



Memorandum

To: Mayor & City Council Members
From: Rick Michaud, City Administrator
Date: 12/18/03
Re: RACINO COMMENTS

The staff at the request of the Mayor has prepared a written assessment of how such a development would impact their respective departments both positively and adversely. The comments must be viewed as very preliminary and speculative. We do not have the benefit of detailed site plans, traffic studies and construction drawings. We have many unknowns making it difficult to predict the impacts with certainty. The assumptions we have used include an estimated construction cost of \$125,000,000, annual gross revenues of \$135,000,000 and an average of 4,000 vehicles going to the racino each day it is open.

Tax Assessor:

Based on the estimated developmental cost of construction, the real and personal property tax generated, at 75% of valuation, would be \$93,750.00. The projected cash flow is 3% of the gross gaming revenues (\$135,000,000.00), which translates into \$4,050,000.00 of which (50%) \$2,025,000.00 is realized in revenue for the City of Saco.

Based on the above stated assumptions, the local tax bill would fall 16.4%. A residence with the assessed value of \$150,000.00 would realize a tax savings of \$460.66. A residence with the assessed value of \$500,000.00 would realize a tax savings of \$1,535.53. See the attached Memorandum from the Assessor.

Finance Department:

The Finance Director prepared a spreadsheet on the "*Racino Valuation Impacts on State Funding and County Appropriations*". The report states that based on the Tax Assessor's analysis, the City would net approximately \$1,685,000.00 in additional non property tax dollars. These dollars would come from half of the slot revenues projected less the reduced revenues to be received from the State and

increased expenditures to be experienced with the County Tax Assessment. This \$1.6 Million is approximately 4% of the total City of Saco budget of \$38,448,622.

Fire Department:

The Chief determined that it is difficult at this point to assess the impact on the Fire Department until the design of the new facility is reviewed. The potential of increased rescue responses would be a given based on the greater traffic flow in the area, as well as the increased demand on inspection services during the preconstruction and construction phases.

Police Department:

In any facility that draws customers in the numbers of 4,000 per day, one can expect an increase in police calls for service. These calls for service will involve parking lot accidents, motor vehicle burglaries, theft complaints, some OUI- related crime, and of course, motor vehicle accidents on a much busier Portland Road. It is my belief that the expected increase in traffic and people in this area will lead to additional calls to an area of the City far enough removed from the in town areas that response time will be an issue. Whether responding back to the in town area after having answered a call for service, or responding to the outer Portland Road from the in town area, it is apparent that the added calls will place a burden on the shifts working that will probably have to be addressed by the addition of a patrol beat encompassing the Portland Road from the 195 spur to the Scarborough line during the days and evening hours. The cost of two officers and a patrol vehicle should be looked at as an up-front cost necessitated by the traffic volume that the entire Portland Road area will have to bear from traffic entering and leaving the facility. Additional comments are included in the attached Memorandum from the Police Chief.

Building Department:

Based on an estimated cost construction of \$125 million dollars to build the facility, \$1,000,000 would be generated in the cost of a building permit. This amount would represent the entire annual operating budget for the Building Department for four year.

Public Works:

The Public Works Director listed the pros for the proposed development. The extension of the sewer for the racino would generate an increase in sewer fees, and it would also require a new pump station in order to further development in the area.

Not so beneficial to the City would be an increase in litter, noise, and traffic flow. There would be added cost for road stripping, and an extra lane to plow.

Welfare Department:

Operating on the assumption of lower property taxes translates into possibly fewer inquiries into Property Tax Abatements. A racino could generate a need for assistance from the City in the form of housing, food, electricity, fuel, household and personals, clothing and prescriptions.

City Clerk:

The City Clerk's office anticipates an increase in Victualers Permits.

Parks and Recreation Department:

The Parks and Recreation Department asserts that a possible racino would have neither a positive nor adverse impact on its department.

Planning Department:

The Planning Department states that during the first year a project of this magnitude would require a large percentage of staff time and expertise in coordinating the process and reviewing plans and applications.

Biddeford & Saco Water Company:

The water line from the Cascade Road North on Route #1 is 8 inches in diameter. The line should as a minimum be upgraded to a 16 inch diameter pipe to accommodate the Racino.

December 10, 2003

To: Richard Michaud, City of Saco Administrator
From: Daniel H. Sanborn, City of Saco Assessor

Ref: Race Track Project

Let me say first off as a City of Saco employee I have no opinion as to the projects merit. What follows are the facts as I understand them. If more facts come forward I will happy to rerun the numbers.

