

TOWN OF MADISON - PUBLIC NOTICE

The Inhabitants of the Town of Madison are hereby notified of a public meeting,
The time, place and purpose of which are as follows:

**MINUTES
BOARD OF SELECTMEN
OLD POINT AVENUE FACILITY, 108 OLD POINT AVENUE, MADISON
Monday, March 24, 2014
6:30 p.m.**

- A. Salute to the flag. Done.
- B. Roll Call. Present were Albert Veneziano, Bruce Bristow, Jack Ducharme, Paul Fortin, and Cyp Johnson.
- C. Consent Agenda.
- 1. Warrants dated: #66 (3/10/14), Payroll Registers: Week #11 (03/13/14), #12 (03/20/14). Selectman Ducharme made a motion to approve. Selectman Bristow seconded. Motion carried.
- D. Discuss meeting minutes of March 10, 2014. Selectman Fortin stated that he should not have made the motion to proceed with the CDBG grant application process (page 2, item 1.). Selectman Fortin made a motion to rescind his motion of March 10th which was to apply for a Community Development Block Grant. Selectman Johnson rescinds his second. Motion carries. Selectman Fortin made a motion to hold a public hearing on the CDBG grant application. Selectman Johnson seconded. Motion carried. Selectman Fortin made a motion to accept the minutes as amended. Selectman Ducharme seconded. Motion carries.
- E. Old business (Selectmen's concerns from immediately preceding meeting. See above. No other old business.
- F. Items of Communication.
 - 1. Town Manager met with a HDAC contractor to get quotes on converting town-owned property to natural gas. Town Manager had those figures and will share with the Board in their budget packets.
 - 2. Town Manager conducted several interviews and hasn't been able to find a qualified candidate for the bookkeeping position so he re-advertised in the Morning Sentinel.
 - 3. Town Manager attended a KVCOG Board of Directors meeting last week.
 - 4. Town Manager received a call from a representative of Somerset Woods Trustees to update us on the status of the Weston property. Tentative arrangements have been made on selling 50+- acres of farm land and a possible buyer has expressed some interest in the house and a few acres. The Maine Farmland Trust is applying for a grant through the Land for Maine Future program to either own or have a permanent easement on the remainder of the property – approximately 340 acres. The grant application is due on March 27th. The Somerset Woods Trustees in conjunction with Maine Farmland Trust is requesting a letter of support for their application from the Board of Selectmen. Selectman Fortin can see merit in the house and waterfront but not the rest of the acreage. The idea behind that would be to have hiking/skiing trails and a connecting trail system for recreation. Selectman Ducharme would support it if they would pay taxes on it. Taxes are \$1,800. There's about 12,000 feet of river front. Selectman Bristow said that if the house and farmland wasn't included, then it is the land in tree growth that they're talking about. The 50 acres could remain in farmland, and the house with a few acres would be valued as a house lot. Selectman Fortin made a motion to support this endeavor with an additional line in the letter stating that they will pay taxes on the property. Selectman Johnson seconded. Motion failed – all opposed.
 - 5. Spirit of America Foundation wants to recognize an individual in our community.
 - 6. Budget packet should be available at the end of the week.

7. The Selectmen's budget review is Monday, March 31st. The meeting will begin at 6:30 p.m. per a request by Selectman Veneziano.

