



City of Sanford

From the Desk of
Steven R. Buck
City Manager



Memorandum

To: City Council
Subject: Manager's Report
Date: December 6th, 2016

MMA's 2017-2018 Legislative Agenda:

I have attached the outcome of the Legislative Policy Committee of Maine Municipal Association's 2017-2018 Legislative Agenda for the City Council's Review.

The LPC is comprised of 70 elected positions, two from each State Senate District, who represent the municipal interests from across the State. All positions of advocacy and or legislation are voted by majority after significant development processes and debate by the Assembly.

Revenue Sharing

Background. After nearly 40 years as a stable state policy of tremendous municipal importance, the Legislature began deserting the municipal revenue sharing partnership program in 2009. Each year since, the financial redirection grew larger until nearly \$100 million each year was being diverted away from the dedicated municipal distribution and into the state government's budget. In 2015, the Legislature statutorily reduced the size of the municipal revenue sharing distribution by 60% – from 5% of all state sales and income taxes collected to just 2%. This \$100 million annual reduction is scheduled to stay in place until Fiscal Year 2020, when the commitment would return to the original 5% level.

MMA's legislation. *MMA's legislation provides a ramped-up restoration of the percentage of state sales and income tax revenue dedicated to the Local Government Fund from the temporary 2% level to the historical 5% level over a three-year period, beginning in 2018.*

Homestead Property Tax Exemption

Background. The Homestead property tax exemption was established in 1998 as a \$7,000 exemption for Maine's primary residents, with 100% of each municipality's lost tax revenue reimbursed by the state, thereby preventing a shift in tax burden to businesses and other non-homesteaders. The Homestead exemption was the target of extensive and annual legislative amendment from 2004 through 2010. The ultimate result was a \$10,000 exemption with only 50% of the municipal tax revenue losses reimbursed by the state, thereby shifting tax burden onto local businesses, farmland, etc. The shift from 100% to 50% reimbursement also decreases the effective value of the exemption for the homesteaders. Since 2010, the current Administration has regularly proposed to eliminate the Homestead exemption for homesteaders under the age of 65. In 2015, the Legislature increased the value of the Homestead exemption to \$15,000 (for tax year 2017) and \$20,000 (for tax year 2018), and also increased the reimbursement level from 50% to 62.5%, beginning in tax year 2018.

MMA's position. *MMA will oppose all attempts to weaken or repeal the Homestead exemption or reduce the newly-established municipal reimbursement rate as currently provided in law. MMA will explore the impact of increasing the Homestead Exemption benefit, potentially as a tool for attracting year-round residents to Maine.*

Tax Exempt Property

Background. The state's Supreme Judicial Court has issued at least two decisions that allow corporations and institutions that are exempt from paying property taxes to use their property for purposes not related to their charitable or educational mission and still retain their tax exempt status. These decisions seem to ignore an express "exclusive-use" requirement in Maine law. The Court relied on a finding that the alternative use of the property, and the revenue that alternative use generated, was "incidental" to the organization's mission and therefore allowed.

MMA legislation. *The MMA legislation responds to recent Law Court decisions by affirming the requirement that tax exempt property be used exclusively for the charitable or "literary and scientific" purposes and expressly disallowing revenue-producing incidental use.*

Additional Background. A long-established principle of tax exemption policy is that the exemption is only provided to the qualified owner of the exempt property and not to other non-exempt interests "by extension". As a result, taxable property that is merely rented or leased by tax exempt organizations is not exempt from taxation because the true owner of the property is not entitled to exempt status. The only exception to this general principle in Maine law is the personal property leased by hospitals and certain other medical service corporations, which is exempt from taxation even though the owner of the property (the lessor) is not qualified for the exemption.

MMA legislation. *The MMA legislation would repeal the unique property tax exemption provided to the personal property leased by hospitals and, instead, expressly qualify that property for exempt status under the Business Equipment Tax Exemption (BETE) program.*

Additional Background. For decades, the municipalities have been seeking an authority to require tax exempt corporations to pay service fees to their host municipalities to cover the direct costs of the municipal services provided to those corporations by their municipal hosts.

