

City of Sanford



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



Memo

To: City Council

Subject: **Manager's Report for August 1st, 2017**

Date: July 31st, 2017

Preliminary Summary of Commercial and Residential Property Valuations FY 17 v FY 18

Questions are being raised as to the changes/impacts of the ongoing Commercial Revaluation and how this might impact Individual Properties as well as the overall tax bills pending for this year. A Table has been produced below examining the changes in Valuation from last year (FY 17) to this year pending (FY18). It is important to note that there is \$129,580,300 of increased valuation pending for FY 18, an increase of approximately 9.67% in valuation. Holding all other factors equal, this would equate to a 9.67% decrease in mil rate effort or the current 22.74 down to an estimated \$20.74, a decrease of \$2.00/\$1,000 of valuation. Therefore the individual comparison will be on a case by case basis, but as a Category expressed in the Chart below one can see that ALL Categories are up in valuation with differences across the Major Categories.

In summary, the City's overall Net Valuation is now increasing for the first time in many years. This will serve to decrease the Mil Rate and there has also been additional New Valuation added to broaden the taxable base and reduce the individual tax rate efforts. Further, the simplified changes in net taxable value Single Family Residential (SFR) versus Commercial is:

Net Taxable increase of \$120 million less \$19,000 in Homestead Exemptions yields approximately \$101 million net increase of which \$50 million is in SFR and \$52 million is in Commercial including 2 and 3 family properties. Nearly a 50:50 split across Commercial and SFR. Please see the table below*:

**This is a preliminary review of the pending overall changes in municipal valuation for FY 17-18 and cannot be taken as a complete analysis or reflective of the net change to a tax bill based solely upon this information. Final Net Tax Commitment is pending for August 11th, 2017.*

FY 17 vs. FY18 Changes in Valuation by Categories

| IN-HOUSE RESIDENTIAL ADJUSTMENT | TOTAL VALUE EXCLUDING EXEMPTIONS | Percent Change 17 v 18 | Percent Change 17 v 18 |
|---|--|------------------------------|------------------------------|
| | | By Category | As a Whole |
| SFR FY'18 PROJECTED (RANCH, CAPE, COLONIAL, ETC) | \$925,211,050 | | |
| SFR FY'17 | <u>\$856,490,450</u> | | |
| TOTAL SFR ADJUSTMENT | <u>\$68,720,600</u> | 8.02% | 56.99% |
| | | | |
| COMMERCIAL REVAL: | | | |
| COMM/INDUST/MIXED FY'18 PROJECTED | \$289,631,500 | | |
| COMM/INDUST/MIXED FY'17 | <u>\$261,075,620</u> | | |
| DIFFERENCE | \$28,555,880 | 10.94% | 23.68% |
| 2 FAMILY FY'18 PROJECTED | \$84,624,300 | | |
| 2 FAMILY FY'17 | <u>\$71,067,480</u> | | |
| DIFFERENCE | \$13,556,820 | 19.08% | 11.24% |
| 3 FAMILY FY'18 PROJECTED | \$20,015,800 | | |
| 3 FAMILY FY'17 | <u>\$16,462,700</u> | | |
| DIFFERENCE | \$3,553,100 | 21.58% | 2.95% |
| 4 OR MORE UNITS FY'18 PROJECTED | \$47,632,800 | | |
| 4 OR MORE UNITS FY'17 | <u>\$41,438,900</u> | | |
| DIFFERENCE | \$6,193,900 | 10.94% | 5.14% |
| TOTAL COMM/INDUST & MULTI-FAMILY ADJUSTMENTS | <u>\$51,859,700</u> | 13.30% | 43.01% |
| | | | |
| TOTAL TAXABLE RE ADJUSTMENTS | \$120,580,300 | 9.67% | 100.00% |
| ROUGHLY A 9.6 % INCREASE IN TAXABLE REAL ESTATE | | | |

Changes in Homestead versus New School Funding:

At the time of Budgeting, assumptions were made projecting “What” the State Legislature would do as it pertained to State Revenue Sharing, Homestead Exemption, and School Funding under EPS. The State Budget has now been passed. State Revenue Sharing as projected by the City at 2% remains the same, no changes to our calculation sheet. Homestead did change from last year at \$15,000 to this year at \$20,000. The State originally indicated that the City would be reimbursed at a rate of 62.5% of the \$20,000, but now we have been reduced to the statutory 50%, a loss of \$216,030. However, the School Department has received revised EPS Funding with an increase of \$981,096 above our adopted Budget projections. This increase funding comes with a caveat of that 50% of the increased Funding can be used for School Expenditures for the year and the other 50% must be used to offset Net Taxation for the Municipal Tax Commitment. This equates to an additional \$490,548 to decrease Net Taxation from the increased EPS Funding. We must account for the anticipated loss of the Homestead of (\$216,030) and add the increased EPS to offset taxation of \$490,548 thereby reducing this year’s Net Municipal Tax Commitment by \$274,518.

Holding all other approved Budget items equal, this equates to a Mil Rate Effort reduction from 22.74 to 22.53, a reduction of 0.21 mils* or \$0.21/\$1,000 of valuation.

**This does not reflect the pending change in Valuation, changes in BETE, Personal Property, or Overlay. The final Mil Rate and resulting Net Tax Changes will not be known until Final Commitment pending for August 11th, 2017.*

Stenton Trust – Site Remediation:

At 10:00AM today John McKeown, On-Scene Coordinator of Emergency Response from the Region 1 Office of EPA, came to Sanford to conduct a Site Tour and Assessment of the Stenton Trust Complex post June 23rd, 2017 fire. The purpose of the Site Walk and Assessment was to see if the Site could qualify for Emergency Time Critical Removal Actions under the EPA Guidelines and as meeting a high priority competing with other Projects of need such as ours.

Maine DEP provided personnel from within the Bureau of Remediation and Waste Management;
Stephen Flannery – Oil and Hazardous Materials Specialist
Christopher Redmond - Oil and Hazardous Materials Specialist
John Bucci – Asbestos & Lead Inspector

City Staff:

City Manager Buck

Chief Benotti

AC Cutter

Fire Marshal Cotter

Planner Della Valle

Community Development – Houseal

Consultant – Kelley Race of TRC – City’s Contracted Brownfield Consultant

Based upon reviews of the 2008 Credere performed Phase II, EPA Removal Action Plan from 2009, and ongoing assessments and consultation with TRC, City Staff focused on the following:

1. Contaminated Ash within the burned structures
2. Possible contamination caused by Lead Paint, Asbestos, PCB containing oils and or caulking, Universal Waste, Others
3. Environmental Release through Airborne or Waterborne
4. Proximity to Neighborhoods, Adult and Child Care Services, Mousam River, No 1 Pond

Administration lead EPA Coordinator John McKeown for a tour of the site around the perimeter, exterior visuals into lower floor and basement, and entrance into the south tunnel to the limits of the fire damage to visually inspect water and contents of the basement areas. City Staff, ME DEP Staff, and Consultant Kelley Race relayed pertinent points, history, prior and ongoing assessments of the Site, activities during and post Fire event, and generally engaged in a comprehensive assessment of the Site from the multitude of perspectives.

Post Site Walk all persons convened in the Manager's conference room to debrief and discuss best courses of coordinated actions and options to address the current conditions. Summary of the Discussion:

- Hazardous substances are assumed to be present within the Complex and within the burnt debris of Tower C and Building B
- Verification of the types and quantities cannot be performed without demolition of the damaged portions of the Complex
- Highest concentrations are assumed to be on remaining floors 1 & 2 of Tower C
- Presence of Floor Drains and continued releases as rain/snow fall is eminent

Approach and Cost Containment discussed ensued between EPA and DEP to scope the demolition and removal, meet all Federal and State waste testing and disposal regulations, while keeping costs competitive for limited resources. The discussions amongst the Agencies, City Staff, and Consultant illustrated a cooperative and concerted effort to identify a solution for remediation, demolition, and disposal reflective of the fiscal realities within all combined resources.