G. New Business.

1. Public Hearing to discuss CDBG grant application. Chairman Veneziano read the public hearing notice that appeared in the newspaper for a micro enterprise grant. Chairman Veneziano opened the public hearing at 7:00 p.m. Tim Curtis, Economic Developer gave a handout to the board which includes a picture of the project on the back and a budget summary on the front, and read the project summary to the audience. Selectman Johnson asked if any part of the project needs to go out for bid to contractors. Tim Curtis responded that both the site work and any carpentry work (which includes site work, blight removal and building repair) would go out to bid and that bid will be controlled by the State Office of Community Development. Mr. Denico stated that Mr. Hagopian bought the property and should have known what the consequences were and he should bear them – the cost of getting it into shape. Margaret Browne of Lakewood Golf Course spoke in support of the Town's application for the CDBG grant – a perfect fit for removing blight in the downtown area of Madison. Richard Bartlett spoke of examples throughout the State where public money is granted to the individuals and they benefit from it. He said Mr. Hagopian has invested a considerable amount of money there and he's cleaned that place up. Mr. Bartlett thanked him for turning what was a real mess there into something much better. Mr. Bartlett would urge the Town to support it. Selectman Fortin asked if the \$15,000 in-kind donation included the transportation of the 1,000 yards of fill. Tim Curtis stated that yes it does. And who's going to do the transporting? Town Manager Berry said the Town will do the majority of it – we have some fill over to the Trotting Park that we can use. We also have some material in the business park in one of those lots that we could haul in there. The majority of it could come from the Town. Seeing no other comments, Chairman Veneziano declared the public hearing closed.

Selectman Bristow made a motion to support the grant application. Selectman Veneziano seconded. Selectman Fortin asked Mr. Hagopian what his timeline for completion would be. Tim Curtis responded that the grant would come to the Town and would be awarded in August. The project would most likely have a September timeline. Selectman Bristow asked when we'll know if we've been approved. Tim said the application deadline is April 17th – we should know for sure if we are earmarked for the money by the 1st of June. Selectman Fortin asked Mr. Hagopian what we will do with the project if the grant does not get approved. Mr. Hagopian does not have the funds to do the project on his own. Violation of the Property Maintenance Ordinance and fines were discussed. The Town has a pending judgment against the former owner of this property for \$100/day, a total of \$7,000. If we had to take action against the current owner, the ordinance says up to \$100/day for payment for violation of the ordinance. Motion carried, four in favor, one abstained – Selectman Johnson.

2. Discussion on valuation trends for FY 2014/2015. Bill VanTuinen, Assessor's Agent, presented the Board with some material which focuses on the pulp and paper industry. He discussed a very large tax abatement request to the Town of Jay from Verso Paper in the amount of \$450,000,000 – approximately half of their valuation. Another article was about International Paper who closed down their Portland, AL paper mill. Then a press release from New Page, owner of the Rumford paper company, announcing the closing of a paper machine. Another article reports losses in the demand for graphic paper i.e. printing and writing paper. Bill believes the graphic paper industry has become a mature industry and is in a state of struggle or decline. Additionally, the operating performance of the paper industry in terms of profitability is down and isn't likely to recover. Madison Paper, like other paper mills in the State, is part of that global industry, they're part of the trends and we have to address that situation in our local valuation of pulp and paper mill assets this year. The Board of Assessor's will be meeting with the officials from Madison Paper starting next week to evaluate information about the paper industry and how it relates to MPI. They will be incorporating any adjustment to the mills valuation into our valuation for 2014 - it's likely to be a substantial valuation reduction. Bill cautioned the Board that when towns lose valuation at the local level, it is not instantaneously recognized at the State level, which means it is not recognized in school subsidy payments, state municipal revenue sharing or in county taxes. Last Fall, Bill had discussed with the Board some changes in state law that

