

# MAINE STATE LEGISLATURE

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1994

STATE OF MAINE  
 ONE HUNDRED AND SIXTEENTH LEGISLATURE  
 COMMITTEE ON APPROPRIATIONS AND FINANCIAL AFFAIRS

LAW and LEGISLATIVE  
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January 26, 1994

Judy A. Paradis, Senate Chair  
 Robert J. Tardy, House Chair  
 Joint Standing Committee on Agriculture  
 State House Station #115  
 Augusta, Maine 04333

Dear Senator Paradis and Representative Tardy:

Public Laws of 1993, chapter 413, section 5, called for six of the "commodity" agencies of State Government to "... conduct studies of their respective organizations that examine alternative models of organizing their functions in a way so as to maximize services to the populations each organization serves." That legislation went on to require each of the six agencies to report to the Joint Standing Committee on Appropriations and Financial Affairs "... no later than January 4, 1994, with their findings and recommendations, including any draft legislation." A copy of PL 1993, c. 413 is enclosed for your review.

On January 20, 1994, the Appropriations Committee met with the six commodity agencies to review their reports and discuss whatever legislation might be needed. At the conclusion of that meeting, a motion was made, and accepted, that the reports and any proposed legislation, be referred to your committee for its review and action. The Appropriations Committee members believe committee recommendations to the Second Regular Session of the 116th Legislature are more properly the responsibility of the Joint Standing Committee on Agriculture.

Enclosed for your review are the reports from the Maine Blueberry Commission, the Maine Potato Board, the Maine Dairy Promotion Board and the Maine Dairy and Nutrition Council. In the near future two bills will be printed that would implement the recommendations in those reports requesting legislative changes to their current enabling legislation. The first bill will involve minor changes requested by the Maine Potato Board. The second bill will involve the changes requested by both the Maine Dairy Promotion Board and the Maine Dairy and Nutrition Council. It is our understanding the Maine Blueberry Commission is not seeking legislative changes at this time.

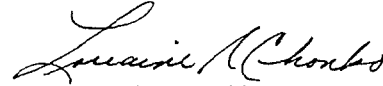
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We will work to ensure that these bills are referred to your Committee. In the meantime, please contact us if you have any questions concerning this request or need additional information. Thank you for your attention to this matter.

Sincerely,



Michael D. Pearson  
Senate Chair



Lorraine N. Chonko  
House Chair

Enclosure

cc: Members, Joint Standing Committee on Agriculture  
Members, Joint Standing Committee on Appropriations and Financial Affairs  
Edward J. McLaughlin, Executive Director, Maine Blueberry Commission  
David R. Lavway, Executive Director, Maine Potato Board  
Grace Additon, Director, Maine Dairy Promotion Board & Dairy & Nutrition Council  
Deb Friedman, OPLA ✓

WPP693/23



# MAINE SARDINE COUNCIL

Industry Development, Quality Control, Promotion,  
Research, and Statistical Activities Since 1951  
Telephone: (207) 989-2180

94 JAN -5 AM 8:07

470 North Main Street, P. O. Box 337,  
Brewer, Maine 04412-0337  
Fax: (207) 989-2154

January 4, 1994

Senator Michael Pearson, Senate Chair  
Representative Lorraine N. Chonko, House Chair  
Joint Standing Committee on Appropriations and Financial Affairs  
Office of Fiscal and Program Review  
Room 225, State House  
Augusta, ME 04333

Dear Senator Pearson and Representative Chonko:

As directed by P.L. 1993, Chapter 413, this letter is intended to serve as a preliminary report to the Appropriations Committee on the Organizational Study undertaken by the Maine Sardine Council during the past several months.

As you know, during this period I served as the secretary for the various commodity agencies involved and recorded the minutes of the several meetings that were held. Enclosed with this letter is a series of attachments which are the reports on these meetings. Original copies of these reports have earlier been submitted to your offices.

In these reports are explanations of the very time-consuming investigations into reorganizational options that we have all made. With the exception of the useful advice given to us by Jim Clair since September, these investigations were performed with no legislative staff assistance offered to Maine's commodity agencies.

Hundreds of hours of administrative time have been devoted to understanding all of the ramifications that reorganization may bring to our organizations. Many, many people in Maine State Government and in the private sector have been consulted since this process began in June.

Also attached is a series of correspondence which the Maine Sardine Council has initiated with a number of people so that Council members may better understand benefit options and costs which would be associated with changing the Council's existing status as an independent, industry-funded state agency.

Because we are still waiting for much significant information about benefit program and cost options, the Maine Sardine Council is unable to finally recommend any organizational changes at this time. We hope that we can communicate a final proposal to you by February 1, 1994, once all of these issues are



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completely understood.

P.L. 1993, Chapter 413 directs the Maine Sardine Council, and Maine's other commodity agencies, to analyze "at a minimum the feasibility of separating entirely from State Government and continuing in State Government as a quasi-independent agency such that all employees would leave state service and become employees of their respective organizations".

The Maine Sardine Council has decided that separating entirely from Maine State Government is not feasible. Since 1951, Maine's Sardine Industry has agreed to tax itself to fund important quality control, promotional, and industry development activities. The mandatory nature of this tax - requiring that all Maine Sardine Packers equitably contribute to the operation of Council programs - remains important today. It is important to avoid a situation where some Maine companies could benefit from Council activities without paying for them. Council members recognize that becoming a wholly, private sector trade association could jeopardize the continuation of an industry-funded program that should be sustained.

In addition to this economic issue, the Maine Sardine Council desires to continue to use the Maine State Seal in support of its quality control activities. If the Council were to separate entirely from Maine state government, the use of the seal would no longer be available.

While Council members want to review all benefit program options and costs before making a final recommendation to the Legislature which may ask for the authority to reorganize as an entity no longer employing state employees, the option of reorganizing as "an incorporated public instrumentality of the State" is the Council's preferred option at this time.

Memoranda dated December 14 and December 28, 1993 (Attachments 4 and 5) provide a detailed account of the legislative and administrative changes that the Maine Sardine Council believes would be necessary to accommodate a successful reorganization as a public instrumentality of the state, should this recommendation finally be made by Council members.

In addition to requiring a report be submitted to the Appropriations Committee, Chapter 413 also directs us to provide the Committee with "any draft legislation". Because this law did not specifically direct the Office of the Revisor of Statutes or the Office of Legislative Council to assist us in drafting legislation to implement any proposed reorganizational changes, we have been told that no drafting assistance would be forthcoming. Even though Senator Vose and Representative Foss asked me to request drafting assistance from these offices in

January 4, 1994

October, no assistance has been provided to us.

If the Maine Sardine Council does decide to reorganize as a public instrumentality, the language that I have provided in the minutes of the December 13, 1993 meeting of the representatives of Maine's commodity agencies (Attachment 4) should adequately serve as a blueprint for legislative language once knowledgeable people can review and translate it.

In behalf of the Maine Sardine Council, we regret that a final recommendation could not be developed before Chapter 413's statutory deadline. We understand that this will be a short legislative session and that there will be many other important issues before the Committee. We will continue to work towards developing a final recommendation so that we can provide one to you as soon as possible.

If I can provide you with any additional information in the mean time, please do not hesitate to contact me.

With best regards and best wishes for the New Year,

Sincerely,  
MAINE SARDINE COUNCIL

A handwritten signature in black ink, appearing to read 'Jeff Kaelin', written over a horizontal line.

Jeffrey H. Kaelin  
Executive Director

cc: Interested Parties  
Members, Alternates Maine Sardine Council

Attachments

ATTACHMENTS

1. July 22, 1993 Memorandum to Interested Parties Relating the Minutes of the June 8, 1993 Meeting of Representatives of Maine's Commodity Agencies.
2. September 17, 1993 Memorandum to Commodity Agency Representatives With Copies of Letters to Key Legislators Inviting Participation in the September 28, 1993 Meeting of Representatives of Maine's Commodity Agencies. A Copy of a Similar, August 18, 1993 Letter of Invitation to State Budget Officer John R. Nicholas is Included.
3. December 3, 1993 Memorandum to Interested Parties Relating the Minutes of the August 9 and September 28, 1993 Meetings of Representatives of Maine's Commodity Agencies.
4. December 14, 1993 Memorandum to Interested Parties Relating the Minutes of the December 13, 1993 Meeting of Representatives of Maine's Commodity Agencies.
5. December 28, 1993 Memorandum to Interested Parties Clarifying Some Errors and Omissions in the Account of the December 13, 1993 Meeting of Representatives of Maine's Commodity Agencies.
6. "Interested Parties" Distribution List, as Revised December 3, 1993.
7. P.L. 93, Chapter 413 Directing Maine's Commodity Agencies to Consider Reorganization Options.
8. December 2, 1993 Letter From Kathy Morin, Retirement Benefits Specialist Providing Information to the Maine Sardine Council Concerning Participating Local District Status in the Maine State Retirement System.
9. December 7, 1993 Letter to Kathy Morin Asking That an Actuarial Study be Completed to Provide the Maine Sardine Council with Cost and Benefit Information on Retirement Options as a Participating Local District.
10. December 10, 1993 Letter to Gail Schroeder, Maine Municipal Association, Asking for Cost and Benefit Information on the Maine Municipal Association's Employees Health Trust.
11. December 28, 1993 Letter From Craig Worcester, Northwestern Group Marketing Services, Confirming a January 4, 1994 Meeting to Begin to Develop Cost and Benefit Comparisons on

Retirement, Health Care, and Life Insurance Programs Offered by the Maine State Retirement System, the Maine Municipal Association, and the Private Market.

12. December 28, 1993 Letter to Michelle Pelletier, Worker's Compensation Underwriting Specialist, Maine Municipal Association, Asking for a Worker's Compensation Insurance Quote for Maine Sardine Council Employees as Employees of an Incorporated Instrumentality of the State.
13. December 30, 1993 Letter to Mike McInnis, the Dunlap Corporation, Asking for a Private Market Worker's Compensation Insurance Quote for Maine Sardine Council Employees as Employees of an Incorporated Instrumentality of the State and for Information as to Whether or not the Private Market Would Insure Maine Sardine Council Employees as State Employees.
14. December 30, 1993 Letter From Gail Schroeder, Maine Municipal Association Providing the Maine Sardine Council With Information Concerning the Maine Municipal Employees Health Trust.





ATTACHMENT 1.

# MAINE SARDINE COUNCIL

1/4/94

Industry Development, Quality Control, Promotion,  
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470 North Main Street, P. O. Box 337,  
Brewer, Maine 04412-0337  
Fax: (207) 989-2154

## MEMORANDUM

Date: July 22, 1993

To: Interested Parties

From: Jeff Kaelin, Executive Director  
Maine Sardine Council *JK*

Re: Maine Commodity Agency Discussions Concerning  
Organizational Changes as Ordered by P.L. 93 Chapter 413  
(L.D. 122)

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Enclosed is a copy of the minutes of a June 8, 1993 meeting of representatives of Maine commodity organizations and the Maine Department of Agriculture, Food and Rural Resources. It has taken some time to get feedback on the draft minutes from all parties but the delay was necessary to ensure that the discussions to this point have been described accurately. Since the meeting, an amended version of L.D. 122 has become P.L. 93 Chapter 413.

The next meeting of this group has been scheduled for Monday, August 9, 1993, at 10:00 a.m., in the offices of the Maine Dairy and Nutritional Council at the Maine Department of Agriculture's annex building on Cony Road in Augusta. Please call Grace Additon if you need directions.

Interested legislators are asked to attend this next meeting and become involved in this process.

