

**Northern Maine Development Commission
Executive Board Meeting Minutes of
November 14, 2013**

AGENDA ITEM #2

PLACE: NMDC, Caribou
DATE: November 14, 2013 12:30 p.m.

Attendance: Chair Don Guimond, Jim Bennett, Austin Bleess, Keith Brown, Mary Anne Buck, Tom Clowes, Gene Conlogue, Norm Fournier, Jon Frederick, Denis Gagne, Jim Gagnon, Max Lynds, Christy Sirois, Wendell Spooner, Patricia Sutherland, Christina Therrien, Jim Tweedie and Terry Wade.

Others Present: Phil Bosse-Senator Collins' Office, Dana Saucier-Genesis Performance Partners, Bob Clark, Duane Walton, Judy Dinsmore, Alain Ouellette, Jon Gulliver, Ruby Bradbury and Aroostook Republican.

1. Call to Order and Introductory Remarks:

Chair Guimond opened the meeting at 12:30 p.m., welcomed everyone, and instructed Board members who wished to receive travel reimbursement to pass their vouchers in to Ms. Dinsmore.

2. Presentation by Jim Bennett and Austin Bleess on the Cities of Presque Isle and Caribou Shared Services Project:

Mr. Bennett stated the cities of Presque Isle and Caribou looked at collaborative opportunities in which four different initiatives were considered:

- ❖ Information Technology
- ❖ Joint Dispatch
- ❖ Shared Public Works
- ❖ Ambulance

Mr. Bleess stated TRIO software is used by both municipalities in which payroll could be done in one city and accounts payable done in the other. By the end of the year this will be done.

Mr. Bleess stated they are projecting \$160,000 will be saved - \$80,000 each community. The councils will meet on Tuesday to decide if this will be worth exploring, 2 representatives on each council will meet to help develop models. In February there will be a formal recommendation to the councils. It will take 60-90 days to do the public process with June being the expected time this will be up and running.

There will be some upfront costs for both communities, and a 5 year plan will be done.

Mr. Bennett indicated they are expecting challenges from employees, unions, etc.

Mr. Fournier stated they need to keep in mind that the Unorganized Territories has sizeable contracts with the City of Caribou. Mr. Bennett indicated they are aware of this and it has been taken into consideration.

3. Approval of Executive Board of Directors Meeting Minutes of October 10, 2013:

MOTION:

Motion made by Ms. Sutherland, seconded by Mr. Tweedie to approve the Executive Board of Directors meeting minutes of October 10, 2013 as presented.

VOTE:

Motion voted on and passed.

4. Acceptance of the Agencywide Revenue and Expenditure Statement for the Period Ending October 31, 2013:

Benchmark for the period ending October 31, 2013 is 33.3%.

Line 40000 – Federal Grants is below the benchmark. This is due to several grants that started October 1 and two grants that were just awarded.

Line 40200 – Municipal Dues is at 93%. Communities pay their dues at the beginning of our fiscal year, therefore the reason for the high percentage.

Line 40400 – Rest Area Maintenance Project was a reclassification of income from last month. It had been recorded under federal grants, but is actually a contract with the state and not federal income.

Line 40600 – Fees for Service is down as the economy has been slow, therefore companies are not requiring services as they have been in the past.

Line 40700 – Other Income is over budget, which is due to unanticipated income from the Area 2 Tiger grant as well as for the Household Hazardous Waste collection.

Line 40711 – COCMA representatives have requested that all the funds that were previously held as deferred revenues now be recorded as income to the program.

Line 40800 – NMDC Cash Contributions will need to be adjusted in the budget revisions. This is in regards to Area 2 Workforce Development.

Line 46000 – In-Kind is under budget. Staff is in the process of obtaining In-Kind documentation for the MEP program, therefore it is not included in this report.

Total Revenues for the period are \$2,884,716 representing 38.1% or 4.8 percentage points above the benchmark.

Expenditures:

Line 50000 and Line 50500 – Salaries and Fringe are over budget due to two of our employees whose funding source ended on September 30, 2013.