Current Net Taxable Valuation				1,136,489,900.00
Development Cost Est.	Real & P/P	\$125,000,000.00	75%	93,750,000.00
Projected Net Taxable				1,230,239,900.00
Total School, City and County Assessment				38,448,622.80
Revenue Deductions				17,196,267.67
Projected cash flow is 3% of \$135,000,000	(50% per ballot)			2,025,000.00
Projected total revenues				19,221,267.67
Projected Net Assessment				19,227,355.13
Projected tax rate				0.015628948
Current Tax Rate				0.0187
Rate reduction				0.003071052
Tax rate reduction is				0.164227392
Based on the wording on the ballot				
if 50 percent of the added revenue				
is used for tax reduction				
tax bill for all other parcel would fall 16.4%				

Example:	Current Value	Current Bill	New Bill	Tax Savings
	\$150,000.00	\$2,805.00	\$2,344.34	\$460.66
	\$200,000.00	\$3,740.00	\$3,125.79	\$614.21
	\$250,000.00	\$4,675.00	\$3,907.24	\$767.76
	\$300,000.00	\$5,610.00	\$4,688.68	\$921.32
	\$400,000.00	\$7,480.00	\$6,251.58	\$1,228.42
	\$500,000.00	\$9,350.00	\$7,814.47	\$1,535.53

Memo

To: Rick Michaud, Honorable Mayor and All City Councilors

From: Lisa Parker ☺

Date: 12/18/03

Re: Racino Analysis

Hello to All!!

As requested, I have updated my analysis from last month showing the implications of a \$125,000,000 valuation increase for the potential Racino. I have limited this analysis to reflect the implications on State aid to education, State revenue sharing and York County tax appropriations. I have also reviewed the analysis prepared by Dan as to the property tax implications for this type of valuation increase. Based on the analysis prepared by Dan, the city would net approximately \$1,685,000 (round numbers) in additional non property tax dollars from half of the slot revenues projected less the reduced revenues to be receive from the state and increased expenditures to be experienced with the county tax assessment. Assuming that the total city appropriations remain at the current years level, and given the revenue disclosures in the referendum question, the city's mil rate could be reduced by just over \$3/thousand if 100% of the property tax revenue increase was used to reduce the mil rate. As always, please feel free to call or stop by if you should have any additional questions.

City of Saco, Maine

Racino Valuation Impacts on State Funding and County Appropriations

As updated by Lisa Parker, December 10, 2003

Assumes that Racino has a taxable value (real estate and personal property) to the city of \$125,000,000

Increased city valuations have implications on State Aid to Education, York County Tax and State Revenue Sharing

State Aid to Education:

Very complex formula where they basically look at actual expenditures from 2 years prior and the current year state equalized valuation and current per pupil counts.

FY 2003 State Equalized Valuation	\$ 1,155,650,000.00
FY 2002 State Equalized Valuation	\$ 1,011,250,000.00
Increase in State Equalized Valuation	\$ 144,400,000.00

FY 2004 State Aid to Education	\$	7,376,439.00	
FY 2003 State Aid to Education	\$	7,936,871.00	
Reduction in State Aid to Education	\$	(560,432.00)	
Reduction in State Aid to Education for every \$1,000,000 increase in valuation	\$	(0.003881)	
Reduction in State Aid to Education for \$125,000,000 increase for Racino			\$ (485,138.50)
<u>State Revenue Sharing:</u>			
FY 2003 State Equalized Valuation	\$	1,155,650,000.00	
FY 2003 Total State of Maine Equalized Valuation	\$	94,018,250,000.00	
Saco's percentage of Total		1.23%	
Saco's Valuation with \$125,000,000 increase for Racino	\$	1,280,650,000.00	
State of Maine Total valuation with \$125,000,000 increase for Racino	\$	94,143,250,000.00	
Saco's percentage of Total		1.36%	
FY 2004 State Revenue Sharing	\$	1,467,666.00	
Projected State Revenue Sharing Increase with .13% increase in share	\$	1,658,462.58	
Increase in State Revenue Sharing for \$125,000,000 increase for Racino			\$ 190,796.58
<u>York County Tax Implications:</u>			
FY 2003 State Equalized Valuation	\$	1,155,650,000.00	
FY 2003 Total York County State Equalized Valuation	\$	19,555,900,000.00	
Saco's percentage of Total		5.91%	
Saco's Valuation with \$125,000,000 increase for Racino	\$	1,280,650,000.00	
York County Valuation in total with our \$125,000,000 increase for Racino	\$	19,680,900,000.00	
Saco's percentage of Total		6.51%	
FY 2004 York County Tax	\$	747,821.00	
Increase in York County Tax for \$125,000,000 increase for Racino			\$ (44,869.26)
Projected net property tax affect for \$125,000,000 increase in valuation			\$ (339,211.18)