I am looking into finding someone familiar with the Maine state retirement system to discuss retirement options and costs at the next meeting. If anyone has any suggestions, please give me a call.

A distribution list is enclosed.



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# MAINE SARDINE COUNCIL


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Brewer, Maine 04412-0337  
Fax: (207) 989-2154

## MEMORANDUM

Date: June 16, 1993

To: Interested Parties

From: Jeff Kaelin, Executive Director   
Maine Sardine Council

Re: Maine Commodity Agency Discussion Concerning  
Organizational Changes as Ordered by L.D. 122

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On Tuesday, June 8, 1993 the following representatives of Maine commodity agencies and the Maine Department of Agriculture met at the offices of the Maine Sardine Council in Brewer, Maine to discuss organizational changes as ordered by L.D. 122, An Act to Maintain the Integrity of Commodity Tax Accounts.

- \* Grace Additon, Director  
Maine Milk Program
- \* Brian Campbell, President  
Maine Potato Board
- \* Mike Corey, Assistant Executive Director  
Maine Potato Board
- \* Carl Flora, Deputy Commissioner  
Maine Department of Agriculture, Food and Rural  
Resources
- \* Charlene Gamage, Personnel Officer  
Maine Department of Agriculture, Food and Rural  
Resources
- \* Jeff Kaelin, Executive Director  
Maine Sardine Council (Meeting Recorder)
- \* Dave Lavway, Executive Director  
Maine Potato Board
- \* Ed McLaughlin, Executive Director



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Maine Blueberry Commission

- \* Jim Warren, Past Executive Director  
Maine Sardine Council
- \* ABSENT DUE TO SCHEDULING CONFLICT:  
Sue Barber, Executive Director  
Maine Lobster Promotion Council

Although L.D. 122 lay on the Senate appropriations table at the time of the meeting, it is fully expected that the bill will be enacted by the Maine Legislature. The original purpose of the legislation was to restore funds to the accounts of the various Maine commodity agencies which were appropriated by the Legislature last year to help to make up for certain budget shortfalls in the General Fund.

According to the fiscal note on the bill, a total of \$22,883 is to be proportionately restored to the Maine Blueberry Commission, the Maine Potato Board, the Maine Sardine Council, the Maine Dairy Promotion Board, the Maine Dairy and Nutrition Council, and the Maine Lobster Promotion Council.

In addition to restoring these funds, and as a result of discussions during the May 10, 1993 hearing on the bill before the Appropriations Committee, L.D. 122 was amended by the committee to include language that instructs Maine commodity agencies to consider "the feasibility of separating entirely from State Government and continuing in State Government as a quasi-independent agency such that all employees would leave state service and become employees of their respective organizations".

These instructions were the result, primarily, of extensive testimony by representatives of Maine's commodity agencies concerning the frustrations of forcing employees to reduce their workweek through furlough days, shutdown days, and a 39 hour workweek, even though dedicated funds are on hand to employ people for 40 hour weeks. Particularly illogical is the fact that these salary and workweek reductions generate no savings for Maine's General Fund.

The purpose of this first meeting of the commodity agencies was to determine which changes to each organization's relationship with Maine State Government were desirable, acceptable, or unacceptable. The discussions began with each agency representative present describing their own organization's priorities.

Jeff Kaelin explained that the maintenance of a mandatory excise tax on Maine's sardine industry's production is necessary to

ensure that all industry members share equally in the cost of the industry's programs.

The ability for the organization to continue to make payments into the Maine State Retirement System, for existing employees, is a priority. The continued purchase of Maine State health and dental insurance for current employees is also desired. For these reasons, the option of becoming wholly a private sector entity is not supportable.

Also, it is important for Maine's sardine industry to be able to continue to use the Maine State Seal in support of its mandatory quality control program. State law requires that each lot of the industry's sardine, or other canned herring, production be graded in the industry's Brewer lab before being shipped into the channels of trade.

Since the industry took over the operation of this program from the Maine Department of Agriculture in 1991, shipments of product to certain foreign markets have been certified by the industry's grading laboratory. The use of the state seal has been vital to the success of this export certification program. The industry has contacted the U.S. Food and Drug Administration (FDA) to gain their support for the sardine industry's product quality certification program in cases where a federal entity's certification may be required.

Another consideration for the Maine Sardine Council is the transfer of assets paid for by the industry, since the establishment of the organization in 1951, from the state to any quasi-state entity which may be created. These include the building and garage housing the Council's office and quality control laboratory in Brewer and all equipment, including the Council's vehicle. These assets are currently being insured through the State of Maine's Risk Management Division at a building replacement cost value of \$287,752.50 and a contents replacement cost value of \$105,000.

Ed McLaughlin explained that the Maine Blueberry Commission also needs to maintain the mandatory tax system which currently supports that organization. The ability to continue to pay into the Maine State Retirement system for existing employees, and the maintenance of existing state health and dental benefits for employees now on the payroll, is also a priority. Since these benefits were offered when current employees were hired, a contractual relationship was established that should be continued.

Grace Additon explained that the Maine Dairy Program is actually a division of the Maine Department of Agriculture which uses industry funds for the operation of its programs. State law requires processor participation through the payment of an excise

tax. The maintenance of this mandatory funding mechanism is important to the success of the dairy industry's organizations. Federal law requires that Maine milk producers participate in a national checkoff program which supports, in part, Maine's dairy industry's state promotion activities. When the State of Maine moves to take a portion of the dairy funds maintained by the Maine Department of Agriculture - an action which occurred last year but will be rectified by the passage of L.D. 122 - federal credits to the state program are jeopardized due to a potential USDA finding that Maine's program is out of compliance with the requirements of the national checkoff program.

Dave Lavway explained that the Maine Potato Board also views the continuation of a mandatory excise tax on Maine potato producers and processors as necessary for the continued success of the industry's promotional programs. The maintenance of state retirement and health and dental benefits, for existing employees, is also a priority for this organization. Employees of the Maine Potato Board have not been subjected to recent furlough and shutdown day requirements because this organization's enabling statute specifically states that the Board sets the salary of the Executive Director and the Executive Director sets the salary of other employees. Since the last state salary increase was not automatically granted to Potato Board employees, the Governor's office - with the support of the Maine Department of Agriculture - exempted this agency's employees from the furlough and shutdown day requirements placed on other state employees.

Potato Board President Brian Campbell concurred that existing Board employees should be allowed to retain state retirement and health and dental insurance but that new employees should be offered whatever benefits each organization may or may not see fit to provide.

Carl Flora stated that it is reasonable to assume that Maine's commodity organizations should be able to create an alternative to their existing structures, depending upon what their own individual industry's priorities may be. The Finance Authority of Maine (FAME), the Maine State Housing Authority, the University of Maine, and the Maine Turnpike Authority are examples of existing alternative structures. Those present believed that the Maine State Housing Authority is an example of a quasi-state agency that holds its own funds yet is authorized to buy into the Maine State Retirement and health and dental benefit system for its employees.

Mr. Flora and Charlene Gamage agreed to look into the organizational structures of FAME, the Housing Authority, and the Turnpike Authority to determine if a model for the commodity agencies can be found.

A discussion occurred concerning whether or not existing

employees of the commodity agencies could expect to have their investment in the Maine State Retirement System turned over to the Social Security System if the Legislature would not extend the authority for continued payment into the state system. Ms. Gamage explained that she had previously contacted the Social Security Administration about this option and was told that no retroactive payments can be made into the Social Security System. Those present reaffirmed that equity requires that commodity agency employees who are currently part of the state retirement system should continue to have this benefit provided to them. Ms. Gamage stated that any employee authorized to be part of the retirement system is automatically authorized to participate in the state health and dental benefit system. It was recognized that the state share of these benefits would continue to be made available to employees through industry funds.

Mr. Flora then opened a discussion concerning possible changes in the commodity agencies' administrative ties to Maine State Government. The Maine Department of Agriculture currently makes administrative services, such as accounting and bill paying, available to the dairy programs and to the Potato Board at no charge. The Maine Sardine Council and the Blueberry Commission perform their own administrative services. All of the organizations pay a STACAP (state cost allocation program) fee, and a fee for tax collection, to the state.

It was generally agreed that it would give each commodity program greater flexibility in their operations to be divorced from the administrative functions of Maine State Government. In some cases, the contractual requirements of Maine State Government have proved more costly than private sector purchases would have been. In other cases, the opposite has been true.

More discussion and consideration is needed to determine how these organizations could become free of the administrative and budgeting requirements of Maine State Government while still maintaining a mandatory state excise tax on the industries involved for the industry programs.

It will also be necessary to determine what internal auditing system may be necessary to both protect the funds held by the organizations, and protect the personnel administering them. The private sector purchase of certified public accountant services should be adequate to meet any related concerns.

Mr. Flora then attempted to list the apparent needs of the various organizations articulated during the preceding discussions. Not all of these are of interest to each individual organization. Additional discussion will be necessary to determine where common interests lie.

These were:

- \* The establishment of quasi-independent state agencies not subject to the administrative or budgeting constraints of Maine State Government.
- \* The ability to continue to maintain state retirement, health, and dental benefits for existing employees with the state share continuing to be paid for from industry funds - even though employees of the commodity agencies will not be state employees.
- \* The ability to continue to use the state seal in support of commodity industry product quality control programs. (While this is currently a priority for the Maine Sardine Council, this option may appeal to other commodity agencies in the future.)
- \* The ability to retain the taxing power of the state to guarantee mandatory participation by all members of the industries involved, as is currently authorized. The option of contracting with the Maine Bureau of Taxation was mentioned as one approach, although there was some concern about the implications of such an arrangement.
- \* The ability to ensure that future members of commodity organizations be appointed by some state entity to ensure objectivity in appointments and eliminate the appearance of any unfair representation or appointment policy on the part of sitting members or staff. Existing appointments are made in this fashion, after nominations by industry, with either the Commissioner of Agriculture or the Commissioner of Marine Resources concurring.
- \* The ability to authorize the transfer of assets purchased by the commodity agencies, and now held by the State of Maine, to any new entity created for a nominal fee, if necessary.

It was agreed that members and staff of the Appropriations Committee should be invited to attend the next, and all future, meetings of the group since the Committee will be the key to accomplishing any meaningful changes. Representative Foss's input was viewed as particularly valuable since she supported removing commodity agency personnel from Maine State Government so vigorously at the May hearing. Senator Foster was also suggested

June 16, 1993

as someone who would be interested in the outcome of this process. Jeff Kaelin was asked to send these minutes to Jim Clair, staff director of the Office of Fiscal and Program Review, and to Representative Foss and Senator Foster, with invitations to the next meeting. Copies of the minutes and invitations to attend the next meeting should also be sent to Committee Chairs, Senator Pearson and Representative Chonko. It was agreed that Representative Tardy, House Chair of the Agriculture Committee, should also be asked to join in this process. Without his strong support for our efforts, the passage of L.D. 122 would probably have not occurred. Senate Agriculture Committee Chair Judy Paradis, and Marine Resources Committee Chairs, Senator Harry Vose and Representative Jim Mitchell, should also be made aware of this process and be invited to all future meetings.

It was agreed that the various enabling statutes would be kept in tact for each organization with common amendments being made to each to accomplish any changes. Consideration of possible future changes or additions to existing commodity agency missions should be given when revising these statutes. For example, the Maine Sardine Council could be expanded to include contributions from herring fishermen or from fishermen or processors from other sectors of Maine's fishing industry in the future. In all cases, the missions of the industries' programs should remain a priority in any statutory changes which may be agreed to by the industry members involved and eventually authorized by the legislature.