MMA legislation. *The MMA legislation would implement the most comprehensively developed service fee authority developed by a legislatively-established task force in 2013, which is designed to balance the interests of municipalities (being fairly compensated for public services directly provided) and the interests of the tax exempt corporations (having the value of their charitable services to their host communities appropriately recognized).*

Education

Background. Municipal officials believe very strongly that the Legislature should allocate substantially more financial resources to support K-12 public education than is currently allocated, both for the purpose of improving the equity of educational opportunity statewide and to protect Maine's property taxpayers. To that end, Maine's municipal leaders advanced the citizen initiative adopted by the voters in 2004 that directed the Legislature to fulfill the unfulfilled promise it made 32 years ago to cover 55% of the total cost.

Question #2 on the November 2016 ballot is a related citizen initiative designed to achieve the 55% funding goal. Now that Question 2 has been adopted by the voters, and assuming the Legislature will not frustrate the voters' intention that the state finally fund at least 55% of the Essential Programs and Services school funding model (EPS), the implementation of the Question 2 initiative should recalibrate of the EPS school funding model to most equitably distribute the increased state-share contribution.

MMA legislation. *The MMA legislation includes the following amendments to the EPS school funding model to restore integrity to the model and ensure that the distribution of school subsidy from the state will be equitably distributed as the state fully funds the model at the 55% level.*

- *Improve the responsiveness of the model by establishing an adjustment that distributes supplementary subsidy when current-year or “real time” data reveal significant increases in special education student counts.*
- *Remove of the various “transition percentages” that have allowed the EPS model to be funded by the state at less than the 55% level.*
- *Amend the “fiscal capacity” element of the model, which is simply a measure of the each municipality’s taxable base, to appropriately reflect the real-life taxable base in the circumstance of sudden and severe reductions in taxable value.*
- *Allow some legitimate student transportation costs to be included in the model’s “subsidizable costs” that go beyond direct transportation between the school and the student’s home, to include other educationally important student transportation costs.*
- *Adjust the model’s system of recognizing for subsidy purposes increased school costs for economically disadvantaged students and early education (preschool to grade 2) programs.*
- *Repeal the current system of reducing state subsidy proportionate to the school’s receipt of federal “Title 1” funds.*
- *Recognize as a subsidizable expenditure the EPS model’s full calculation of each school system’s “system administration” costs.*
- *Repeal the arbitrary requirement in the current EPS model to ignore actual data regarding each school system’s special education student population.*
- *Potentially adjust the model’s calculation of the subsidy provided to “minimum receiver” school systems.*

Additional background. Also on the education front, municipal officials in many school jurisdictions are becoming increasingly frustrated with the statutorily required school budget adoption process that mandates the “school budget validation referendum.” The process that requires the ratification of an earlier vote of the legislative body creates a disconnect in the budget adoption process and can easily result in multiple expensive and poorly attended referenda elections that fail to result in budget approval deep into the school year.

MMA legislation. *MMA’s legislation would restore home rule, charter-based authority to the municipal school systems regarding their school budget adoption process and also authorize the Regional School Units to implement alternative procedures governing the adoption of the school budget, contingent upon district voter approval.*

County Jail Management and Funding

Background. Legislation enacted in 2008 was designed to provide state-level oversight with respect to the management of the county jails in order to maximize the efficient use of the 15 jails’ collective capacity and ensure that individual jail facility business models were coordinated and not resulting in excessive incarceration costs. That experiment in “jail consolidation” suffered from a lack of buy-in from the direct participants and clear direction on jurisdictional issues, and was repealed in 2015.

A central component of the jail “consolidation” initiative was the establishment of a cap on the amount of property taxes that could be assessed for the purposes of jail operations. In 2008, \$62.5 million was assessed for jail operation purposes and that became the established cap, with each county capped at its proportional share of the \$62.5 million total.

When the Legislature repealed the consolidated jail management system, it amended the property tax cap by allowing each county's assessment for jail operation purposes to increase by up to 3% each year. The current Administration and certain legislative leaders have made it clear that they believe the limited property tax cap should be repealed. Now that the management of the county jails has been returned to the counties, the thinking goes, the counties should be required to obtain the revenue to support those jails through property taxation without statutory limitation.

MMA legislation. *MMA will advance two legislative initiatives to respond to the issues central to the management and funding of the county jails:*

- *The primary initiative shifts all jail management authority and ownership responsibility over to state government, with a strictly capped property tax contribution.*
- *Another bill establishes an express authority for each county's budget or finance committee to have final authority with respect to the jail operation components of the county budget.*

Economic Development: Broadband Access.