Line 51000 – Other Employment Services is above budget due to temporary help during monitoring in Bangor.

Line 53700 – Professional Fees is for RHR Smith who conducted our independent audit and monitoring. These costs occur at the beginning of our fiscal year.

Line 53800 – Consultants – A budget amendment will be done in January as grant awards were not final for Area 2 until July. Also there were additional costs for a legal firm to write an RFP for a service provider for Area 2. We also incurred charges for a consultant for the SBA JIAC grant for providing various services to a loan client that was not in the operating plan.

Line 54500 – Cell Phones is high as US Cellular had converted to a new software system which put them two months behind in invoicing.

Line 57300 – Interest – This is due to cash flow issues we experienced, particularly during the federal shutdown. We have had to use the line of credit as well as pay interest on some invoices.

Line items for Dues and Subscriptions, and Insurance are over budget as we renew our subscriptions and pay our quarterly insurance premium payment at the beginning of the year.

Total Expenditures for the period were \$2,072,840 or 27.6 % of our budgeted expenses or 5.7 percentage points below the benchmark.

Agency Balance - \$811,876

Total combined cash - \$993,875

Combined Accounts Receivable - \$383,846

Available resources - \$1,377,721

Operating Line of Credit - \$236,694

Equipment Line of Credit - \$15,701

MOTION:

Motion made by Mr. Tweedie, seconded by Mr. Conlogue to approve the Agencywide Revenue and Expenditure Statement for the period ending October 31, 2013 as presented.

VOTE:

Motion voted on and passed.

5. Auditor's Management Letter and Management's Response:

Mr. Clark announced there were three areas of concern – capital plan, fund balance policy and cash flow.

He indicated we will continue to work on our IT plan and expand it to a 5 year plan, which will be part of our annual budgeting.

In regards to the Fund Balance policy, we have developed the policy and it was adopted back in September.

The concern with cash flow was under recovery of our indirect cost. We are now beginning to recover these costs and will continue to over the next 3-4 years.

MOTION:

Motion made by Mr. Fournier, seconded by Ms. Buck to accept management's response to the Auditor's Management letter as presented.

VOTE:

Motion voted on and passed.

6. Report of the Loan Review Committee:

Mr. Walton presented the report to the Board. A copy of which is attached and made a part of these minutes.

There were no loans approved/closed/declined under staff authority this month.

- Aroostook Milling Company – Purchase of existing business from current owner – approved
- Caldwell Auto – Assume loan on Giggey's Auto Repair in Fort Fairfield – approved
- R.L. Todd – additional subordination to complete the camp building – approved

Mr. Walton announced USDA approved CEI purchasing some of our loans which will free up some of our monies to help other businesses.

MOTION:

Motion made by Mr. Tweedie, seconded by Mr. Gagne to accept the Loan Review Committee's report as presented.

VOTE:

Motion voted on and passed.

7. Ratification of Service Contracts:

There were no service contracts to ratify.

8. Presentation of the Comprehensive Harvester Operator Training Initiative:

Mr. Ouellette stated with the JIAC grant funds, an RFP was sent out for the Comprehensive Harvester Operator Training Initiative (CHOTI). Genesis Performance Partners was selected to conduct the training with Dana Saucier as the lead.

Mr. Saucier reported this initiative came from large forest landowners who were looking for individuals who were already trained and ready to work.

We found there is a need to develop a comprehensive program that landowners were looking for. Currently, this is a challenge for contractors as they purchase expensive equipment and rely on young, untrained people to operate it.

We also received a request from the logging industry. In order to do this training efficiently, we needed their buy in in order to develop the kind of program that was needed. If these individuals were trained the owners needed to agree they would hire them.

A survey was administered by mail to 400 logging contractors in which we received 15% back. The surveys indicated 73% needed this type of training program. The survey showed 77% indicated they would consider hiring these graduates.

NMCC and UMFK were approached to work together to create a training program.

Mr. Saucier stated after some continued research, they found there were other sections that needed more training. The loggers are loggers first, then businesspeople. There was a need to find a way to develop their business acumen.