The next meeting was agreed to be held on Monday August 9, 1993 at a place yet to be selected. These, and future, minutes will become a part of the official record of the discussions stemming from L.D. 122's mandate. Any final report to the legislature should include copies of the existing commodity agencies' enabling statutes.

For the next meeting, a review of each commodity agency's enabling legislation will be performed to determine differences and similarities. Copies of the enabling statutes for FAME, the Housing Authority, and the Turnpike Authority should also be reviewed to identify any useful, potential model. Some clarification concerning the ability of private, nonprofit organizations to contract for tax collections by Maine State Government is also desired for the next meeting

Respectfully submitted



Jeff Kaelin,  
Maine Sardine Council





ATTACHMENT 2.

1/4/94

# MAINE SARDINE COUNCIL

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470 North Main Street, P. O. Box 337,  
Brewer, Maine 04412-0337  
Fax: (207) 989-2154

## MEMORANDUM

Date: September 17, 1993  
To: Commodity Agency Representatives  
From: Jeff Kaelin, Executive Director  
Maine Sardine Council  
Subject: September 28 Meeting

\*\*\*\*\*

Today I spoke with Bob Tardy, Judy Foss, and Ruth Foster about our upcoming meeting. Bob asked that I send him a note so I decided to write the same letter to all of the legislators that we have been communicating with. A copy of a sample letter is enclosed.

Grace Additon had earlier talked with Jim Clair and invited him to our next meeting, also. He has confirmed that he will be there.

Since Jim will be in attendance - and due to other scheduling conflicts - Judy and Ruth will not be coming on the 28th. Right now, I expect that Bob will come.

As the letter indicates, we will also have a representative of the state budget office at our meeting on the 28th. Grace and I have both spoken with Jack Nicholas and he has agreed to work with us by providing technical advice.

From the various conversations that I have had on our issues, I am predicting that by defining our various organizations as a public instrumentality of the State of Maine, most of our goals can be met. I am also predicting that making this change should be relatively easy, although the resulting loss of revenue to the state could become an issue.

My view is that a loss would occur as a result of eliminating STACAP payments since we would no longer be purchasing the administrative assistance of Maine State Government, as we do now. On the other hand, since our budget instructions for the biennium had our current STACAP rate at 0 (due to earlier overpayments? - who knows?) one might argue that there will be no revenue loss.

Look forward to seeing you on the 28th.



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# MAINE SARDINE COUNCIL

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September 17, 1993

470 North Main Street, P. O. Box 337,  
Brewer, Maine 04412-0337  
Fax: (207) 989-2154

Representative Robert Tardy  
P.O. Box 336  
Newport, ME 04953

*Bob*  
Dear Representative Tardy:

On July 22 I wrote you announcing that a second meeting of Maine's commodity agencies would occur on August 9 to continue to discuss potential organizational changes as ordered by P.L. 93 Chapter 413 (L.D. 122, as amended). With the July 22 memo, I enclosed minutes from our first, June 8, meeting which began to define the goals of the various commodity agencies.

Our group is scheduled to meet again on Tuesday, September 28, at 1:00 p.m., in the offices of the Maine Dairy and Nutrition Council, at the Maine Department of Agriculture's annex building on Cony Road in Augusta. We hope that you can meet with us.

At our August 9 meeting, no progress was made due to the fact that we had no legislative input that could give us an idea of where all of this may be going and precisely how we may get there.

Budget Director Jack Nicholas has promised that he, or someone from his office, will be at our next meeting and Jim Clair, staff director of the Office of Fiscal and Program Review will also attend. These offices will provide us with the objective, technical advice which we feel we need to suggest appropriate, workable legislative language to the Appropriations Committee - as we have been directed to do.

If you are unable to attend on the 28th, we will provide you with an update on our discussions following the meeting.

With best regards,

Sincerely,

MAINE SARDINE COUNCIL

Jeff Kaelin  
Executive Director

JHK:dcn



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# MAINE SARDINE COUNCIL

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Brewer, Maine 04412-0337  
Fax: (207) 989-2154

September 17, 1993

Senator Judy Paradis  
40 U.S. Route 1  
Frenchville, ME 04745

Dear Senator Paradis:

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With best regards,

Sincerely,

MAINE SARDINE COUNCIL

Jeff Kaelin  
Executive Director

JHK:dcm



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# MAINE SARDINE COUNCIL

Industry Development, Quality Control, Promotion,  
Research, and Statistical Activities Since 1951  
Telephone: (207) 989-2180

470 North Main Street, P. O. Box 337,  
Brewer, Maine 04412-0337  
Fax: (207) 989-2154

September 17, 1993

Senator Harry Vose  
Rt. 191  
Meddybemps, ME 04657

Dear  Senator Vose:

On July 22 I wrote you announcing that a second meeting of Maine's commodity agencies would occur on August 9 to continue to discuss potential organizational changes as ordered by P.L. 93 Chapter 413 (L.D. 122, as amended). With the July 22 memo, I enclosed minutes from our first, June 8, meeting which began to define the goals of the various commodity agencies.

Our group is scheduled to meet again on Tuesday, September 28, at 1:00 p.m., in the offices of the Maine Dairy and Nutrition Council, at the Maine Department of Agriculture's annex building on Cony Road in Augusta. We hope that you can meet with us.

At our August 9 meeting, no progress was made due to the fact that we had no legislative input that could give us an idea of where all of this may be going and precisely how we may get there.

Budget Director Jack Nicholas has promised that he, or someone from his office, will be at our next meeting and Jim Clair, staff director of the Office of Fiscal and Program Review will also attend. These offices will provide us with the objective, technical advice which we feel we need to suggest appropriate, workable legislative language to the Appropriations Committee - as we have been directed to do.

If you are unable to attend on the 28th, we will provide you with an update on our discussions following the meeting.

With best regards,

Sincerely,

MAINE SARDINE COUNCIL



Jeff Kaelin  
Executive Director

JHK:dcn



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Brewer, Maine 04412-0337  
Fax: (207) 989-2154

September 17, 1993

Senator Michael Pearson  
HC67, Box 1051  
Enfield, ME 04433

Dear Senator Pearson:

On July 22 I wrote you announcing that a second meeting of Maine's commodity agencies would occur on August 9 to continue to discuss potential organizational changes as ordered by P.L. 93 Chapter 413 (L.D. 122, as amended). With the July 22 memo, I enclosed minutes from our first, June 8, meeting which began to define the goals of the various commodity agencies.

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With best regards,

Sincerely,

MAINE SARDINE COUNCIL

Jeff Kaelin  
Executive Director

JHK:dcm



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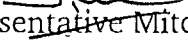
# MAINE SARDINE COUNCIL

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Brewer, Maine 04412-0337  
Fax: (207) 989-2154

September 17, 1993

Representative Jim Mitchell  
12 Birch Point Road  
Freeport, ME 04032

Dear Representative  Mitchell:

On July 22 I wrote you announcing that a second meeting of Maine's commodity agencies would occur on August 9 to continue to discuss potential organizational changes as ordered by P.L. 93 Chapter 413 (L.D. 122, as amended). With the July 22 memo, I enclosed minutes from our first, June 8, meeting which began to define the goals of the various commodity agencies.

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With best regards,

Sincerely,

MAINE SARDINE COUNCIL



Jeff Kaelin  
Executive Director

JHK:dcm



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# MAINE SARDINE COUNCIL

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Brewer, Maine 04412-0337  
Fax: (207) 989-2154

September 17, 1993

Senator Ruth Foster  
95 Main Street  
Ellsworth, ME 04605

Dear Senator *Ruth* Foster:

On July 22 I wrote you announcing that a second meeting of Maine's commodity agencies would occur on August 9 to continue to discuss potential organizational changes as ordered by P.L. 93 Chapter 413 (L.D. 122, as amended). With the July 22 memo, I enclosed minutes from our first, June 8, meeting which began to define the goals of the various commodity agencies.

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With best regards,

Sincerely,

MAINE SARDINE COUNCIL

*Jeff Kaelin*

Jeff Kaelin  
Executive Director

*I know you can't be with  
us on the 28th but thought  
I'd still send the invitation  
along.*

JHK:dcm



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Brewer, Maine 04412-0337  
Fax: (207) 989-2154

September 17, 1993

Representative Judy Foss  
RR1, Box 310 Cousins Island  
Yarmouth, ME 04096

*Judy*  
Dear Representative Foss:

On July 22 I wrote you announcing that a second meeting of Maine's commodity agencies would occur on August 9 to continue to discuss potential organizational changes as ordered by P.L. 93 Chapter 413 (L.D. 122, as amended). With the July 22 memo, I enclosed minutes from our first, June 8, meeting which began to define the goals of the various commodity agencies.

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If you are unable to attend on the 28th, we will provide you with an update on our discussions following the meeting.

With best regards,

*I know you can't be  
with us on the 28th  
but thought I'd still  
send the invitation along.*

JHK:dcm

Sincerely,

MAINE SARDINE COUNCIL

*Jeff Kaelin*

Jeff Kaelin  
Executive Director



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Fax: (207) 989-2154

September 17, 1993

Representative Lorraine Chonko  
266 A New Lewiston Road  
Pjepsco, ME 04067

Dear Representative Chonko:

On July 22 I wrote you announcing that a second meeting of Maine's commodity agencies would occur on August 9 to continue to discuss potential organizational changes as ordered by P.L. 93 Chapter 413 (L.D. 122, as amended). With the July 22 memo, I enclosed minutes from our first, June 8, meeting which began to define the goals of the various commodity agencies.

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With best regards,

Sincerely,

MAINE SARDINE COUNCIL

Jeff Kaelin  
Executive Director

JHK:dcm



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Brewer, Maine 04412-0337  
Fax: (207) 989-2154

John R. Nicholas  
State Budget Officer  
Bureau of the Budget  
State House Station 58  
Augusta, ME 04333

August 18, 1993

Dear Jack:

Since early June, Maine's industry-funded commodity agencies have been meeting as directed by P.L. 93 Chapter 413.

Enclosed is a copy of this law and a summary of our first meeting, held June 8. A second meeting was held on August 9.

Unfortunately, we received no legislative input at the meeting earlier this month. To date, we have not requested any input from Governor McKernan's administration but I believe that it is important to do so at this time. It is for this reason that I am sending the enclosed material. I am particularly interested in receiving objective technical assistance from you and your staff as this process develops over the next few months.

In addition, we will be talking to a few key legislators (identified on the attached distribution list), and legislative staff, during the next few weeks in order to better assess what the mandate of Chapter 43 may produce.

Our next meeting is scheduled for Tuesday, September 28, at 1:00 p.m. We will meet again at the offices of the Maine Dairy and Nutrition Council. We invite your office's participation.

I will call you before that time and hope that I can schedule a separate meeting with you sometime after Labor Day. In the meantime, if I can provide you or your staff with any additional information, please do not hesitate to contact me.

With best regards,

Sincerely,  
MAINE SARDINE COUNCIL

Jeffrey H. Kaelin  
Executive Director

Enclosure



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ATTACHMENT 3.

1/4/94

# MAINE SARDINE COUNCIL

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Telephone: (207) 989-2180

470 North Main Street, P. O. Box 337,  
Brewer, Maine 04412-0337  
Fax: (207) 989-2154

## MEMORANDUM

Date: December 3, 1993  
To: Interested Parties  
From: Jeff Kaelin, Executive Director  
Maine Sardine Council  
Subject: Meeting Notice, Maine Commodity Agency Organizational  
Study - Minutes of August 8 and September 28 Meetings  
-----

The next meeting of Maine's commodity agencies, to discuss possible organizational changes as ordered by P.L. 93 Chapter 413, has been scheduled for Monday, December 13, at 9:30 a.m., in Room 105 of the State Office Building. All interested parties are invited to attend.

