.

Order 19-103 Order, revising the allocation of fund balance as follows:

- 1. Eliminate the Communications Replacement, Cable Capital Support, and Office Computer System Reserves and move any remaining balance to the IT/Audiovisual Reserve;**

2. **Eliminate the EMSRA Reserve and move any remaining balance along with an additional \$50,000 into Employee Benefit Reserve;**
3. **Reduce the assignment of Public Works Garage (Project Reserve) to \$50,000, move \$150,000 to Capital Equipment Reserve, and unassign the remaining balance;**
4. **Eliminate the Voting Machine Reserve and unassign the balance;**
5. **Move any funds remaining in the assigned “Masonic Library Grant” to the Grant Fund;**
6. **Assign \$44,500 of Unassigned Fund Balance to fund approved FY18 Carry Forward balances for FY19 infrastructure projects omitted in error from the FY18 Year End Assignments;**
7. **Create an Economic Development Debt Reserve in the amount of \$1,991,994 to fund the repayment of debt associated with the construction of 3 Godfrey Drive; and**
8. **Create a Trails Reserve in the amount of \$20,000 to be used with the approval of Council for expenses related to trail development and maintenance.**

Moved by Sam Kunz and seconded by Tom Perry. All voted in favor, 6-0.

Ms. Wilson stated the Council Finance and Operations Committee reviewed the assignments of fund balance at its June 18th meeting. These are funds controlled by Council and set aside through the process of assignment for a specific future use. She stated that staff has proposed these changes in an effort to: 1) reflect identified needs; 2) consolidate reserves for similar purposes; and 3) assign funds that had been previously informally carried/assigned by the auditor but were inadvertently omitted during the FY18 audit.

Order 19-104 Order, authorizing the Town Manager to expend up to \$2,000 from Library Construction Fund to retrofit picture book bins to allow for better use of the facility and address safety concerns.

Moved by Sam Kunz and seconded by Meghan Gardner. All voted in favor, 6-0.

Ms. Wilson stated the library uses large browser bins to store picture books in the Children’s section of the building. These are a huge hit; however, they take up a great deal of space and the Library is very crowded during children’s programming. Staff has recommended putting casters on these bins to allow staff to move them to make more space when needed for a program. There are 20 bins in total. The estimate for this work is \$1,560; however, staff is asking for authority to expend up to \$2,000 in case the project is more involved than anticipated.

Order 19-105 Order, approving FY19 Departmental Budget Adjustments.

Moved by Tom Perry and seconded by Sam Kunz. All voted in favor, 6-0.

Ms. Wilson reviewed the list of FY19 departmental budget adjustments to be moved within the budget. *See the list attached.*

4. Consent Agenda

Order 19-106 Order, authorizing the Town Manager to increase the FY20 Economic Department expense budget and use of restricted funds to reflect the changes in Credit Enhancement Agreement payments from Restricted Tax Increment Financing District Funds which were previously approved by Council as estimates, but will be determined by the commitment of FY20 property taxes.

Order 19-107 Order, authorizing the Town Manager to pay the 2019 Penobscot County Tax Assessment in the amount of \$682,020.

Order 19-108 Order, authorizing the Town Manager to pay the FY20 RSU#26 Tax Assessment currently estimated to be \$6,842,941.

Order 19-109 Order, adopting the Orono Village Center District Development Program and establishing the boundaries of the District:

Said District shall include real and personal property located on land shown on Orono tax maps as follows: Tax Map 019-004, Lots 061, 062, 063, 065, 066, 067; Map 027-002, Lots 017, 018, 019, 020, 021, 022, 023, 024, 025, 047, 048, 050, 051, 052, 053, 054, 055, 056, 057, 058, 059, 060, 062, 063, 119, 120, 121, 122, 123, 124, 125, 126, 139, 140, 141, 142, 143, 144, 145, 146; Map 027-12, Lots 001, 002, 003, 004, 005, 006, 007, 008, 009, 010, 011, 012, 013, 014, 015, 016, 017, 018, 019, 020, 021, 022, 023, 024, 025, 026, 027, 028, 029, 030, 031, 032, 033, 034, 035 (maps on file in the assessor's office at the Municipal Building, 59 Main Street, Orono, ME 04473). The preceding map and lot numbers encompass an area generally described as follows: most properties abutting Route 2 from Harmaney Realty Limited Partnership occupied by People's United Bank to Murray's Campus Service, 5 properties on Forest Avenue, properties abutting Canal, Oak and Summer Streets, most properties abutting Mill Street from Route 2 to Byer Manufacturing, properties abutting the West side of Pleasant Street, most properties abutting Pine Street from Route 2 to Birch Street and 6 Myrtle Street.