Ownership and Operators were discussed and the work of the City's Legal Staff as well as EPA's prior investigation will be combined for Potentially Responsible Parties to assign mitigation costs.

McKeown indicated in order for EPA to take action/s, the following elements must be found:

- Hazardous Substance must be present
- Must be Potential for Release
- Must be a Targeted Impacted

Next Steps:

John McKeown, EPA, will go back to discuss Options with Management Team (concerned about the size/cost of Project)

May request to sample Discharge areas to verify (ME DEP)

Cost Estimate to remove top three floors to get to areas of concern

Will recommend for Time Critical Removal Action by EPA

Top three floors would be at lower costs - thus a reduced volume/costs – ME DEP agreement
Focus on Lower 2 floors and basement
Worst of known Hazards were previously removed, yet contamination and future release is imperative
State has a very reasonable approach for the asbestos contaminated materials (John Bucci)
May NOT have PCB caulking as predated (known to have multiple caulking applications)
Contaminates are now exposed to air, weather, rain/snow
Residents in close proximity (Environmental Justice issue)
Day care facilities, Head Start Program, Elderly Program, Special Needs programming, Food Services
Lafayette School is within 3 Blocks
Discussed New Law - New Grant for Assessment and Cleanup for up to \$900,000
Coordinate with Frank Gardner, EPA, and Nick Hodgkins, DEP, for potential use of Brownfield Funds

John indicated he should have a response on EPA's potential Removal Actions within the next two weeks.
He will coordinate with ME DEP – David Burns Director of Bureau of Waste Remediation and Management

July 31, 2017: Phone conversation with EPA On-Scene Coordinator John McKeown
John indicated that on Friday, July 28th, 2017 following the prior day's Site Walk and debriefing, he made a recommendation to his Management Team for Time Critical Removal Action for the Stenton Trust Complex. The State of Maine must make a recommendation to EPA for this to occur.

Maine DEP Bureau of Remediation and Waste Management Director David Burns authorized a recommendation to EPA for the Stenton Trust Property to be entered into consideration for remediation through the Time Critical Removal Action Program.

John McKeown will now work to scheduled EPA contractor Weston to bring crews to the Stenton Trust Site for sampling and assessment for the basis of analysis and costing a demolition and remediation plan for the Complex. The time/date has not yet been set but EPA is working to schedule.

Summary: The Stenton Trust Property has obtained a recommendation from Maine DEP to US EPA for assessment and possible future remediation under the EPA Time Critical Removal Action Program. Assessment still needs to be performed to confirm the presence of hazardous contamination and the potential for release to target areas. If/Once confirmed, the Property will become eligible to compete for priority and funding as available within the budgetary limits of the EPA Program.

SanfordNet Fiber:

- Final Design is 90% complete and Review Files have been distributed to City for review. The entire design has been placed into GIS and can be viewed accordingly with attributes set forth. Tilson will have the Final Design and Bid Documents complete on or before August 9th, 2017.