Saco Police Department

Memorandum

To: Richard Michaud
From: Bradley Paul
Date: December 15, 2003

RE: Racino Impact

The impact of a racino-type development upon the City of Saco and its police department is difficult to predict in its entirety, but several things can be assumed, given what we know from racino's establishment in other communities. In any event, the purpose of this memorandum is not to predict with certainty what the potential impact may be as there has been insufficient time to research the matter, but merely to serve as a guidepost for what we might expect.

We have had conversations with law enforcement officials in Dover, Delaware and Scarborough, ME regarding the impact of racing and slots. Dover P.D. considers the racino at Dover Downs a good neighbor. Although statistics concerning responses were not asked for, given the preliminary nature of the inquiry, Dover officials did not express concern about the number of or types of calls they responded to at the track.

Scarborough officials, likewise, expressed similar sentiments about their relationship with Scarborough Downs. They advised us that they responded to the Downs last year approximately 35-40 times. The calls were of the nature you would expect from a facility that draws clientele in the numbers they do—some parking lot complaints, and a few to do with customers and drinking. If they dealt with 35-40 complaints *without* slots present, the introduction of machines that will draw thousands of players a day can be expected to generate numbers of complaints far exceeding the number Scarborough experienced.

In any facility that draws customers in the numbers of 4,000 to 6,000 per day, one can expect an increase in police calls for service. These calls for service will involve parking lot accidents, motor vehicle burglaries, theft complaints, some OUI- related crime, and of course, motor vehicle accidents on a much busier Portland Road. Precise numbers will be difficult to quantify due to the different demographics involved, but those who state that there will be no increase in police calls for service are being as unrealistic as those who state that a racino facility will draw an inordinate amount of drugs, crime, prostitution, loan-sharking, etc. Other communities have not experienced precipitous increases in these areas and based upon their experience, I do not believe that we would either.

It is my belief that the expected increase in traffic and people in this area will lead to additional calls to an area of the City far enough removed from the in town areas that response time will be an issue. Whether responding back to the in town area after having answered a call for service, or responding to the outer Portland Road from the in town area, it is apparent that the added calls will place a burden on the shifts working that will probably have to be addressed by the addition of a patrol beat encompassing the Portland Road from the 195 spur to the Scarborough line during the days and evening hours. The cost of two officers and a patrol vehicle should be looked at as an up-front cost necessitated by the traffic volume that the entire Portland Road area will have to bear from traffic entering and leaving the facility.

The added traffic to this area of the City will necessitate not only a traffic light at its entrance, but perhaps installation of a light at the Flag Pond Road/Portland Road intersection to deal with traffic coming from the

west. As well, the intersection of the Cascade Road and the Portland Road may also require additional consideration if volume proves to be too much for its current design to accommodate.

Another impact the proposed racino would have upon the police department would have to do with the Downs' current practice of hiring off-duty officers year round to provide for a police presence. These uniformed officers are hired and work under the auspices of the authority provided them by the Town of Scarborough. The Police Department is an organization that, by its very nature, generates a high amount of overtime due to the shift work involved, the nights, holidays and weekends that officers work, and by the fact that many of its employees have substantial experience, and therefore, significant time off benefits. Employees are ordered in to fill shifts currently far more often than is healthy, and this situation would be exacerbated with the addition of a year-round, seven-day-a-week enterprise calling for their services. Officers working in a climate-controlled, indoor resort atmosphere would be far less inclined to accept shift overtime, leading to even more ordering-in than we currently have. Consideration should be given to discontinuing the practice of uniformed police officers providing what private security companies are perfectly capable of doing.

Lastly, the issue of who is responsible for law enforcement duties within the racino itself must be clarified. Generally, the State asserts domain over gaming enterprises and given the specialized nature of the business, should continue. It is essential that precisely who will be responsible for law enforcement within the racino itself on all other matters be clarified, lest there be *no* law enforcement entity present.

In short, although the racino will impact the police department, the impact, with proper foresight, can be managed without difficulty. The impact would be adverse primarily if we could foresee some of these concerns and moved forward *without* addressing them realistically.