He indicated the loggers were asked what they wanted and needed. A two day pilot seminar entitled "Financial Management Training for the Logger and Off Highway

Trucker” was developed and directed toward the company owners and their financial staff.

The seminar took place during spring break at UMFK with 26 companies in attendance along with their bookkeepers.

Financial management was accomplished through QuickBooks. A 2013 QuickBooks update was provided to the attendees on the second day of the seminar. Professionals from every area of the training presented to the group.

The loggers were surveyed after the training and found they want more training and want new programs during spring break. Areas of interest were HR management and negotiating skills.

Mr. Saucier indicated surveys have shown that the average age of the logging community is 51 years.

There is still much work needed to change the image of woods worker. The Governor has created a Governor’s Logging Industry Advisory Group, which looked at why we are not attracting people to this business. Recommendations were provided indicating what needed to be done for these changes. To date we have not heard if they have made any changes.

Mr. Saucier stated due to the recession, the housing market remains constrained. The logging industry has had to scale down. If the economy begins to come back, it is unknown at this time if the forest industry can ramp itself back up. Financing is difficult to get equipment today. Old equipment is being maintained to make it last longer. There are fewer mills today that can handle the wood. One dollar out of every \$16 of Maine’s gross state product and 1 out of every 20 jobs is associated with the Maine forest product sector valued at \$8-\$12 billion of Maine’s gross state product.

Mr. Saucier announced we are 2-4 years away from the next spruce budworm infestation. In the past we lost 9,000,000 cords of wood due to the last infestation.

Mr. Clowes inquired if the forest equipment manufacturers participated or if they are willing to participate? Mr. Saucier indicated they did participate and John Deere and Caterpillar were contacted in which they stated they recognize the need for training programs and are willing to help out.

Ms. Sutherland stated the logging industry is seen as a male gender employer. She inquired how many women are in the industry. Mr. Saucier indicated there are women in the industry and are doing technical work in the forest. Women’s hand-eye coordination and dexterity is extraordinary.

Mr. Saucier indicated the surveys were limited to Aroostook at this time as this was a pilot program. If it is successful, it will be taken on the road to other areas of the state.

9. Approval of Deputy Division Director:

Mr. Clark announced this is a new position. Within the last 12 months we eliminated 7 positions, due to programs ending and people moving on. Two positions were added in Bangor to the Tri-County Workforce Investment Board.

The value of eliminated positions is \$575,000 in salary and benefits, and indirect costs.

The value of added positions is \$198,000 with \$377,000 in net savings.

The opening was posted internally with 2 applicants. Management's recommendation is to create the position with no cost position shift – but with additional duties.

Mr. Clark discussed the job description indicating we need a position working effectively between the Planning and Workforce Development departments on coordination of programs.

The position has no direct supervision, but will supervise those working on projects. The successful applicant will bring their current position over to the new one.

MOTION:

Motion made by Mr. Tweedie, seconded by Ms. Buck to approve the creation of a Deputy Division Director position as presented.

VOTE:

Motion voted on and passed.

10. Adoption of Revised Organizational Chart:

Mr. Clark reviewed the revised Organizational Chart with the Board. He discussed the eliminated positions and explained the Tourism duties will be divided up between Jon Gulliver and Judy Dinsmore.

MOTION:

Motion made by Mr. Gagne, seconded by Mr. Conlogue to adopt the revised organizational chart as presented.

VOTE:

Motion voted on and passed.

11. Appointment of NMDC's Community Guided Planning and Zoning Steering Committee Chairperson:

Mr. Clark announced the Steering Committee recommended the following 4 people as the Chairperson for the Community Guided Planning and Zoning Steering Committee. On October 23, 2013 the Steering Committee met to review the duties and responsibilities of the Committee.

Nominees for Chairperson are:

Mark Draper – Director, Tri-Community Recycling and Sanitary Landfill
 James May – Retired forester – part-time employee at Red River Camps
 Cheryl St. Peter – Retired owner of County Environmental Engineering
 Doug Beaulieu – County Administrator – Doug does not wish to be chair as the County government plays a role in this committee and it would be a conflict of interest.