Commodity agency representatives should attempt to bring a draft report to this meeting, to allow time for final reports to be made to the Appropriations Committee on January 5. Little time remains to attempt to draft any bills before that time, yet this task also has yet to be undertaken. Anyone who is an expert in all of the administrative vagaries of becoming an instrumentality of the State of Maine is welcomed - and badly needed!

Minutes for our last two meetings are attached. Any revisions can be suggested on the 13th.

Also attached is an expanded distribution list for these minutes.



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Fax: (207) 989-2154

## MEMORANDUM

Date: December 3, 1993  
To: Interested Parties  
From: Jeff Kaelin, Executive Director  
Maine Sardine Council  
Subject: Maine Commodity Agency Discussions Concerning  
Organizational Changes as Ordered by P.L. 93 Chapter  
413 - Minutes of Meetings, August 8, 1993 and September  
28, 1993 9

-----

On August 9, 1993 the following persons met at the offices of the Maine Dairy and Nutrition Council to continue discussions concerning possible reorganizational changes for Maine's commodity agencies:

- \* Grace Additon, Director  
Maine Milk Program
- \* Sue Barber, Executive Director  
Maine Lobster Promotion Council
- \* Brian Campbell, President  
Maine Potato Board
- \* Mike Corey, Assistant Executive Director  
Maine Potato Board
- \* Jeff Kaelin, Executive Director  
Maine Sardine Council
- \* Carl Flora, Deputy Commissioner  
Maine Department of Agriculture, Food and Rural  
Resources
- \* Dave Lavway, Executive Director  
Maine Potato Board
- \* Ed McLaughlin, Executive Director  
Maine Blueberry Commission
- \* Jim Warren, Past Executive Director  
Maine Sardine Council



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Although invitations to this meeting, and minutes of the group's first meeting on June 8, were sent to key legislators and legislative staff, none were present at this meeting. As a result, the group that was present felt that they were unable to make any real progress concerning developing a better understanding of what the legislature actually expected the commodity agencies to accomplish when the organizational study was ordered.

A discussion then focused on the differences in the operations of the various organizations that were represented. A brief discussion of the option of agencies being named "instrumentalities of the State of Maine", and the relationship of "Participating Local Districts" to instrumentalities then occurred with no real resolution as many questions were raised.

It was recognized that each agency's needs and missions differ so it is not expected that each agency will have the same goals when reporting to the legislature in January. It was decided that it will be necessary for individual legislators to assist each industry's organization in this effort in order to make their relationship with the state more productive. It was anticipated that five different reports, with five different legislative solutions may be the result of the "study". In some cases, a decision to adopt no changes may be recommended.

Jim Clair, Office of Fiscal and Program Review, and Jack Nicholas, State Budget Officer, were specifically mentioned as being important to any success that the organizational study may produce.

The next meeting was scheduled for September 28.

-----

On September 28, 1993 the following persons met at the offices of the Maine Dairy and Nutrition Council to continue discussions concerning the organizational study ordered by P.L. 93 Chapter 413:

- \* Grace Additon, Director  
Maine Milk Program
- \* Sue Barber, Executive Director  
Maine Lobster Promotion Council
- \* John Bradley  
Bureau of the Budget
- \* Jodi Breton  
Bureau of the Budget

- \* Jim Clair  
Office of Fiscal and Program Review
- \* Carl Flora, Deputy Commissioner  
Maine Department of Agriculture
- \* Jeff Kaelin, Executive Director  
Maine Sardine Council
- \* Dave Lavway, Executive Director  
Maine Potato Board
- \* Ed McLaughlin, Executive Director  
Maine Blueberry Commission
- \* Pat Norton  
Office of Policy and Legal Analysis

A brief discussion of the "instrumentality" option took place. Mr. Flora observed that all of the commodity organizations had "one area of common interest" which is that industry revenue is assessed for statutorily-defined purposes. This purpose could be carried out whether organized as an agency or an instrumentality.

Mr. McLaughlin then asked Mr. Clair if he could explain what the Appropriations Committee might have intended to accomplish by ordering the organizational study.

Mr. Clair then responded that he did not believe the Committee intended any specific outcome. He suggested that the "public instrumentality" option would allow the organizations to become independent of the state's personnel, purchasing, and budget requirements since this kind of "independent entity of the state" is not subject to the normal policies and procedures of Maine state government.

A discussion then followed concerning retirement options for existing employees. It was generally believed that an instrumentality could become a "participating local district" (PLD), being allowed to purchase retirement benefits for employees from the Maine State Retirement System or other PLD plans.

Mr. Clair then commented that he agreed that each organization should submit a separate report to the Committee. He announced that bill titles had already been reserved for each organization and that the legislature's cloture restrictions did not apply to legislation that may be introduced as a result of this study. He stated that after the reports are received by the Committee, a public hearing would be held concerning those organizations that may opt for statutory changes.

December 3, 1993

The goal of avoiding furlough and shutdown days, and other workweek limitations, since they had no impact on General Fund revenue and created inefficiencies in these industry-funded programs, was discussed. It was stated that a major legislative change - such as an organization becoming a public instrumentality - may not be necessary to become exempted from these restrictions. It was suggested that a singular legislative change could also accomplish the same thing.

Mr. Clair then stated that 20 copies of each agency's report should be submitted to the Office of Fiscal and Program Review.

Mr. Kaelin suggested that it was necessary to spend some additional time in understanding all of the personnel and budgetary impacts of his industry's agency becoming a public instrumentality although this approach seemed a desirable solution to the problem of the limited administrative flexibility offered by state government today.

The group then adjourned with the intent to meet again before the end of the year, with draft reports which could be shared within the group at that time.

1/4/94



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Fax: (207) 989-2154

## MEMORANDUM

Date: December 14, 1993  
To: Interested Parties  
From: Jeff Kaelin, Executive Director  
Subject: Minutes of the December 13 Meeting of the Commodity  
Agencies - Draft Report of the Maine Sardine Council

-----

Enclosed are the minutes of yesterday's meeting of the group discussing reorganization options for Maine's commodity agencies. There will not be another meeting of this group until the Appropriations Committee holds a hearing on the reports from the organizational study after the Legislature reconvenes in January.

All of the commodity agencies are required by P.L. 93 Chapter 413 to submit a report, and any draft legislative language, to the Appropriations Committee by January 4, 1994.

The substance of what will be the Maine Sardine Council's draft report is found in these minutes and in the minutes previously distributed. Please consider these minutes our "draft report". These minutes are being sent to those on the enclosed distribution list. I have asked Jim Clair to consider this outline of our legislative plan as the basis for his office to begin to draft a bill for us. We are prepared to provide him with any additional language he may need from us before January 4.

-----

**HAPPY HOLIDAYS !**



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## MEMORANDUM

Date: December 14, 1993  
To: Interested Parties  
From: Jeff Kaelin, Executive Director  
Maine Sardine Council  
Subject: Maine Commodity Agency Discussions.  
Minutes of the Meeting of December 13, 1993

-----

On December 13, 1993 the following persons met in Room 105, of the State Office Building in Augusta, to continue discussions concerning possible reorganizational changes for Maine's commodity agencies, as ordered by P.L. 93 Chapter 413:

- \* Grace Additon, Director  
Maine Milk Program
- \* Sue Barber, Executive Director  
Maine Lobster Promotion Council
- \* Jim Clair  
Office of Fiscal and Program Review
- \* Mike Corey, Assistant Executive Director  
Maine Potato Board
- \* Jeff Kaelin, Executive Director  
Maine Sardine Council
- \* Carl Flora, Deputy Commissioner  
Maine Department of Agriculture, Food and Rural  
Resources
- \* Ed McLaughlin, Executive Director  
Maine Blueberry Commission

Mr. Clair commented on the Legislature's January 4 reporting deadline for the commodity agencies. He stated that he now recognizes that the law should have provided for legislative drafting assistance for the organizational study. Earlier direction - which indicated that the commodity agencies did not need to find their own sponsors for their bills to ensure drafting assistance by the offices of the Legislative Council and the Revisor - has turned out to have been incorrect.



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He pointed out, however, that these offices would eventually be involved in putting any draft legislative language into final form - at a much busier time of the year - once the agencies' reports are made to the Appropriations Committee. He advised each agency supporting a legislative change to rough out the language and provide it to his office as soon as possible.

Mr. Kaelin then explained the plans of the Maine Sardine Council. The Council met on December 3 and supported a reorganization of their state agency into "an incorporated public instrumentality of the State", with reservations until the costs of alternative retirement and health care systems for Council employees can be better understood.

Mr. Kaelin then distributed letters to the Maine State Retirement System and to the Maine Municipal Association, which he had written following the Council meeting, asking for the comparisons necessary to determine these costs. These letters will be appended to the Council's report to the Legislature along with any portions of the responses not confidential.

If the Council's costs can stay about the same and the benefits which may be offered to the Council's public instrumentality employees are comparable, then the Council will pursue a legislative change which will:

- \* Carry an emergency preamble so that Council staff can be exempted from all shutdown days, furlough days, and shortened workweeks required by any entity other than the Maine Sardine Council on or after April 1, 1994;
- \* Reorganize the Maine Sardine Council into a public instrumentality of the state as of July 1, 1994;
- \* Continue the excise tax on the production of canned herring products in Maine and clarify that these taxes will continue to be levied by the state tax assessor and that the Council will continue to pay the state for this service;
- \* Clarify that the Council's dedicated tax revenue will be transferred to the Council on a monthly basis and that the Council's fund will be a nonlapsing one. (The Council should be specifically authorized to receive, invest, and utilize this fund. The Council's Executive Director should be required to utilize an independent private auditor to monitor the fund on an annual basis.);

- \* Clarify that the Council will retain its existing authority to develop rules in support of its mandatory product-quality control program - and enforce the grading rules - as a public instrumentality;
- \* Clarify that the Council's employees would no longer be state employees after July 1, 1994 and that the Council could elect to become a "participating local district" for the purposes of accessing the Maine State Retirement System and State Group Life Insurance Program for its employees on that date;
- \* Clarify that the Maine Sardine Council would no longer be subject to the personnel, budget, and purchasing laws of the state and that only the members of the Maine Sardine Council - with the Executive Director (except in the case of the Executive Director's own employment) - could be authorized to make decisions affecting its own employees after July 1, 1994. Salaries and benefits for Council employees will be determined by Council members after that date;
- \* Clarify that, "for the purposes of the Maine Tort Claims Act, the Council is a governmental entity and its employees are employees as those terms are defined in Title 14, section 8102";
- \* Clarify that the Council may hire private legal counsel and purchase worker's compensation insurance for its employees in the private market;
- \* Clarify that, as a public instrumentality, the Council could continue to access state services currently available to it such as the ability to purchase insurance from the Department of Administrative and Financial Service's Risk Management Division, be billed for telephone use by the Bureau of Information Service's Telecommunications Division, lease or purchase office supplies and equipment, automobiles, and other items from state contracts, and utilize gasoline credit cards and vehicle registrations available from the Department of Transportation; and
- \* Transfer to the Maine Sardine Council, on July 1, 1994, all buildings, equipment, and assets that have been purchased by the Council as a state

agency to the new public instrumentality. All of these purchases have been made solely from industry-derived dedicated revenue. Council members would be given the specific authority to dispose of these assets as they may direct.

The Maine Sardine Council would also use this legislative vehicle to allow for proxy voting by its members. Because of the small size of the industry today, it is sometimes difficult to ensure a quorum of members at its meetings.