Order 19-110 Order, establishing the amount of the implementation assessments of the Village Center Tax District for the July 1, 2019 to June 30, 2020 Fiscal Year at \$0.00 (zero dollars and zero cents) per thousand dollars of valuation on all real and personal property located within the District as of April 1, 2019 and hereby committing said assessments to the Tax Collector of the Town of Orono for collection in accordance with the authority established under 30-A M.R.S.A., Section 5255(5).

Order 19-111 Order, establishing the due dates for Real Estate and Personal Property Taxes of September 30, 2019 and February 3, 2020, the rate of interest at 9% per annum and October 1, 2019 and February 4, 2020 as dates on which interest will commence on uncollected Fiscal Year 2019-2020 Real Estate and Personal Property Taxes.

Order 19-112 Order, that the Tax Collector be, and hereby is, authorized to accept money prior to the tax commitment in prepayment of taxes, to issue receipts for the same and pay no interest on prepaid taxes.

Order 19-113 Order, that the rate of interest to be paid by the Town for the overpayment of taxes be set at 5% per annum.

Order 19-114 Order, authorizing the Tax Collector/Treasurer, pursuant to Title 36, M.R.S.A., Sec. 906, to apply any tax payment received from an individual as payment for any property tax against outstanding or delinquent taxes due on said property in chronological order beginning with the oldest unpaid tax bill.

Order 19-115 Order, authorizing the Tax Collector/Treasurer, pursuant to Title 36, M.R.S.A., Sec. 906, to apply any payment received from an individual as payment for any sewer use fee against outstanding or delinquent fees due on said account in chronological order beginning with the oldest unpaid tax bill.

Order 19-116 Order, setting the rate of interest to be collected on delinquent sewer accounts at the same annual rate as established by the Town Council for delinquent taxes for the July 1, 2019 to June 30, 2020 Fiscal Year of the Town of Orono. Interest will be charged on unpaid balances after due date.

Order 19-117 Order, authorizing the Town Manager to pay Penobscot County \$10,985.40 drawn from the Overlay Account.

Order 19-118 Order, confirming the employment contract of Laurie Carpenter as the Library Director for the Town of Orono, effective July 1, 2019 to June 30, 2022.

Order 19-119 Order, confirming the employment contract of Mitch Stone as the Parks and Recreation Director for the Town of Orono, effective July 1, 2019 to June 30, 2022.

Moved by Sam Kunz and seconded by Tom Perry to approve the consent agenda. All voted in favor, 6-0.

Order 19-120 Order, deeming the presented delinquent assessed personal property tax balances as uncollectable and authorizing the Town Manager to write off

the account balances as detailed in the *attached* report:

FY05 \$229.40; FY06 \$267.96; FY07 \$228.80; FY08 \$182.00; FY09 \$66.98; FY10 \$64.48; FY11 \$160.20; FY12 \$155.86; FY13 \$263.67; and, FY14 \$10,614.00 for a total of \$12,233.35.

Moved by Tom Perry and seconded by Sam Kunz. All voted in favor, 6-0.

Ms. Wilson explained that the list of personal property tax balances are delinquent and the only recourse would be to take them to small claims court. She noted many of the businesses are no longer in existence. She suggested writing off the FY2005-FY2014 list totaling \$12,233.35.

5. Acknowledgements

Meghan Gardner acknowledged the U.S. Women's National Soccer Team for their recent win.

Sam Kunz expressed condolences to Laurie Osher and her family at the passing of her father.

Terry Greenier invited the public to attend the Brandon Silk Memorial Bridge Dedication that will take place on June 28th at 2pm at the University Inn's gazebo.

6. Public Comments

Stuart Dexter commented that taking people to small claims court for not paying their personal property taxes does not cost a lot. Ms. Wilson explained that the court cost is not costly, but the required research and documentation would be costly. Mr. Dexter suggested listing delinquent taxpayers in the newspaper. He also questioned whether having various reserve accounts for equipment eliminates the department's need to justify the expense.

Ms. Wilson inform Council that the Town offices would be closed July 4th and 5th and staff would be utilizing their personal accrued time to take July 5th off.