Background. From the municipal perspective, high-quality and high-speed broadband infrastructure reaching throughout the state is a necessary infrastructure in order to attract and support economic development as well as demographic in-migration. Work is being done in a handful of communities that have the resources to expand access to high speed internet, but it is not the average municipality that can afford to make these investments without any financial assistance from the state. Two years ago, MMA advanced a proposed \$10 million bond issue to capitalize the programs that allow for municipalities to invest in broadband expansion in unserved and underserved regions of the state. Among those in the Legislature who make the decisions about state borrowing, however, expanding broadband was not a high-enough priority and the bond proposal was killed.

MMA legislation. *MMA's legislation would send to the voters a proposed \$10 million bond issue for the purpose of providing resources for the expansion of high-speed internet infrastructure on the condition that recipients with limited exceptions may only use the funds to install fiber optic transmission lines, and that the publicly-funded infrastructure must be made available to service providers in an open access, non-discriminatory manner.*

Marijuana Facilities and Local Land Use Regulation

Background. The implementation of the Medical Marijuana Act has not been well integrated with the municipal land use regulatory system, particularly with respect to the medical marijuana growing and dispensing systems in caregiver facilities. In some cases the owners and operators of those facilities believe they are immune from land use regulation of any kind and may legally operate entirely underground. Undeniably, however, caregiver facilities present the same land use and incompatibility issues that may apply to any other commercial operation, including traffic and parking management, security, fire and public safety, building and electric code compliance, etc. These land use management issues are magnified when multiple caregivers combine their operations under one roof.

MMA legislation. *MMA's bill clarifies the municipal authority to adopt and enforce land use regulations that apply to facilities that grow, process, package, distribute, sell or provide marijuana in the same manner as any other commercial activities generating the same land use and compatibility impacts, closing the loopholes that might currently exist which allow certain facilities to evade local regulatory oversight.*



York County Advocacy Group

December 15, 2016
Chambers of the Sanford City Hall Annex
6:30-8:00 pm

AGENDA

1. Welcome and Introductions
2. Review of Process and General Goals
3. Discussion of Potential Agenda Items:
 - a. Workforce Development
 - i. York County Community College
 - ii. Pratt & Whitney
 - iii. Portsmouth Shipyard
 - b. Transportation
 - c. Solar Power Policy
 - d. Economic Development, inc. Broadband
 - e. County Jail Funding
 - f. New York County Courthouse
 - g. State Budget Issues
 - i. Revenue Sharing
 - ii. School Funding
 - iii. Homestead Exemption
4. Other items
5. Schedule next meeting

Please RSVP to Marian Alexandre
(207) 324-2952 or malexandre@smpdc.org

City of Sanford Department of Public Works



2016 Major Activities

- ◆ Roadway Reconstruction
 - Brook Street Reconstruction
 - Hanson's Ridge Road Wearing
 - Ridgeway Avenue Overlay
 - Essex Street Overlay
 - Malden Avenue Overlay
 - Quarry Road Overlay
 - Morning Street Overlay
- ◆ Roadway Rehabilitation
 - Milton Avenue Chip Seal
 - Chancery Lane Chip Seal
 - Jack Lane Chip Seal
 - Rankin Street Chip Seal
- ◆ Preventative Maintenance
 - Crackseal 26.9 Miles of Roads
 - Bergkamp Pothole Patching
 - Roadside Clearing & Ditch Maint.
 - Roadside Mowing Program
- ◆ Drainage Improvements/Maintenance
 - Normand Avenue at Main Street
 - York Street at Main Street
 - Tebbetts Avenue at Main Street
 - Kirk Street
 - Javica Lane
 - Sherburne Street (Sanford)
 - School Street
- ◆ DPW Facilities Improvements
 - Garage Office and Bathrooms
 - Garage Parts & Inventory
 - Implemented Mgmt. Program
- ◆ Utility Coordination
 - Downtown Facilities Verifications
 - Cottage St. Facilities Verifications



