

City of Sanford



**From the Desk of
Steven R. Buck
City Manager**



Memorandum

To: City Council
Subject: Manager's Report for March 17th, 2015
Date: March 16th, 2015

Broadband:

The Sanford Regional Economic Growth Council launched the Sanford Broadband RFP on Wednesday, March 11th, 2015 at 3:00PM. The RFP was sent directly to not less than 22 Vendors. Eleven of the initial 22 Vendors have already indicated that they will be replying and the number of respondents is expected to grow. The City and Growth Council continue to work with Tilson on the Feasibility Study, the RFP development, and now the RFP submissions.

There will be a phone conference with Bidders on Wednesday, March 18th to answer preliminary questions towards Bidders development of their respective responses. Formal submissions of questions are due by April 15th to which Tilson and the Growth Council will respond by April 30th. RFP responses are due back by 5:00PM on May 28th, 2015.

The RFP that Sanford issued is specifically designed to solicit responses from existing providers to identify best business practices and a model towards a public-private partnership to expand Sanford's broadband infrastructure, capabilities, cost competitiveness, and saturation. The result will be Sanford having taken a lead in the establishment of the new business model and making an investment in infrastructure for long term economic development returns that are currently not being made by the private sector. The private sector will invest when they recognize a sufficient level of customers to support their business model. Those current business models have not produced sufficient investments in Sanford to provide a competitive edge necessary to attract IT companies demanding higher level services or to support current businesses in a cost advantageous manner. The City seeks to identify the ability to partner with respondents to take advantage of existing infrastructure and providers to improve all levels of services. Such improvements can be made by creating an Open Access Non-discriminatory Dark Fiber Network owned and controlled by the City and then utilized by providers to enhance existing services or provide new levels of services not current available. Connection to the Three Ring Binder will be an essential element of Sanford's future systems.

The City is also watching applicable pieces of legislation relating to broadband provisions. The Administration has responded to Representative Mastraccio's request pertaining to LD 912 as follows:

Administration has reviewed LD #912, An Act to Allow the Establishment of Regional Municipal Utility Districts to Support Telecommunications, Broadband Communication and Energy Infrastructure. Our observations are;

1. LD 912 adds prescriptive powers to municipalities under Title 30-A Chapter 115 Interlocal Cooperation §2203 Joint Exercise of Powers specifically listing the increased powers of Telecommunications, Broadband, Internet, and Energy generation and distribution.
2. LD 912 further provides for the capacity to issue revenue bonds in support of the creation of such cooperative utilities.
3. LD 912 not only grants the prescriptive powers to municipalities to create such utility districts, it preserves such rights as will reasonably be challenged by the legacy entities currently granted virtual monopolies by either the PUC or Franchise Agreements.
4. There are a number of Municipalities currently exploring public-private partnerships towards the creation and exercise of a best business model to expand and make more competitive broadband infrastructure and services. LD 912 will allow for Interlocal cooperation towards linking these efforts to capture further economies of scale. For example, Sanford proposed to build 9 miles of fiber optic cable to connect to the Three Ring Binder. That cable will pass through the Town of Wells and offer close connectivity to West Kennebunk. LD 912 will allow for these initial Communities to share in the creation and operation of this infrastructure. Once completed, Sanford's fiber optic loop will also be available to provide future connectivity to our neighbors to the north and west of Sanford.
5. LD 912 also provides for Interlocal cooperation in energy generation and distribution. Sanford will benefit from this prescriptive right as it continues to work on establishing a Photovoltaic Solar Array to generate electricity to be distributed to Sanford based businesses. It is foreseeable that the ability to cooperate interlocally could expand this concept for the mutual benefit of multiple jurisdictions.

The City is also monitoring

LD 68 An Act To Authorize a General Fund Bond Issue To Attract Business by Investing in High-speed Broadband Infrastructure – Co-Sponsored by Rep. Mastraccio

This bill provides for a bond issue in the amount of \$10,000,000 to be used to expand high-speed municipal broadband infrastructure. The bill also establishes the High-speed Municipal Broadband Infrastructure Fund to assist municipalities in developing and improving their broadband infrastructure, contingent upon passage of the bond issue

LD 465 An Act To Eliminate the Broadband Sustainability Fee

This bill terminates the broadband sustainability fee and requires that all funds in the broadband sustainability fund be used to support municipal governments in developing plans to promote broadband service in un-served or underserved areas.