would potentially affect Madison – one of which was that the state had revised the administrative procedure for what is called a “Sudden and Severe Disruption in State Valuation”. In the past, a town like Madison could make an administrative application for “sudden and severe disruption” and receive some increased school funding and additional state municipal revenue sharing in the year that those changes occurred. That provision was revised in last year’s legislature. Now that the administrative remedy is gone, the Town should consider introducing special legislation through our local legislative delegation this year for consideration by the Legislature in 2015 that would legislatively grant some reduction in state valuation for the Town of Madison in fiscal year 2015/2016. Selectman Ducharme stated that the town’s total valuation is around \$500,000,000. What percentage does Madison Paper account for? Bill stated that total town valuation is just under \$500 million and the mill accounts for 45%-46% of that total. Selectman Fortin asked how that percent compared with 20 years ago. It is lower. Selectman Fortin asked if the Board of Assessors had worked diligently to either hold Madison Paper’s valuation level or reduce it in recognition of the struggles that the mill had in a difficult market. Bill stated that the Board has tried to be realistic in our valuation. Several years ago, Madison Paper was looking at an expansion and purchased several homes on Pine Street in anticipation of that expansion. Then the project fell through due to a similar project in Nova Scotia. That mill was eventually sold at a loss. For a while, there was a shortage of (super calendar) paper. The Canadian government bought the mill and began producing paper – now there is a large supply of super calendar paper. Selectman Fortin asked why “must” we revalue the mill and what is “substantial”. Bill responded that economic circumstances within the North American Pulp and Paper Industry have documented that the income that used to be achievable from a mill that size is unlikely to be achievable ever again. It is impossible for the assessors to ignore it. Bill cannot give the Board a new valuation number – it would be irresponsible to throw out a number. Selectman Fortin asked what would happen if we did nothing? Bill said if we did not make any change and we faced a tax abatement appeal, we would be in a very difficult situation of defending a valuation that all of the industry data would work against our position. Town Manager Berry said if we went to the legislative body, we would try to join forces with other mill communities. Selectman Fortin asked what other similar sized mills pay (in taxes): Lincoln Pulp and Paper, Verso in Bucksport, and Sappi in Westbrook. Bill did not have the answer but would gather that information. Selectman Fortin asked if he would take into consideration their water rights, damming and their production of power. The rule of thumb that Bill generally follows is about 82% of the value of a hydroelectric plant that is located on the side of a river with the equipment and the generation building. The Assessors try to take into consideration the hydroelectric generating capacity in the value of the mill. It appears that the market for hydroelectric plants has been a favorable market. However, Madison Paper’s plants are pretty modest in size. Selectman Fortin asked if Madison Paper approached the town. Bill has had communication with the mill - they’ve made it very clear they’re not asking for an abatement on taxes in 2013-2014 fiscal year. They are asking that we consider relevant economic information when assessing the valuation for 2014. Selectman Ducharme asked if we had ever gotten a sense of what portion of the purchase from UPM this mill represented. Bill said to date, we have not. This mill is an unusual situation as it is a partnership between UPM and the New York Times. It is a freestanding pulp and paper mill with two owners. The allocation of a purchase would only be for UPM’s interest in Madison Paper. They probably had to re-establish a complete set of books based on allocation of the purchase price. That is something that we may consider incorporating in our request to Madison Paper this year.

3. Review mowing bids. Town Manager Berry said we went out to bid for our ball fields, town-owned property and cemeteries. Ball fields: Selectman Fortin made a motion to award a three year bid to Fraz Landscaping as long as they meet the requirements of the Town Manager. Selectman Johnson seconded. His bid was \$4,995. Motion carried. Town-owned Properties: Selectman Fortin made a motion to award a three year bid to Kat Law Care of \$2,470 as long as they meet the requirements of the Town Manager. Selectman Ducharme seconded. Motion carried. Cemeteries: Selectman Ducharme made a motion to award a three year bid to Maine Property Service of \$14,350. Selectman Fortin seconded. Motion carried.
4. Review grant reimbursement proposals. Tim Curtis passed out a list of all the business that received grants last year during phase I of the program. This year the Board wanted to grant applications in two

phases in March and July. The balance of last year's fund is \$980 which will be added to the March phase. Each phase receives \$25,000 of TIF funds to be loaned to successful applicants. The total amount which may be awarded in March is \$25,980. There were 11 applications for this phase of the matching grant program. The average scores taken from the Selectmen's review was tallied and given to the Board. The requests were for \$5,000 each with the exception of Curtain Up Enterprises which was slightly less and Her Little Secret requested \$4,000. Selectman Fortin made a motion to award up to \$5,000 each to the top five. Selectman Johnson seconded. Those businesses are Lakewood Golf Course, Fire House Bakery, Curtain Up Enterprises for \$4,675, Campbell's True Value and II Rent Property. Selectman Fortin amended his motion to award \$1,305 to the sixth applicant Cedar Hot Tubs. Selectman Johnsons seconded. Motion carried.