Questions were asked about existing worker's compensation coverage for the employees of the commodity agencies. Mr. Kaelin explained that it is his understanding - after settling two small worker's compensation claims for his agency - that, like general-funded state agencies, the small dedicated-funded agencies are self insured for worker's compensation claims. Unlike the general-funded agencies, however, the dedicated-funded agencies do not have the access to the general fund to pay large claims.

General concern was expressed about the potentially crippling economic exposure that this situation presents for the commodity agencies. It was agreed that, whether or not each agency opts for a reorganization plan at this time, some legislation must be passed which specifically allows Maine's commodity agencies to purchase worker's compensation coverage for its employees from the private market.

Ms. Additon explained that her agency's members and contributors are also seeking more budgetary and personnel control. Dairy industry members will be finalizing their plans to become "a line agency with legal changes" - more similar to the Maine Potato Board in structure. The Milk Commission also plans to utilize a "Plan of Work", like that used by the Potato Board, to reduce administrative duplication and conflicts with the state and federal governments.

Mr. McLaughlin stated that the Blueberry Commission is seeking no reorganizational changes at this time. The Commission does want to pursue legislation, however, which would provide those industry members who pay into the program with the benefit of the utilization of the interest earned on their funds.

The Maine Blueberry Commission, the Maine Sardine Council, and Maine's dairy programs now lose the interest earned on their revenue to the General Fund. The Maine Potato Board and the Maine Lobster Promotion Council benefit from statutory language which directs that interest on program revenues accrue to the program fund.

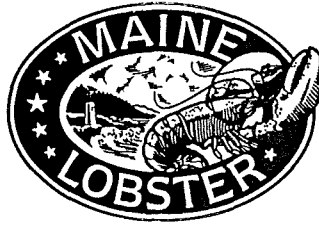
Mr. Corey then explained that the Maine Potato Board voted

December 14, 1993

on December 15 to seek no reorganizational changes at this time.

Ms. Barber passed out a summary of reorganizational changes that are being sought by the members of the Maine Lobster Promotion Council (attached). The Lobster Promotion Council's goals are very similar to those of the Sardine Council except that interests concerning retirement and health care options differ.

It was decided by the commodity agency representatives present, and Mr. Flora, that a meeting before the Legislature reconvenes would not be necessary. Everyone agreed to share their draft reports before they are transmitted to the Appropriations Committee on January 4. Even though it was recognized that each organization has differing goals at this time, each agency representative pledged to support the goals of the other organizations.



THE WORLD'S  
FINEST LOBSTER  
COMES FROM MAINE™

MEMO

To: Commodity Task Force  
From: S. Barber  
Date: December 12, 1993  
RE: Suggested Elements for MLPC Bill to be submitted in 1994

The Maine Lobster Promotion Council will pursue legislative housekeeping changes in order to be designated as an instrumentality of the State of Maine, as it provides administrative flexibility yet "protects" the agency in instances that we feel are beneficial to the Council.

In discussions with representatives of the Maine State Retirement System and Maine State Housing Authority (both instrumentalities), it was recommended that in the bill, we spell out exactly the operations of the Council to avoid any misinterpretations. I have compiled a list of what I feel is in the best interest of the Council and a brief explanation for clarification. These suggestions have been reviewed by the MLPC legislative subcommittee and will be reviewed by the whole Council on Friday, December 17th. I expect that the Council will approve their submission in bill form.

Suggested housekeeping elements for 1994 bill:

State that the MLPC is a public instrumentality of the state, and that the MLPC is no longer part of the personnel, budget and purchasing requirements of the state. (We already have the personnel part covered, budget and purchasing would allow us to receive allocations and write our own checks to make purchases as the Council sees fit.) This will prevent long waits for purchases to be approved, eliminates the need for requisitions, allows us to purchase things on sale rather than having to go through specified vendors; yet we can still make purchases through the contracting system if we feel it is a savings advantage to the MLPC.

Council Appointments: Should remain the way it is for now but change quorum from 5 to 4 members.



MAINE LOBSTER PROMOTION COUNCIL

382 Harlow Street ★ Bangor, ME 04401 ★ (207) 947-2966 ★ FAX (207) 947-3191

Fiscal Information: I suggest we request allotments/funds be deposited on a monthly basis (this is the case with other instrumentalities, but we must state that the deposit occur monthly). The Council will establish its own accounting system, with a fiscal policy established to ensure the accountability of the MLPC. The Council can receive funds and invest funds. In my opinion, the collection of assessments should remain the same at this time. The Council will also provide for an annual audit. MLPC funds will be non-lapsing and carried over from year-to-year.

Powers and duties of the Council and its staff will be defined broadly; with personnel policies to be adopted by the Council.

The MLPC will retain its tax-exempt status. We need to check on non-profit/not-for-profit status and comply with tax filing requirements. Do these designations allow the instrumentality to act, in part, as a trade association for purposes of influencing state and federal legislation?

[REDACTED]

[REDACTED]

Operations: The MLPC will be eligible to purchase its property insurance through risk management, personal liability protection for the Council members and employees will be provided through risk management and capped by the Maine Tort Claims Act, telecommunications service will be available through the state, lease office equipment through the state (copier), and use state vehicles for MLPC business through Central Fleet Management. All of these represent substantial savings since the state is such a large group and can offer these services at a reduced cost.

Office space: The MLPC will be able to lease the office space of our choosing with the Governor's approval and be able to write our own lease. Currently we have to pay for this service through Administrative Services, and are limited in where our office can be located. I have found that it complicates and hinders the process unduly.

Legal Counsel: The MLPC should have the right to seek its own legal counsel, and should state so in this document.

Ensure that the assets of the MLPC, purchased entirely by dedicated revenue, can be transferred to the instrumentality and dispersed of to the benefit of the contributors to the instrumentality should it ever be dissolved.



1/4/94

# MAINE SARDINE COUNCIL

Industry Development, Quality Control, Promotion,  
Research, and Statistical Activities Since 1951  
Telephone: (207) 989-2180

470 North Main Street, P. O. Box 337,  
Brewer, Maine 04412-0337  
Fax: (207) 989-2154

## MEMORANDUM

Date: December 28, 1993

To: Interested Parties

From: Jeff Kaelin, Executive Director  
Maine Sardine Council

Subject: Addendum to the Minutes of the December 13 Meeting of  
Maine's Commodity Agencies - Transmitted December 14,  
1993

-----

This memo is to clarify some errors and omissions in the account of the December 13 meeting of Maine's commodity agencies, sent to you on December 14.

These are:

- \* In the list of issues which the Maine Sardine Council may seek to address if it chooses to reorganize as an incorporated public instrumentality of the state, at page 3, it is incorrectly stated that the State Group Life Insurance Program would be available if the Council elected to become a participating local district (PLD). As a PLD, participation in the District Group Life Insurance Program would be an available option. (According to Gary King of the staff of the Maine State Retirement System, the rate that employees pay for life insurance differs between the state and district programs. The state rate is \$.13/\$1000, biweekly, while the district rate is \$.20/\$1000.);
- \* At page 4, it is stated that the Maine Sardine Council intends to use a legislative vehicle that may reorganize the Council to allow for proxy voting by its members. It should be clarified that an authorization for proxy voting, by either written proxy or by telephone survey, is desired by Council members.;
- \* At page 4, it is stated that the dedicated-funded commodity agencies do not have access to the General Fund to pay large worker's compensation claims. After a discussion of this issue today with David Fitts,



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Director of the Risk Management Division of the Department of Administrative and Financial Services, it appears that the General Fund is obligated to pay worker's compensation claims for all state employees. The question remains, however, at what point will the General Fund pay large claims against a commodity organization? Does an organization have to exhaust all of its financial resources before this occurs? Are the members of the organization required to reimburse the state for claims eventually paid on the organization's employees from the General Fund?;

- \* At page 4, the Maine Milk Program is incorrectly referred to as the Maine Milk Commission.; and
- \* At page 4, it is incorrectly stated that the Maine Potato Board receives the interest on the funds that the State of Maine holds for it and that the Maine Blueberry Commission does not. Like the Maine Sardine Council and the Maine Milk Program, the Potato Board also loses the interest on its revenue to the General Fund. The Maine Blueberry Commission's enabling statute, at Title 36, section 4311-A states that "The first \$20,000, each year, of income from any investment of blueberry tax funds shall accrue to the General Fund undedicated revenue, any additional amounts shall accrue to the blueberry tax account..." It remains the intention of the Maine Blueberry Commission to seek legislation that would allow the organization to receive all of the interest on its funds each year, however. In the 114th Legislature, LD 541, a bill that would have allowed all of the interest on the Maine Blueberry Commission's funds to accrue to the blueberry tax account - and LD 863, a bill that would have allowed fund interest to accrue to both the Potato Board and the Blueberry Commission (and was proposed to be amended in the Taxation Committee to include Maine Sardine Council funds) were defeated.

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NOTE: Because the members of the Maine Sardine Council do not have sufficient information to compare state, PLD, and private retirement, health, life, and worker's compensation benefits and costs, Council staff will report to the Appropriations Committee on January 4 that a final report recommending the Council's organizational plans can not be made available before February 1, 1994. Council staff has contacted the Maine State Retirement System, the Maine Municipal

Association, and a private consultant to supply Council members with the necessary comparisons so that a final decision can be made as soon as possible.

1/4/94

REVISED

AFTER 12/3/93

Distribution List re: P.L. 93 Chapter 413, December 3, 1993

Page 1

Grace Additon, Director  
Maine Dairy and Nutrition Council  
State House Station 97  
Augusta, ME 04333-0097  
TEL: 287-3621  
FAX: 287-7161

*✓*  
*addition*  
Susan Barber  
Maine Lobster Promotion Council  
382 Harlow Street  
Bangor, ME 04401  
TEL: 947-2966  
FAX: 947-3191

John Bradley  
Bureau of the Budget  
State House Station 58  
Augusta, ME 04333-0058

Jodi Breton  
Bureau of the Budget  
State House Station 58  
Augusta, ME 04333-0058

Brian Campbell, President  
Maine Potato Board  
744 Main Street - Room 1  
Presque Isle, ME 04679  
TEL: 769-5061 (1-800-553-5516)  
FAX: 764-4148

Mike Corey, Assistant Executive Director  
Maine Potato Board  
744 Main Street - Room 1  
Presque Isle, ME 04679  
TEL: 769-5061 (1-800-553-5516)  
FAX: 764-4148

State Representative Lorraine Chonko  
266 A New Lewiston Road  
Pejepscot, ME 04067  
TEL: 725-8993

Jim Clair, Staff Director  
Office of Fiscal and Program Review  
State House Station 5  
Augusta, ME 04333-0005  
TEL: 287-1635  
FAX: 287-6469

Carl Flora, Deputy Commissioner  
Maine Department of Agriculture,  
Food and Rural Resources  
State House Station 28  
Augusta, ME 04333-0028  
TEL: 287-3871  
FAX: 287-7548

State Representative Judy Foss  
RR 1, Box 310, Cousins Island  
Yarmouth, ME 04096  
TEL: 846-5246

State Senator Ruth Foster  
95 Main Street  
Ellsworth, ME 04605  
TEL: 667-259

Jeff Kaelin, Executive Director  
Maine Sardine Council  
P.O. Box 337  
Brewer, ME 04412-0337  
TEL: 989-2180  
FAX: 989-2154

Dave Lavway, Executive Director  
Maine Potato Board  
744 Main Street, Room 1  
Presque Isle, ME 04769  
TEL: 769-5061 (1-800-553-5516)  
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Margaret Matheson  
Revisor  
Office of the Revisor of Statutes  
State House Station 7  
Augusta, ME 04333-0007