7. Adjournment

At 7:52 p.m., Sam Kunz moved and Cheryl Robertson seconded to adjourn. All voted in favor, 6-0.

Minutes are not verbatim. A video-recorded version is available on the Town's website at www.orono.org.

Respectfully submitted,

Nancy W. Ward
Executive Assistant

PROPOSED FY19 BUDGET ADJUSTMENTS

REQUESTED BUDGET INCREASES

Code Enforcement	\$	7,250	
Police	\$	10,000	
Fire	\$	105,190	
Street Lights	\$	2,000	
Winter Maintenance	\$	16,910	
Cemeteries	\$	3,280	
			\$ 144,630

REQUESTED BUDGET DECREASES

Assessing	\$	(25,000)	
Planning	\$	(15,000)	
Finance	\$	(2,135)	
General Maintenance	\$	(62,380)	
Solid Waste	\$	(9,250)	
Library	\$	(14,000)	
Overlay	\$	(16,865)	
			\$ (144,630)

APPROVALS FOR ADDITIONAL USE OF FUNDS

Public Works Project Reserve	\$	2,950	
Solid Waste Reserve	\$	17,750	
Downtown TIF			
Mill Street #1	\$	54,115	
Mill Street #2	\$	208,000	
Shuttle Bus Overage	\$	15,853	** w/ Reallocation of Bus Reserve (\$5,000) to Assessment
EnvisioNet TIF	\$	10,000	(Economic Development Legal Expenses)
WPCF Sewer Replacement Reserve			
Mill Street #1	\$	14,745	


Town of Orono

Review of

FY18 Audited Financial Statements



Audit Background


- 30-A M.R.S.A § 5823 Requires All Municipalities to Complete Annual Postaudit of Financial Statements by a Certified Public Accountant
 - Council engaged Runyon Kersteen Ouellette of South Portland
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Audit Background


- Management works with Auditor to facilitate the audit process and has a role in the creating portions of the audit document; however, the auditor works for the Town Council



Audit Components

- Independent Auditor's Report
 - Management Discussion & Analysis
 - Basic Financial Statements & Related Notes
 - Required Supplementary Information
 - Combined & Individual Fund Financial Statements
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Independent Auditor's Report

- Audit covers general fund and business-type activities for year ending 6/30/18
 - Management is responsible for the preparation and presentation of the financial statements
 - Auditor is responsible to express opinions on the financial statements based upon their audit
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Net Position

- Governmental Net Position Increased by \$342,935 to \$11,642,023
- Business-type Net Position Decreased by \$247,659 to \$5,282,626




Governmental Fund

- Total Revenues Collected = \$16,671,762
 - Exceeded Budget by \$258,034 (or 1.57%)
- Total Expenditures Made = \$16,616,432
 - Under Budget by \$1,485,843 (or 8.21%)



Governmental Fund

- Other Financing Sources Used = \$194,543
 - End of Year Fund Balance = \$7,642,959
 - Net Change to Fund Balance from Previous Year = (\$578,275) (or a decrease of 7.04%)
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Fund Balance

● Non-Spendable	\$ 12,509
● Restricted	\$1,073,118
● Assigned	\$1,825,160
● Unassigned	<u>\$4,732,172**</u>
TOTAL	\$7,642,959

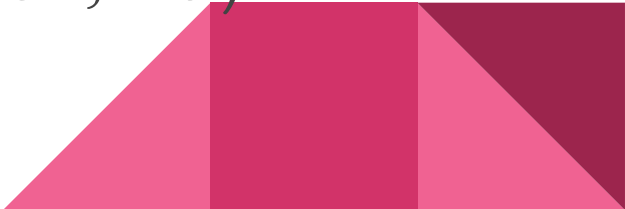
**\$1,991,994 of Unassigned Recommended to be Re-Assigned for Long-Term Debt Payment



WPCF (Business-type Activity)

- Net Position
 - Net Investment in Capital Assets \$2,886,306
 - Unrestricted \$2,396,320
 - Total \$5,282,626

WPCF (Business-type Activity)

- Operating Revenue \$1,470,960
 - Operating Expenses \$1,346,696
 - Nonoperating Revenue (Expense) (\$233,098)
 - Transfer Out (\$138,825)
- 

Property Tax Collection

- Total Property Tax Assessed in FY18 = \$12,753,419
- Total Uncollected \$ 255,750
- Collection Rate 97.99%