Micro-Enterprise Grant Program:

Terry Ann Holden, DECD Development Program Manager, recently audited the City's administration of the CDBG funds used for our Micro-Enterprise Grant Program administered cooperatively by the City and Growth Council. The Audit of the use of funds was found to be in complete compliance. The closing statement in the Audit is of note as follows:

The Micro-Enterprise grant program is a very labor intensive program. The funding is very beneficial to the microbusinesses, and the addition of business counseling often can be integral to their long-term viability. However, the development of the program, vetting of businesses,

and the acquisition/purchasing process require a lot of staff time and attention to detail. The city's Regional Economic Growth Council has done an exemplary job with the Micro-Enterprise Assistance program. Lorisa Ricketts and Paula Simpson have been very thorough in assembling and maintaining the necessary documentation. I will not hesitate to recommend to others who may be contemplating such a program that they consult with the City of Sanford for best practices.

EB-5 Immigration and Foreign Investment Program:

The York County Manager's Group and the York County Advocacy Group continue to work on the establishment of an EB-5 Regional Center. The York County Managers have committed to work with the York County Administrator to gather further information to present to the York County Commissioners in support of a request for funding the approximately \$100,000 in legal fees to establish the Center. The City Manager and Growth Council Director will meet on March 18th with a legal firm who has successfully written the application for a Regional Center to gather the remaining information on costs, structure, and viability of a future application. The goal is to fund and start the business application process for the next fiscal year, starting in July. The process takes 1 to 2 years before the Center may reasonably be operating and can take applications for foreign investment capital. A summary of the EB-5 information follows.

Summary:

Congress created the fifth employment-based preference (EB-5) immigrant visa category in 1990 for qualified foreigners seeking to invest in a business that will benefit the U.S. economy and create or save at least 10 full-time jobs.



The basic amount required to invest is \$1 million, although that amount is reduced to \$500,000 if the investment is made in a rural or high unemployment area. Of the approximately 10,000 EB-5 green cards available each year, 3,000 are reserved for foreign nationals who invest through a Regional Center.

The EB-5 Regional Center Investment Program

To encourage immigration through the EB-5 program, Congress created a pilot program in 1993. The program specifically sets aside 3,000 visas annually for foreign investors who apply through a United States Citizen and Immigration Services (USCIS) designated Regional Center Investment Program.



**U.S. Citizenship
and Immigration
Services**

A Regional Center is a private enterprise or corporation or a regional governmental agency with a targeted investment program within a defined geographic region. The Regional Center program in many ways mirrors long active and successful investment-employment based programs in the United Kingdom, Canada, Australia, and other foreign nations.

An investor seeking an EB-5 immigrant visa through a designated regional center must generally make a qualifying investment of \$1 million and demonstrate that at least 10 jobs were directly or indirectly created through the investment. Certain rural, high unemployment or Targeted Employment Areas (TEA) qualify for a lesser capital investment of \$500,000. The American Dream Fund, LLC and the Los Angeles Regional Center is a designated regional center that focuses solely on qualifying projects within targeted employment areas.

An investor seeking an EB-5 immigrant visa through a designated regional center must also demonstrate that at least 10 jobs were directly or indirectly created through the investment. The American Dream Fund, LLC utilizes a USCIS approved job methodology to measure and verify a qualifying project's required job creation.

Before participating in a Regional Center EB-5 investment program, each investor independently petitions USCIS for an EB-5 visa. Qualified investors investing through a Regional Center receive a conditional green card valid for two years. The investor, spouse and unmarried children (under age 21 at the time of petition) can then apply for permanent residency based on investment. If approved, the investor and his immediate family become permanent green card holders and can later apply to become U.S. citizens. Upon receipt of conditional permanent resident status, the investor and immediate family are entitled to the same benefits as other lawful permanent residents.

Advocacy:

As the Manager and Sanford Representative on the Maine Municipal Association's Legislative Policy Committee, I met last week on March 12th with the full coalition to review and develop positions on all pending legislation with municipal impacts. The continued focus is upon the many elements contained within the Governor's proposed Biennial Budget centered on tax reform, EPS funding, Incomes taxes, sales taxes, Homestead, Personnel Property taxes BETR/BETE, Revenue Sharing, and a host of other proposed tax changes. The only clear direction is that there is no direction yet developed pointing to where the myriad of tax reform elements will settle. There are continued sentiments that Revenue Sharing will not likely be eliminated in year two of the 2-year Budget, but what will be traded for that preservation is very much unknown.