Ed McLaughlin, Executive Director  
Maine Blueberry Commission  
5715 Coburn Hall  
Orono, ME 04469-5715  
TEL: 581-1475  
FAX: 581-3499

State Representative Jim Mitchell  
12 Birch Point Road  
Freeport, ME 04032  
TEL: 865-6516

Jack Nicholas  
State Budget Officer  
Bureau of the Budget  
State House Station 58  
Augusta, ME 04333-0058

Pat Norton  
Office of Policy and Legal Analysis  
State House Station 13  
Augusta, ME 04333-0013

State Senator Judy Paradis  
40 U.S. Route 1  
Frenchville, ME 04745  
TEL: 728-4854

State Senator Michael Pearson  
HC67, Box 1051  
Enfield, ME 04433  
TEL: 732-4800

State Representative Bob Tardy  
P.O. Box 336  
Newport, ME 04953  
TEL: 938-2308

Sarah Tubbesing  
Executive Director  
Legislative Council  
State House Station 115  
Augusta, ME 04333-0115

State Senator Harry Vose  
Rt. 191  
Meddybemps, ME 04657  
TEL: 454-2641

James Warren, Past Executive Director  
Maine Sardine Council  
205 Washington Street  
Brewer, ME 04412  
TEL: 989-6304  
FAX: 989-6392



## MAINE STATE RETIREMENT SYSTEM

Claude R. Perrier, Executive Director  
Kay R. H. Evans, Deputy Director  
Joseph A. Gahagan, Deputy Director  
Gail Drake Wright, Deputy Director

David S. Wakelin, Chairman  
John H. Kimball, Vice Chairman  
William C. Bullock Jr.  
George A. Burgoyne  
Eunice Cotton  
Charles M. Jackson  
Grover B. MacLaughlin

Ex-officio Member  
Samuel Shapiro,  
State Treasurer

December 2, 1993

Jeff Kaelin  
Maine Sardine Council  
PO Box 337  
Brewer, ME 04412

Dear Mr. Kaelin:

This is in response to your request for information relating to the Maine Sardine Council becoming a participating local district in the Maine State Retirement System. As you are aware, this information is applicable only if the Council becomes an independent agency through legislative action.

Please complete the enclosed *Participant Data for initial Actuarial Valuation* forms. When these forms are returned, Maine State Retirement System's actuary will determine the initial employer contribution rate based upon the plan requested and an actuarial valuation report will be mailed to you. You will be billed at a later date for the actuarial services.

You must offer membership to all employees. When participation begins, membership shall be optional for all employees on that date, but compulsory for any qualifying employee hired after the date of participation unless otherwise excluded. The Maine Sardine Council may exclude any employees from participation with the Maine State Retirement System if that class of employees is otherwise covered by a local pension plan. Membership shall be optional for all elected officials, officials appointed for a fixed term, chief administrative officers and employees covered by the Social Security system as employees of your participating local district. The vote taken by your governing body to join the Maine State Retirement System should be specific as to those classifications of employees included for membership who are covered under another local pension plan.

Membership service is that service which begins on the date you elect as the effective date of participation in the retirement system and for which there is a sharing of costs by employees and employer. The employee will contribute at the rate of 6.5% of total earnable compensation and the employer cost will be determined through the actuarial valuation. The employer's contribution rate is applied to the total gross participant payroll each month and a check for the entire amount including employee contributions is submitted to the retirement system with a report containing data relating to the employees' earnings and contributions.

LOCATION: Two Central Plaza, Corner of Capital & Sewall St., Augusta, Maine  
MAILING ADDRESS: State House Station 46, Augusta, Maine 04333-0046

(207) 287-3461

800-451-9800 (Maine only)

FAX: (207) 287-1032

December 3, 1993  
J. Kaelin, ME Sardine Council  
page 2

The initial valuation prepared by Maine State Retirement System's actuary will include the employer's contribution rate for providing your employees with retirement, disability and accidental death benefits. The valuation will also include cost-of-living adjustments and survivor benefits which you have an option of granting to your employees. If your ~~employees~~ are not covered under the Social Security System, we recommend that you include these optional benefits as part of your plan.

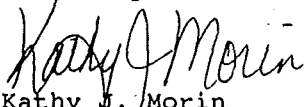
You should be aware that state group life insurance is available to your district. Please contact Mr. Gary King of this office if you desire further information.

If you have Social Security coverage for your employees, becoming a participating local district in the Maine State Retirement System will have no effect on that coverage and you and your employees must continue to pay Social Security contributions in addition to Maine State Retirement System contributions.

You should be aware that after the operational date of the Consolidated Retirement Plan for Participating Local Districts (anticipated as 7/1/94), your agency may contract for participation only in a program provided by the consolidated plan. Further information regarding that plan will be provided upon request.

If you have any questions or require additional information, please advise.

Sincerely,

  
Kathy J. Morin  
Retirement Benefits Specialist

enclosures



1/4/94



# MAINE SARDINE COUNCIL

Industry Development, Quality Control, Promotion,  
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Telephone: (207) 989-2180

470 North Main Street, P. O. Box 337,  
Brewer, Maine 04412-0337  
Fax: (207) 989-2154

December 7, 1993

Kathy Morin  
Retirement Benefits Specialist  
Maine State Retirement System  
State House Station 46  
Augusta, ME 04333-0046

Dear Kathy:

Thank you for your helpful letter of December 2 describing the process the Maine Sardine Council may use to compare the retirement benefit program it now makes available to its state employees with the PLD retirement benefit options that would be available if the Council were to become a public instrumentality of the state. Your assistance, and that of Bob Mellor, has allowed us to begin to unravel this somewhat complicated process.

As I discussed with you on the phone the other day, P.L. 93 Chapter 413 requires the Maine Sardine Council - and the other Maine commodity organizations - to investigate reorganization options and report to the Appropriations Committee, including any draft legislation, no later than January 4, 1994.

We hope that an actuarial study can be performed before that date. If not, we need the results as soon as possible so that our industry, and its employees, can further develop our legislative goals with the Appropriations Committee.

I am enclosing the completed information sheets that you sent me. We are interested in obtaining a comparison of the benefits and the costs of the Maine State Employee retirement system (which we currently pay into), to the benefits and costs of an individual PLD program for the Maine Sardine Council (if the public instrumentality is established before June 30, 1994), and to the benefits and costs of the consolidated PLD plan (assuming that the Council becomes a public instrumentality after July 1, 1994).

Dolores Moore is now eligible for retirement through the Maine State Employee retirement system. The members of the Maine Sardine Council want to be able to rehire Ms. Moore, at her existing salary, if she is to retire before the Council could become a



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December 7, 1993


public instrumentality. We would like our actuarial study to also provide us with information comparing the cost and benefit effects of Ms. Moore retiring before, and after, the Maine Sardine Council may become a public instrumentality through some future legislative action.

In the interest of time, we do not need a cost estimate for this study before it may be performed.

Again, thank you for your assistance in our efforts. If you need any additional information, please do not hesitate to contact me.

With best regards,

Sincerely,  
Maine Sardine Council

A handwritten signature in black ink, appearing to read "Jeff Kaelin", written over a horizontal line.

Jeffrey H. Kaelin  
Executive Director

Enclosures

cc: Members, Alternates Maine Sardine Council  
Participants, Maine Commodity Agency Organizational Study

MAINE STATE RETIREMENT SYSTEM

PROSPECTIVE DISTRICT QUESTIONNAIRE

Information for initial Actuarial Valuation

1. Employer Name: Maine Sardine Council
2. Employer Address: P.O. Box 337  
Brewer, ME 04412-0337
3. Employer contact person: Jeffrey H. Kaelin Telephone: 989-2180  
Executive Director
4. Does employer participate in Social Security: Yes ☐ No ☒
5. Does employer engage in collective bargaining with employees: Yes ☐ No ☒

Only complete the following provisions of interest

Plan Design (Optional features)

Benefit

Prior Service: Full ☒ None ☐ Limited to \_\_\_\_ years.

\*Cost-of-Living Adjustment (post retirement): Yes ☒ No ☒ - Both options, please

Survivor Benefits: Yes ☒ No ☒ Both options, please

\*If answer to both #'s 4 & 5 above is no, COLA is mandatory. Please explain

Special Retirement Benefits (See Section 18453)

<u>None Required</u>	<u>Fraction of</u> <u>3 Year ave.</u>	<u>Years of</u> <u>service</u>	<u>age</u> <u>requirement</u>
Firefighter Special Plan:			
Police Officer Special Plan:			
Other Employer Special Plan:	1/2		N/A

For an explanation of special plans available, see attached.

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MAINE SARDINE COUNCIL, ONLY

MAINE STATE RETIREMENT SYSTEM

Participant Data for initial Actuarial Valuation

Employer name: Maine Sardine Council Date: December 7, 1993

Name	S.S.N.	Sex	D.O.B.	Date of Hire	Annual Salary	Firefighter or Police Officer *
Jeffrey H. Kaelin	046-38-3113	M	9-20-50	3-10-86	\$52,520.00	
Ronald H. Hoelzer	030-30-2597	M	6-1-41	11-8-76 to 2-8-80 10-10-89 to present	\$37,107.20	
Minot F. Watts	004-42-9269	M	3-21-44	8-6-79	\$27,164.80	
Michael D. Strang	004-60-8613	M	9-13-55	6-29-92	\$19,905.60	
Dolores C. Moore	004-30-5352	F	7-5-33	6-30-58	\$24,107.20	
John W. Morgan	209-30-8938	M	5-30-38	7-8-91	\$ 3,710.40	

Mr. Morgan is a Seasonal Permanent Employee works about 12 weeks in summer, rest of  
year is a school teacher.

\*If a special plan is requested, indicate "F" or "P" to identify position.

This form may be reproduced if additional space is needed.

1/4/94



# MAINE SARDINE COUNCIL

Industry Development, Quality Control, Promotion,  
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Telephone: (207) 989-2180

470 North Main Street, P. O. Box 337,  
Brewer, Maine 04412-0337  
Fax: (207) 989-2154

December 10, 1993

Gail Schroeder  
Maine Municipal Association  
Employees Health Trust  
37 Community Drive  
Augusta, ME 04330

Dear Gail:

Thank you for taking the time to talk with me last week about the health insurance options that would be available to the Maine Sardine Council, if we are successful in becoming an incorporated instrumentality of the state in the Legislature this year.

I also spoke to Chuck Jackson, MMA's legal counsel, last week. He confirmed for me that, if the Council is named an instrumentality, all of the MMA's benefits could be made available to our employees.

As promised, enclosed is an explanation of the health insurance benefits that we currently make available to our staff as state employees. This information was sent to me by Diane Bailey, of the state employees health insurance program (624-6780). She wanted me to ask you to call her if you would like any additional information.

Please provide me with a comparison of these benefits to those which we could purchase from the MMA - including costs - at your earliest convenience. Public Law 93 Chapter 413 requires the Maine Sardine Council - and the other Maine commodity organizations - to investigate reorganization options and report to the Appropriations Committee, including any draft legislation, no later than January 4, 1994. For this reason this request is time-sensitive.

Thank you for your attention to our request.