- ◆ Bridge Maintenance
 - Hay Brook Bridge Rail
- ◆ Transfer Station
 - Bulky Bin Canopy Constructed
 - Repair Haz. Mat. Building Floor
 - Repair of Floors and Bathroom
- ◆ Program Updates
 - Fleet Mgmt. Priorities
 - Facility Mgmt. Priorities
- ◆ Ongoing Engineering Efforts
 - Capital Improvement Program
 - Roadway Conditions Inventory
 - Drainage Conditions Inventory
 - Drainage Locations Inventory
 - Signals at Old Mill and Main St.
 - Goodall Brook Mgmt. Plan & Grant
 - Developing RFP: Hay Brook Bridge



City of Sanford

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Flemish Master Weavers and Foreign-Trade Zone:

According to Fosters.com posting on December 2, 2016 our U.S. Congressional Delegation for Maine has sent a letter to the Foreign-Trade Zone Board in support of a current appeal by Flemish Master Weavers to obtain a Foreign Free Trade Zone for yarns that are currently imported and subject to an 8% U.S. Trade Tariff. I am referencing this very positive development and Article as a Portland Press Herald Article earlier this summer painted a picture of defeat.

Obtaining the Foreign Free Trade Zone is linked to continued investments in Sanford by Flemish Master Weavers of an additional 170 jobs, a 72,000 square feet of new space, and additional automated packing and finishing operations. The Sanford Regional Economic Growth Council has been working extensively with the Company on obtaining this vital designation.

I plan to copy the full Article after it has appeared in the print version of the Sanford News later this week to preserve as part of this Report format.

LifeFlight Updates:

The City continues to work with LifeFlight of Maine towards becoming the third hub for Air Ambulance Services using a rotor wing, helicopter, for services. The privately owned facilities are in the process of being permitted for renovations, the helicopter is on order, and positions are being hire to man the Unit in the areas of pilots, high-altitude critical care paramedics, high-altitude critical care nursing, mechanics, and other support services.

LifeFlight will come before the City Council for an update on the New Base as well as what this means for critical care transports throughout Maine and the surrounding New England Region shortly after the first of the year. The City Council has several items being addressed at the December 6th, 2016 meeting that allows for the future Home to be facilitated at the Airport. Airport Manager Rogers will present on these items.

Union Negotiations:

This year the City has completed and ratified Collective Bargaining Agreements with;

- ✓ Sanford Communications Associations – Sanford Regional Dispatch Center
- ✓ Sanford Police Association – Sanford Police Department
- ✓ Local 1624 International Association of Firefighters/Paramedics – Sanford Fire EMS Department

Administration is currently working with the Firefighters Association to complete a three year successor agreement prior to completing the FY 2017-2018 City Budget. Once this Agreement is complete there will be no scheduled negotiations for calendar year 2017.

Administration is working diligently to implement Interest Based Bargaining and or similar processes as part of our ongoing labor negotiations. We have implemented a singular Labor

Management Agreement at this juncture and are working to implement with all labor units. By building understanding and a format of interest based solutions, ownership is developed in the resulting products and a stronger decision matrix is built. The Fire Unit was the first to implement and the results have been both measurable as well as innovative. Police and Dispatch will be the next two Units to examine this working relationship as the City strives to improve all levels of operations by engaging the people charged with providing the service.

Community Development Director Position:

The close of resumes was on November 3rd, 2016. Since that time the Interview Committee has scored resumes and conducted interviews. Pursuant to that process a Best Candidate has been identified from within the submissions. References and background checks have been completed. The final offer will be discussed with the Candidate on December 7th, 2016. Provided all goes as anticipated, an announcement should be available for the December 20th, 2016 Council meeting.

Winter Concert by Parks and Recreation:

Blue Note Big Band will be coming to Sanford sponsored by the Sanford Parks and Recreation Department.

Date: 12/15/2016 (Thursday)

Address: St. Ignatius Gym, 25 Riverside Avenue, Sanford, Maine 04073

Location: Sanford, ME

Description: Blue Note Big Band to perform dance music in first half of show and traditional Christmas music set in a Jazz style in the second half. Vocalist Chris Humphrey will join the band for many of the second half tunes as well. Mr. Humphrey has sung with Jazz Bands all over the world and is presently on the music faculty of Cheverus High School. Doors open at 6:30 and program begins at 7:00 p.m.

Please attend this Free Concert and enjoy as part of your Christmas Season.