Deputy Mayor Herlihy and I also met with the Mayor's Coalition and sat with the Democratic Leadership and Republican Leadership at 3:00PM that same day to discuss details pertaining to Transportation, Workforce Development, Tax Reform specifically Revenue Sharing, and changes to General Assistance. The Group also discussed the State's view on Broadband using Sanford's work as the example. It was a productive day pertaining to pending legislation.

FEMA Storm Declaration:

State of Maine

Federal Disaster Declaration Fact Sheet

March 12, 2015

On March 12, 2015, President Obama issued a major disaster declaration for the State of Maine triggering the release of Federal funds to help communities recover from the Severe Winter Storm, Snowstorm, and Flooding that occurred January 26-28, 2015. Details of the disaster declaration and assistance programs are as follows:

Declaration Number: FEMA-4208-DR

Incident: Severe Winter Storm, Snowstorm, and Flooding

Incident Period: January 26-28, 2015

Sanford Departments had a combined application in excess of \$110,000 for the initial filing to FEMA for the Declaration. The City is now working through the FEMA application process towards filing for and seeking reimbursement for the impacts of the winter storm. Timing to complete the process and to receive future reimbursement is still pending.

State Analysis of Governor's Tax Reform:

Maine Legislature

Speaker's Office

www.speakereves.com

FOR IMMEDIATE RELEASE:

March 16, 2015

Contact: Jodi Quintero - 841.6279

New state analysis shows LePage tax cuts tilted towards Maine's wealthiest

Under LePage plan, top earners will get \$10,000 in tax breaks, while middle income families will receive \$145.

(Augusta, Me.) - Mainers making more than \$400,000 will get a huge tax break by the time Governor Paul LePage's budget goes into full effect in 2019, according to a new state analysis released Monday from the Maine Revenue Services.

The analysis shows Mainers earning \$40,000 will receive \$145 per year by 2019, while those making \$400,000 will receive \$10,679.

Top Democrats on the Legislature's Taxation Committee said the report confirmed concerns about the Governor's proposal, which also gives \$118 million in tax breaks to corporations in the next four years.

"No politician should defend giving \$10,000 to people who make more than \$400,000 per year while working families send their kids to school hungry and seniors can't afford their prescription drugs," said Rep. Adam Goode, the House Chair of the Taxation Committee. "It's a matter of fairness."

Goode added, "Maine families deserve a better deal. We can't afford tax cuts for the wealthy and corporations, while investment in our people, our schools and our economy suffer."

Gov. LePage's budget would result in a \$48 million tax shift onto property taxpayers and communities to fund K-12 education, a likely increase in tuition at the community college, and the elimination of \$4 million in funding for pre-K. The Governor's budget will leave a \$300 million hole in the state's coffers starting in 2018. Similar proposals from Republican governors in Kansas and Louisiana have resulted in [deep cuts to education](#).

The report from Maine Revenue Services combines the cumulative impact of income, sales and property tax changes in its analysis. It does not include the elimination of revenue sharing in 2017. ([See MRS chart, Table 7.](#))

The Taxation Committee is expected to take initial votes on the budget in the coming days.

Public Works Update:

The Department of Public Works has completed the snow removal from City sidewalks and parking lots from the major snow events of the season. The total volume removed from these areas, tracked for our MaineDEP permit, was approximately 40,000 cubic yards (imagine the area of a football field, twenty feet tall, including the end zones).

The Department's budget has recently exceeded its linear spending projection: 73.2% expended versus the linear projection of 71.0%. The Department also recently received and is paying on \$43,000 worth of private Contractor bills for transporting snow during the snow removal effort that will additionally affect the expenditures. There is also an outstanding

regional backlog on salt for roadway treatment that the Department will need to address in order to treat any late-season weather events which will also significantly impact the budget status.

Public Works continues to address potholes as the spring thaw has begun to saturate roadway bases and then work upon them with freeze-thaw action. The Department has recently posted an RFP bid for a Comprehensive Pavement Repair Unit which will be operated continuously during construction season in order to bring better Hot Mix Asphalt patching solutions to the roads.

Public Works implemented the 2015 Road Posting program as approved by the City Council on Monday, March 9 with orange Heavy Loads Limited Signs as well as orange Bump signs posted conspicuously on City streets. The Department has been successfully working directly with land owners, haulers, and Contractors to negotiate travel during this time by taking advantage of early morning periods when the road is still frozen (which is below 32F and no standing water).