With best regards,

Sincerely,  
MAINE SARDINE COUNCIL

Jeffrey H. Kaelin  
Executive Director

Enclosure



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MAINE STATE EMPLOYEE HEALTH INSURANCE PROGRAM  
Effective July 1, 1993

Unmodified Rates (No Dependent Contribution)				MSEA, AFSCME, Troopers, MTA, Confidential, Legislative Employees, Judicial Employees <del>100% Employee/60% Dependent</del>			Pro-Rated Premium** Payroll Deduction	
Code	Employee Share	Dependent Share	Total Rate	State Contribution	Payroll Deduction	Total Rate	20 Hour Employee	30 Hour Employee
BIWEEKLY								
US1G	102.90	-0-	102.90	102.90	-0-	102.90	51.45	25.73
US2G	107.73	107.73	215.46	172.37	43.09	215.46	129.28	86.18
US3G	107.73	145.93	253.66	195.29	58.37	253.66	156.02	107.19
US4G	102.90	55.46	158.36	136.18	22.18	158.36	90.27	56.23
US6G	107.73	19.10	126.83	126.83	-0-	126.83	63.42	31.71
US7G	107.73	111.47	219.20	174.61	44.59	219.20	131.90	88.24
USIG	107.73	60.50	168.23	144.03	24.20	168.23	96.22	60.21
							LEGISLATORS BILLING##	
							<u>Contributions By</u>	
							State	Legislator
MONTHLY								
US1G	205.80	-0-	205.80	205.80	-0-	205.80	205.80	-0-
US2G	215.46	215.46	430.92	344.74	86.18	430.92	323.19	107.73
US3G	215.46	291.86	507.32	390.58	116.74	507.32	361.39	145.93
US4G	205.80	101.26	316.72	272.36	44.36	316.72	N/A	N/A
US6G	215.46	38.20	253.66	253.66	-0-	253.66	253.66	-0-
US7G	215.46	222.94	438.40	349.22	89.18	438.40	N/A	N/A
USIG	215.46	121.00	336.46	288.06	48.40	336.46	275.96	60.50
<u>COVERAGE CODE</u>				<i>Please refer to these columns only.</i>				
US1G - EMPLOYEE ONLY								
US2G - EMPLOYEE AND SPOUSE								
US3G - EMPLOYEE, SPOUSE AND CHILD(REN)								
US6G - SPOUSES, BOTH EMPLOYEES WITH CHILD(REN)								
USIG - EMPLOYEE WITH CHILD(REN)								

"\*\*" Per 5 MRSA, Section 285, Part-time employees will pay a pro-rata share of premium, unless hired in the part-time position prior to November 1, 1981.

"##" Members of the 116th Legislature receive 100% State contribution to the legislator's premium and 50% toward the dependent portion.

**SUMMARY OF BENEFITS  
MAINE STATE SELECT**

This is a summary of coverage. Your certificate of coverage gives complete descriptions.

GROUP NAME:		GROUP NUMBER:		EFFECTIVE DATE:	
COVERAGE	SELECT PHYSICIAN	SELF-REFERRED PARTICIPATING PROVIDERS AND PROFESSIONALS	SELF-REFERRED NON-PARTICIPATING PROVIDERS AND PROFESSIONALS		
IMPORTANT INFORMATION Please read the information contained in this row.	Coverage described in this column applies to maximum allowances for covered services provided or authorized by your select physician. <b>Your most complete coverage is in this column.</b> You are responsible only for copayments, coinsurance, and non-covered services.	Coverage described in this column applies to maximum allowances for self-referred covered services provided by participating providers and and professionals. You are responsible only for the deductible, copayments, coinsurance, and non-covered services.	Coverage described in this column applies to maximum allowances for self-referred covered services provided by non-participating providers and professionals. You must file your own claim and pay a balance in addition to your deductible, copayments, and coinsurance. You must pay the provider or professional and we will send our payment directly to you.		
ANNUAL DEDUCTIBLE (Accumulative)	NONE	\$200/member \$400/family			
OUT-OF-POCKET LIMIT (Deductible and Coinsurance)	\$500/member \$1,000/family	\$2,000/member \$4,000/family			
LIFETIME MAXIMUM	None	\$1,000,000			
<b>PHYSICIAN &amp; OTHER PROFES- SIONAL CARE:</b> Physician Office Visits Routine/Preventative Physician Office Visits Sick care Maternity Care: Pre & Post Natal Delivery Specialist Care Laboratory & Imaging	100% of max. allowance  100% of max. allowance   100% of max. allowance 100% of max. allowance 100% of max. allowance 100% of max. allowance	No benefits  80% of max. allowance  80% of max. allowance 80% of max. allowance 80% of max. allowance	No benefits  60% of max. allowance  60% of max. allowance 60% of max. allowance 60% of max. allowance		
<b>ALLIED PROFESSIONAL CARE:</b> Occupational Therapy Physical Therapy Speech Therapy Chiropractic Audiology Optometry	100% of max. allowance	80% of max. allowance	60% of max. allowance		

**SUMMARY OF BENEFITS  
MAINE STATE SELECT**

COVERAGE	SELECT PHYSICIAN	SELF-REFERRED PARTICIPATING PROVIDERS AND PROFESSIONALS	SELF-REFERRED NON-PARTICIPATING PROVIDERS & PROFESSIONALS
<b>HOSPITAL CARE:</b> Inpatient Outpatient Hospital Emergency Room	100% of max. allowance 100% of max. allowance \$15 copayment, then 100% of max. allowance	80% of max. allowance 80% of max. allowance \$30 copayment after deductible, then 100% of max. allowance	60% of max. allowance 60% of max. allowance \$30 copayment after deductible, then 100% of max. allowance
<b>OTHER FACILITY CARE</b> Ambulatory Surgery Center Home Health Agency Skilled Nursing Facility 100 days per calendar year Hospice	100% of max. allowance	80% of max. allowance	60% of max. allowance
<b>OTHER SERVICES</b> Ambulance Durable Medical Equipment Subject to a combined limit of \$3,000 in charges per year for all benefit levels Prosthetics Methods of Impregnation Subject to a lifetime limit of \$20,000 in benefits per member. Acupuncture	100% of max. allowance 100% of max. allowance   100% of max. allowance 80% of max. allowance  80% of max. allowance	80% of max. allowance 80% of max. allowance   80% of max. allowance No benefits  50% of max. allowance	60% of max. allowance 60% of max. allowance   60% of max. allowance No benefits  50% of max. allowance
<b>PRESCRIPTION DRUGS</b> MEDCO Prescription Drug Card	\$7.00 brand name/\$3.00 generic copayment		
Mail Order Program Maintenance drug program	\$3.00 copayment		



**SUMMARY OF BENEFITS  
MAINE STATE SELECT**

**BEFORE YOU RECEIVE ANY MENTAL HEALTH OR SUBSTANCE ABUSE SERVICES, YOU MUST CALL FOR AUTHORIZATION OF THE SERVICES. IF YOU RECEIVE UNAUTHORIZED SERVICES, BENEFITS WILL BE REDUCED OR DENIED.**

COVERAGE	PREFERRED PROVIDERS AND PROFESSIONALS	SELF-REFERRED SERVICES
<b>IMPORTANT INFORMATION</b> Please read the information contained in this row.	Coverage described in this column applies to maximum allowances for covered services authorized and received from preferred providers and professionals. <b>Your most complete coverage is in this column.</b> You are only responsible for your coinsurance, and non-covered services.	Coverage described in this column applies to maximum allowances for covered self-referred services authorized and received from non-preferred providers and professionals. You must file your own claim and pay a balance in addition to your coinsurance. You must pay the provider or professionals and we will send our payment directly to you.
<b>MENTAL HEALTH</b>  Inpatient - 31 days per calendar year  Outpatient -lifetime limit of \$50,000 in benefits	100% of max. allowance  70% of max. allowance	80% of max. allowance  50% of max. allowance
<b>SUBSTANCE ABUSE</b>  Inpatient - 31 days per calendar year  Outpatient - \$1,000 in benefits per calendar year and lifetime limit of \$50,000 in benefits	100% of max. allowance  100% of max. allowance	90% of max. allowance (Lifetime limit of 62 days) 80% of max. allowance

CHRISTOPHER D. FARLEY  
CRAIG D. WORCESTER

Northwestern  
Mutual Life®

224 State St., Suite G  
P.O. Box 1176  
Bangor, ME 04402-1176

Telephone: 207 945-3100  
Fax: 207 945-3701

December 28, 1993

Jeff Kaelin  
Maine Sardine Council  
P.O. Box 337  
Brewer, ME 04412

— Medicare  
— Social Security  
— Disability  
— Life Insurance

Dear Jeff:

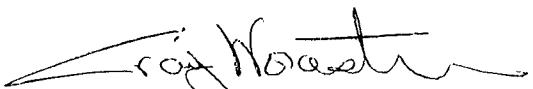
Enclosed is the census form we discussed on the phone. It represents the type of information that we will need in order to generate the "quotes" and comparisons.

I look forward to meeting with you on Tuesday the 4th. At that time we can discuss further your needs and objectives.

Feel free to give me a call, in the meantime, with any questions.

Thank you, again, for contacting us.

Sincerely,



Craig D. Worcester

CDW:nc  
Enclosures

— Census form returned 12/30/93

NORTHWESTERN GROUP MARKETING SERVICESCENSUS SHEETNAME OF FIRM: Maine Sardine CouncilADDRESS: 470 North Main StreetP.O. Box 337Brewer, ME 04412-0337

EMPLOYEE NAME	DATE OF BIRTH	SEX	DATE OF HIRE	DEPENDENT STATUS**	ANNUAL COMPENSATION
1. Jeffrey H. Kaelin	9-20-50	M	3-10-86	Employee With Children *	\$52,520.00
2. Ronald H. Hoelzer	6-1-41	M	11-8-76 to 2-8-80		
3.			10-10-89 to present	Family	\$37,107.20
4. Minot F. Watts	3-21-44	M	8-6-79	Single	\$27,164.80
5. Michael D. Strang	9-13-55	M	6-29-92	Family	\$19,905.60
6. Dolores C. Moore	7-5-33	F	6-30-58	Spouse Only	\$24,107.20
7. John W. Morgan	5-30-38	M	7-8-91	No insurance with us	\$3,710.40
8. Mr. Morgan is a Seasonal Permanent Employee works about 12 weeks in summer, rest of year is a school teacher.					
9.					
10.					
11.					
12.					
13.					
14.					:
15.					
16.					
17.					
18.					
19.					
20.					

\*\* Single, Family, Spouse only, Employee with children

\*Employee children not covered by health care insurance

1/4/94



# MAINE SARDINE COUNCIL

Industry Development, Quality Control, Promotion,  
Research, and Statistical Activities Since 1951  
Telephone: (207) 989-2180

470 North Main Street, P. O. Box 337,  
Brewer, Maine 04412-0337  
Fax: (207) 989-2154

December 28, 1993

Michelle Pelletier  
Worker's Compensation Underwriting Specialist  
Maine Municipal Association  
37 Community Drive  
Augusta, ME 04330

Dear Michelle:

Thank you for taking the time to talk with me today about worker's compensation coverage which would be available to the Maine Sardine Council if we were successful in becoming an incorporated instrumentality of the state in the Legislature this year. In an earlier conversation with Chuck Jackson, MMA legal counsel, it was confirmed to me that if the Council is named an instrumentality, all of the MMA's benefits could be made available to our employees.

Enclosed is a list of our employees and their current salaries. This list was prepared for a similar inquiry that we have made to the Maine State Retirement System concerning district retirement options.

Three of our full time employees only have clerical or administrative responsibilities. Our other two full time employees, and our seasonal part time employee, all have responsibilities in our food inspection laboratory which is located in our offices in Brewer. I have marked "LAB" next to their names. Occasionally - less that one week each year, these employees may also travel to our industry's production facilities to perform routine equipment calibration tests in support of our product quality control activities.