- EDA has conducted an initial review of the Master Service Agreement that is the foundation of the Bid Documents and has approved.
- Minor amendments are being made on the Certificates of Insurances for both the Maine Turnpike Authority and Pan-Am Railroad to correct references.
- Three Surveyors have been assigned by FairPoint to perform jointly the ride out pole survey assessing what assets must be moved to allocate the space for fiber attachment to the poles as requested
- Make Ready cost quotes will be made from the pole survey information
- A/E Contract scope has been amended to include the final design of all 83 Community Anchor Institutions final connections of fiber and the Optical Network Terminals and housing – This will reduce Bidding overages to cover the otherwise unknown costs of the various connections
- GWI the City’s named Network Operator has been in consultation with Tilson on Final Design to ensure the ability to cost effective manage the Network as well as ensure future expansion can be performed effectively – This has resulted in timely amendments to avoid future fiber exhaustion
- Operator Agreements are being negotiated in the areas of;
 - ISP Network Operator Agreement between City and GWI for sale and service of Lit and Dark Fiber Services
 - Dark Fiber Agreements to provide Middle Mile Network connectivity to both Dark and Lit Services
 - Space and Power Lease Agreements for collated equipment in the Network Terminal Facilities
- Operator Agreements are accounting for O&M as well as future replacements of ONT Equipment and Fiber Exhaustion
- Final Pricing is being made for;
 - Dark Fiber Services (Middle Mile)
 - Lit Services for Bandwidth and Internet Access
- Communications are ongoing with the Community Anchor Institutions on pending services and pricing – Businesses are now requesting initial connections at time of construction in not a CAI
- Bid Documents are to be issued Mid-August
- General Contractor Selection should be made by Mid-September
- Construction will start prior to the end of September
- Lit Services should be available no later than May of 2018 (Dependent upon Make Ready, fiber Availability, and GC Selection)

Sanford Airport Solar LLC:

City Council has authorized the Conservation land purchase to transfer former Conservation Easements from the Airport to lands at the head end of the Great Works Stream. Administration conferenced with NextEra on 8/1/17 to finalize the details of holding the Land and Conservation Easements in perpetuity.

The Limited Environmental Assessment has been issued to the FAA and is pending approval. The remaining Environmental Permitting is nearly complete with DEP and IF&W.

NextEra has completed the requested additional Land Lease for an additional 50 acres of City-owned land adjoining the Airport for Solar Development. The Land Lease contains the same

terms as previously negotiated for the Airport Parcels. The Lease will be moved to Property Subcommittee for review and Council review and actions for August 15th, 2017.

The City is also working with NextEra on a secondary Community Solar Project to be built on the Ruston Street Closed Landfill whereby the power generated will be purchased by the City and Schools. Details have been submitted to the City but are pending review and finalization before progress can be reported out fully.

Emery Mills Dam:

The City authorized the application to the Maine Emergency Management Authority or MEMA for a \$100,000, 0% interest, 5-Year Loan for repairs and improvements to the Emery Mills Dam. That Application has been approved by MEMA as confirmed on July 31st, 2017.

The Loan will cover;

- NERPA Permitting for the repair work to the Dam as well as construction of a Service Road on the East side of the Dam
- Construction of the Service Road
- Commercial Diving on the Dam to identify seepage areas and plug
- Commercial Diving for assessment and repairs to the trash grates
- Restoration Design of the Trash Grates, removal of old Grates, and Installation of New

The Loan repayment will be pursuant to the Mousam Watershed Dam Coalition comprised of the Towns of Acton, Shapleigh, and City of Sanford at 25%, 25%, and 50% Sanford respectively for repayment. The 5-year Loan at 0% interests allows for the work to be completed as soon as possible while providing a known and reduced multi-year payment option as opposed to funding all in one year or each town obtaining financing independently.

Community Development Block Grant (CDBG) for Sanford T&D Wood Energy, LLC:

Andrea Smith, Director of Tax Incentive Programs at the Department of Economic and Community Development, informed the City on July 31st, 2017 that the Application for \$450,000 on behalf of T&D Wood Energy LLC has been awarded. The formal letter will come in the mail later this week, but the electronic communication now affirms the Grant Award. The funds will be used for the construction of the Wood Pellet manufacturing Plant at the Pleasant River Lumber Yard off New Dam Road.

Congratulations to Maine Attraction Water Ski Show Team:

Your Maine Attraction Water Ski Show Team competed this past weekend in Northampton, MA – Placing 1st in the Eastern Regional Show Tournament. We are proud to represent our City and State. Our next show for Sanford is this Friday, 6:30pm. The Team competed against four other teams, 2 from Massachusetts, 1 from New Jersey, and 1 from New York. What a unique Attraction to have here in Sanford and for their hard work and accomplishments to be so recognized by their peers in this regional competition.

Congratulations again !!!

Winning Maine Attraction Water Ski Show Team 2017