Mr. Fournier indicated LURC has had a history in the state of Maine. The new mandate does some of the zoning and planning in the Unorganized Territories. The appointment of Chair is crucial and should not be associated with the County of Aroostook or LUPC. Mark Draper is independent and would be a good candidate. He is well respected and has good administration skills.

Mr. Bless stated he spoke with Mr. Draper who indicated he would take the position, but felt Jim May would be a better fit.

Mr. Guimond and Mr. Brown agreed that Mr. Draper should be the candidate of choice.

MOTION:

Motion made by Mr. Fournier, seconded by Ms. Sutherland to appoint Mark Draper as Chair of the Community Guided Planning and Zoning Steering Committee as presented.

VOTE:

Motion voted on and passed.

12. Approve Submission of USDA Rural Community Development Initiative Application for \$300,000:

Mr. Clark stated NMDC will be the Intermediary and Applicant providing a program of financial and technical assistance to Sunrise County Economic Council (SCEC) and Piscataquis County Economic Development Council (PCEDC), who will be the recipients. SCEC and PCEDC will contribute \$150,000 in cash match, NMDC/APP will contribute \$150,000 in cash match and USDA RCDI will be asked for \$300,000 for a

total program amount of \$600,000 over a 3 year period. Due date for application was November 12, 2013 with timeframe of 3 years.

This initiative is built on the Mobilize Maine process.

Form a leadership team like APP in the two counties
 Establish regional goals
 Identify indigenous assets
 Link assets to sectors/clusters
 Identify sectors/clusters for best opportunity for growth
 Development of business propositions to create investment and jobs
 Benchmark to goals and report to leadership and community

Regional economic resiliency is the next component to identify economic challenges or deficiencies, prepare for disruptions, building mechanisms that create flexibility, facilitate networks among stakeholders and promote a positive vision for the region.

Recipient assistance would be development of partnership structure, private sector organizations, outreach to investors, understanding of the Mobilize Maine process, regional goal setting, identification of sectors/clusters to explore, and working group and action team formation.

MOTION:

Motion made by Mr. Conlogue, seconded by Mr. Bleess to approve submission of the RCDI application and authorize the Executive Director to execute all necessary documents pertaining thereto.

VOTE:

Motion voted on and passed.

13. Resolution Creating the Community Engagement Standing Committee:

Mr. Clark announced the purpose of this committee is to work with NMDC's membership to identify needs of its member communities and to provide financial and human resources to address those needs..

The makeup of the Committee will be:

- ❖ 9 members of the NMDC Board of Directors
- ❖ Officers will be Chair and Vice-Chair from the Membership
- ❖ Term will be for a period of one year
- ❖ Board Chair will appoint members to fill vacancies until the next annual appointment
- ❖ Chair of Executive Board will serve as an Ex-Officio

- ❖ NMDC Executive Director will assign NMDC staff to assist the Committee and administer its activities
- ❖ Committee will report to the Executive Board periodically

MOTION:

Motion made by Mr. Gagne, seconded by Mr. Fournier to adopt the resolution as presented.

VOTE:

Motion voted on and passed.

14. Other Business:

None noted.

15. Executive Director's Report:

Mr. Clark discussed the Bangor Daily News articles on Mobilize Maine's statewide growth initiative and MDOL's grant of \$305,000 to help retrain laid off Maine Military Authority employees.

Mr. Clark discussed the APP Annual Report that was mailed to the Board.

Mr. Clark reported NMDC was selected as SCEC's "Partner of the Year". NMDC staff Julie Corey and Mary Dahlgren received the award on NMDC's behalf.

APP will be holding a Legislative briefing on December 4, 2013 at 11:30 at NMDC offices. Interested Board members were instructed to RSVP to Ms. Dinsmore.

Mr. Clark announced that MEDDA members traveled to Aroostook to hold their monthly meeting. The group stayed at the Inn of Acadia in Madawaska. This is a new facility and he highly recommended it.

16. Adjournment:

There being no further business to conduct, Chair Guimond declared the meeting adjourned at 2:08 p.m.

Respectfully submitted,

Austin Bless
Secretary