I have organized our salary totals by "Administrative" and "Lab" categories, as you have requested.

Please provide me with an estimate of the cost of worker's compensation insurance for our employees, as may be offered by the MAA.

Also, I am interested to learn if other insurance is offered to MAA members through your organization. As an industry-funded state agency, we now purchase our insurances through the Risk Management Division of Maine State Government. While this coverage would remain available to us as an instrumentality of



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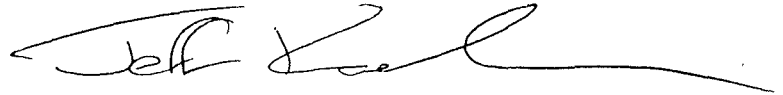
December 28, 1993

the state, we would like to compare these coverages and rates with those that the MAA may offer.

Thank you for your attention to our request. We would appreciate hearing from you at your earliest convenience since our inquiries stem from an ongoing legislative study group. If I can provide you with any additional information, please do not hesitate to contact me.

With best regards,

Sincerely,  
MAINE SARDINE COUNCIL

A handwritten signature in black ink, appearing to read "Jeff Kaelin", with a long horizontal flourish extending to the right.

Jeffrey H. Kaelin  
Executive Director

Enclosure

# MAINE STATE RETIREMENT SYSTEM

## Participant Data for Initial Actuarial Valuation

Employer name: Maine Sardine Council Date: December 7, 1993

Name	S.S.N.	Sex	D.O.B.	Date of Hire	Annual Salary	Firefighter or Police Officer *
Jeffrey H. Kaelin	046-38-3113	M	9-20-50	3-10-86	\$52,520.00	
Ronald H. Hoelzer	030-30-2597	M	6-1-41	11-8-76 to 2-8-80 10-10-89 to present	\$37,107.20	
Minot F. Watts	004-42-9269	M	3-21-44	8-6-79	\$27,164.80	
Michael D. Strang	004-60-8613	M	9-13-55	6-29-92	\$19,905.60	
Dolores C. Moore	004-30-5352	F	7-5-33	6-30-58	\$24,107.20	
John W. Morgan	209-30-8938	M	5-30-38	7-8-91	\$ 3,710.40	

Mr. Morgan is a Seasonal Permanent Employee works about 12 weeks in summer, rest of year is a school teacher.

TOTAL ADMINISTRATIVE SALARIES: \$113,734

ADMINISTRATIVE SALARIES AS % OF TOTAL: 69%

TOTAL LAB SALARIES \$50,781

LAB SALARIES AS % OF TOTAL: 31%

\*If a special plan is requested, indicate "F" or "P" to identify position.

This form may be reproduced if additional space is needed.

1/4/94



# MAINE SARDINE COUNCIL

Industry Development, Quality Control, Promotion,  
Research, and Statistical Activities Since 1951  
Telephone: (207) 989-2180

470 North Main Street, P. O. Box 337,  
Brewer, Maine 04412-0337  
Fax: (207) 989-2154

December 30, 1993

Mike McInnis  
The Dunlap Corporation  
260 Harlow Street  
Bangor, ME 04402

Dear Mike:

Thank you for taking the time to talk with me today about worker's compensation coverage for our employees.

Public Law 93, Chapter 413 requires the Maine Sardine Council - and Maine's other commodity organizations such as the Maine Blueberry Commission and the Maine Potato Board - to investigate reorganization options and report to the Appropriations Committee next month.

The Maine Sardine Council is considering making a request to the Legislature to reorganize as an incorporated public instrumentality of the state. Since 1951, the Council has operated as an industry-funded state agency. Currently, our employees are state employees but once we were to begin operation as an instrumentality, this would no longer be the case.

Enclosed is a list of our employees and their current salaries. I have organized our salary totals by "Administrative" and "Lab" categories. This list was prepared for a similar inquiry that we have made to the Maine Municipal Association - concerning worker's compensation coverage - and the Maine State Retirement System concerning "district" retirement options.

Three of our full time employees only have clerical or administrative responsibilities. Out other two full time employees, and our seasonal part time employee, all have responsibilities in our food inspection laboratory which is located in our offices in Brewer. I have marked "LAB" next to their names. Occasionally, less than one week each year, these employees may also travel to our industry's production facilities to perform routine equipment calibration tests in support of our product quality control responsibilities.

I am interested in learning, first, whether or not you could write worker's compensation coverage for our employees if we were to remain a state agency since our existing liability as a self-insured state agency is so great. If so, please provide me with



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December 30, 1993

a quote for coverage.

Second, I would like you to provide me with a quote for worker's compensation coverage for our employees if they were no longer state employees.

Thank you for your attention to our request, if you need additional information, please do not hesitate to contact me.

With best regards,

Sincerely,  
MAINE SARDINE COUNCIL

Jeffrey H. Kaelin  
Executive Director

Enclosure



# MAINE STATE RETIREMENT SYSTEM

## Participant Data for initial Actuarial Valuation

Employer name: Maine Sardine Council Date: December 7, 1993

Name	S.S.N.	Sex	D.O.B.	Date of Hire	Annual Salary	Firefighter or Police Officer *
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- John W. Morgan	209-30-8938	M	5-30-38	7-8-91	\$ 3,710.40	

Mr. Morgan is a Seasonal Permanent Employee works about 12 weeks in summer, rest of year is a school teacher.

TOTAL ADMINISTRATIVE SALARIES: \$ 113,734

ADMINISTRATIVE SALARIES AS % OF TOTAL: 69%

TOTAL LAB SALARIES \$ 50,781

~~LAB~~ SALARIES AS % OF TOTAL: 31%

\*If a special plan is requested, indicate "F" or "P" to identify position.

This form may be reproduced if additional space is needed.



# Maine Municipal Employees Health Trust

37 COMMUNITY DRIVE  
AUGUSTA, MAINE 04330-9486  
(207) 623-8428

ATTACHMENT 14

1/4/94

December 30, 1993

Jeffrey Kaelin, Executive Director  
Maine Sardine Council  
470 N. Main St.  
P.O. Box 337  
Brewer, ME 04412

Dear Jeff:

Thank you for sending the information regarding benefits and rates which the employees of MSC currently have.

After reviewing the information I find I was unable to do a side-by-side comparison of the benefits since the coverage you currently have is quite different from the coverage offered through the Maine Municipal Employees Health Trust. Therefore, I am enclosing a one page comparison and outlines of the two types of coverages available from the Health Trust. Hopefully this information will give you a rough idea of the types of benefits offered through the Health Trust and from this you will be able to decide if the Health Trust benefits are something you would like to pursue further.

I was able to do a cost comparison for you, however you need to keep in mind that due to the variation in the coverages of your current benefits and the Health Trust benefits, the rate comparison listed below may not be as useful since the benefits are not of equal value.

	MSC Current Rates	Health Trust Traditional Rates	Health Trust Comprehensive Rates
Single	205.80	205.87	177.05
Employee/Spouse	430.89	461.76	397.11
Emp./Spouse/Child	507.32	461.76	397.11
Spouses both Emp & Child	253.66	461.76	397.11
Emp. & Child	336.46	335.88	288.86

If you have any questions regarding the benefits or rates of the Health Trust please do not hesitate to contact me @ 1-800-452-8786.

Sincerely,

Gail Schroeder  
Area Service Representative

GS:eam

enclosure



# MAINE SARDINE COUNCIL

Industry Development, Quality Control, Promotion,  
Research, and Statistical Activities Since 1951  
Telephone: (207) 989-2180

470 North Main Street, P. O. Box 337,  
Brewer, Maine 04412-0337  
Fax: (207) 989-2154

STATEMENT OF JEFF KAE LIN  
EXECUTIVE DIRECTOR, MAINE SARDINE COUNCIL  
IN SUPPORT OF L.D. 1607  
AN ACT TO ESTABLISH THE LOBSTER PROMOTION COUNCIL  
AS A PUBLIC INSTRUMENTALITY  
January 13, 1994

CH JAN 13 11:12:41

Senator Vose, Representative Mitchell, members of the Marine Resources Committee, reorganizing the Lobster Promotion Council as a public instrumentality will allow the Council to operate in the most efficient manner possible and therefore allow for the best provision of its services - both to the constituency that it serves and to the state.

I can say this since I have worked with Sue Barber in investigating reorganization options since last June - as directed by the Appropriations Committee - as a member of a study group considering the reorganization of all of Maine's commodity agencies.

This study group was established last spring after the members of the Appropriations Committee agreed to return to the commodity agencies the amount equal to .09 per cent of our allocated budget which was misappropriated by the Fiscal Year 1993 budget bill. During the consideration of this issue - and after hearing our complaints about the inequities of these industry-funded agencies being required to shutdown periodically, furlough its employees, and work only a 39 hour week - the study was launched.

On Thursday, January 20, at 2:00 the Appropriations Committee has asked to meet with all of the representatives of Maine's commodity agencies to discuss the reports that we were required to file with the Committee by January 4. We have been told by the Committee's staff that the Committee is expected to ask each committee of jurisdiction to consider any legislation that would incorporate changes sought by the commodity agencies.

Senator Vose, Representative Mitchell, and Pat Norton have all received our report to the Appropriations Committee last week. In our report, I have explained that because the members of the Maine Sardine Council have not received all of the information they need to fully consider benefit program and cost options that would be available as a result of reorganization, a final recommendation for change can not be made at this time. A meeting is scheduled for next Friday, January 21, so that this decision can be made.



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While our Council members need to review all benefit program options and costs before making a final recommendation to the Legislature asking for the authority to reorganize as an entity no longer employing state employees, the option of reorganizing as a "public instrumentality of the state" is the preferred one for our industry.

Sue Barber and I have prepared a chart that illustrates those reorganization issues which we believe require statutory changes and clarification. A copy has already been provided to you. As you know, some of these issues have been addressed for the Lobster Promotion Council thorough legislation you approved last year.

Rather than talk about each issue in detail at this time I will simply explain that, although I have not yet drafted a bill that would incorporate these changes for the Sardine Council, this should be a relatively easy task once a couple of questions have been answered for me.

One of these questions is, should we be reorganized as a public instrumentality, a public instrumentality of the state, or as an incorporated public instrumentality of the state? The second description is the one that I am leaning towards at this time, due to the advice of Cab Howard of the Attorney General's office - although the other description exists in the statutes organizing other instrumentalities in Maine. This question is still being investigated.

At this time, I am asking the Committee to consider a possible amendment to LD 1607 - a separate section - that would reorganize the Maine Sardine Council as a public instrumentality of the state. After January 21 I will know whether or not we actually want to go this way - my prediction is that we will.

I would also like to suggest an amendment to the bill as it is written that would be less exclusive of the Lobster Promotion Council's opportunity to realize greater administrative flexibility, in my opinion. My suggestion is that subsection 1-A.(B.) of Title 12, subsection 6455 be rewritten as stating "For the purposes of the budget, accounts and control, auditing, purchasing or other provisions of Title 5 Part 20, the Council may not be construed to be a state agency."

After many, many hours of investigation - and after talking with many, many people in and out of state government, I am convinced that reorganizing the Lobster Promotion Council and the Sardine Council as public instrumentalities of the state is the right decision to ensure the most efficient provision of these organizations' services to their industries and to the state.

Committee on Marine Resources - L.D. 1607  
January 13, 1994  
Page 3

Precedents for this change exist in Maine State Government. We have identified this option as being the right one for the programs we have been given the responsibility to run in the best way that we can.

Thank you for your consideration of my views. I would be pleased to answer any questions which the Committee may have for me.