5. We have four Quitclaim Deeds for people who have paid their tax liens. 1. Michelle Provost for property located at 12 Pickeral Road. Selectman Johnson made a motion to approve a quitclaim deed to Michelle Provost. Selectman Ducharme seconded. Motion carried. 2. Julia Brown for property located at 527 Preble Avenue. Selectman Ducharme made a motion to grant a quitclaim deed to Julia Brown. Selectman Bristow seconded. Motion carried. 3. Cindy Bossie for a mobile home located at 28 Perkins Street. Selectman Bristow made a motion to approve a quitclaim deed for a mobile home to Cindy Bossie. Selectman Fortin seconded. Motion carried. 4. Keith and Betsy Gorney for property located at 830 Lakewood Road. Selectman Johnson made a motion to approve a quitclaim deed for Keith and Betsy Gorney located at 830 Lakewood Road. Selectman Ducharme seconded. Motion carried.

H. Selectmen's Concerns. Selectman Bristow had none. Selectman Fortin had none. Selectman Johnson asked that materials for Selectmen's meetings be available or delivered on Fridays prior to the meeting date. Town Manager said he will try to do that. Selectman Ducharme had none.

I. Citizen's Concerns. Mr. Denico mentioned the electronic message sign in front of the Skowhegan Town Office reports that two nights a week the Town Office is open for business. Mr. Denico also mentioned the intersection of Russell Road and Blackwell Hill Road. If we aren't going to do something out there, he would like to see one of our cruisers out there a few times. Town Manager Berry has had several conversations with DOT who has it in their plans for 2015-2016 to install an intersection conflict warning system at Blackwell Hill Road. Town Manager Berry to talk to the Police Chief about using a radar gun at this intersection. Mr. Krasnavage was hoping that the Board would be discussing the school bus purchase. Selectman Fortin said that it has been resolved by the Town Manager and Superintendent of Schools. They met this afternoon and resolved it.

6. Executive Session to update the Board on labor negotiations pursuant to 1 M.R.S.A. §405 (6)(D). Selectman Bristow made a motion to go into executive session. Selectman Fortin seconded. Motion carried. The Board came out of Executive Session at 8:40 p.m. No action taken.
7. Executive Session to discuss Town Manager Performance Evaluation pursuant to 1 M.R.S.A. §405 (6)(A). Selectman Ducharme made a motion to go into executive session. Selectman Bristow seconded. Motion carried. The Board went into executive session at 8:41 p.m. The Board came out of executive session at 9:29 p.m. No action taken.
8. Selectman Fortin noted that he had met with Town Manager Berry and School Superintendent LeRoy this afternoon. The Superintendent is working with an \$875,000 surplus (two months of expenses). He is going to take \$170,000 for the buses out of that surplus, operating on \$700,000 for a period of time. The Town Manager and Superintendent will put together a memorandum of understanding between the Town and the School that we will work back and forth with these surpluses. Selectman Fortin believes the two surpluses combined should not exceed \$1.8 to \$1.9 million, which is two months operating budgets. Selectman recommends reducing surplus by \$1,000,000 over the next two years. Town Manager Berry said as of June 30, 2013, we had \$2.1 million in undesignated funds. The Auditor gave the Town a recommendation on surplus balances. Town Manager gave a copy of this letter to the Board. With the approval of the TIF amendment, in the new budget year, we can take

\$160,000 out of TIF for departments and put it into other revenue. (We have a balance of \$625,000 in the TIF account.) We can also take out of the TIF account \$350,000 for capital projects. Selectman Fortin asked what the surplus will be at June 30, 2014. Town Manager said \$2 million. Selectman Fortin proposes to cut that surplus to \$900,000 in two years. Selectman Veneziano thought we should do this over three years. Selectman Fortin made a motion to instruct the Town Manager to take \$510,000 out of the TIF money to pay for approved capital projects and \$550,000 out of surplus this year to lower the tax rate. No second. Selectman Fortin withdrew his motion.

J. Adjournment. Selectman Fortin made a motion to adjourn. Selectman Johnson seconded. The meeting adjourned at 9:51 p.m.