

City of Saco Resident Guide to the 2017 Bond Questions

Dear Fellow Saco Citizen,

The information in this booklet is intended to help voters understand the details of the Bond Questions that will appear on the November 7, 2017 General Referendum Election ballot.

During the fiscal year 2018 budget process, the City Council directed the Capital Planning Committee to craft bond questions to respond to immediate public infrastructure and facility needs but also lessen the burden on the general fund and ultimately the tax payer. Three bond questions were approved by the City Council to be voted on by the community in the upcoming November 7th election.

Inside this booklet, you will find:

- council directive and explanation;
- a rationale for bonding;
- bond questions;
- treasurer’s financial statement;
- explanation of each specific project seeking bonding; and
- voter registration and election information.

The Administration Department, the Public Works Department, the Water Resource Recovery Department, the Parks and Recreation Department, and the Economic Development Department have worked together to prepare this booklet of information and hope that you find it helpful.

Council Directive and Explanation

During the fiscal year 2018 budget workshops, Council discussed the possibility of bonding capital projects identified as immediate needs in order to lessen the burden on the general fund, and ultimately tax payers, over the next 5 years.

Saco has exceptionally low debt when compared regionally to similar communities, and is retiring a considerable percentage of the debt we do have over the next few years. Council recognized this as a potential opportunity and tasked staff and the Capital Committee with the following: “Establish bond questions for Council consideration with the goal of alleviating future general fund burden for capital asset replacement.”

The City has established a substantial annual Capital Improvement Plan over the past few years that is now up to \$1 Million annually coming from the general fund toward updating, rehabilitating, and replacing City assets worth approximately \$250 Million. Bonding, specifically, has been identified as a way to keep our infrastructure in safe and sound working order without resulting in spikes and short-term burdens on the mil rate, and thus current property owners.

Council has put the bond questions on the November ballot for the voters to decide whether they'd rather absorb all the much needed projects in the annual Capital Plan each budget season over the next few years or spread out the burden of the projects over the next twenty years.

Accomplishing all the Capital Improvements through General Fund appropriations over the next 5 years will lead to a cost of \$1.9 Million annually for the City, whereas bonding these Capital Improvements will lead to an annual cost of \$679,500 for the City. The annual savings of \$1.22 million over the next five years from bonding the Capital Improvements can be used to stabilize the tax rate and offset other expense increases.

Concurrently, we have been funding our Capital Plan on approximately a 100-year life-cycle replacement schedule. The sustainable recommended target is closer to a 50-year life-cycle for most City Infrastructure. By understanding that 50 years is more sustainable, we understand that considerably more investment in the coming decades will be required. As such, we should also begin to understand that the general fund cannot be the only option for funding these projects. While the City was fortunate this year to secure state and federal matching funds for several projects, the projects listed in these draft bond questions are projects that are not eligible or are not likely to receive outside funding.

2017 Bonding Rational

Saco has a history of minimizing borrowing and paying cash for improvements as we go. As a strategy, it's great for limiting long-term debt, but not always so good for short-term tax rate implications.

In the interest of limiting our collective short-term tax burden and tackling some of our immediate larger infrastructure needs now while understanding how incredibly low our current debt load is compared to other municipalities, the City is looking to utilize our retiring debt over the next three years and low interest borrowing power to address some much needed repairs, replacements, and economic growth opportunities for our community.

To fully understand how these bond issues can increase economic development, it's imperative to recognize that two of the three bond questions will provide an opportunity to spur investment and business growth in our community:

- Question 2- The Relocation of Public Works opens up a large, untaxed, commercially attractive property for redevelopment that could bring in approximately \$200,000 per year in new property tax revenue. Note: if the bond question is accepted, the City will work to move the site of Public Works to a property that is also currently untaxed.
- Question 3- Route 1 Sewer and Sidewalk Improvements instantly make our Route 1 corridor heading towards Scarborough more desirable for commercial growth that in turn will produce more non-residential tax income for the City of Saco.

Now, to understand how the timing of these bond questions is a benefit to Saco, a few points should be understood:

- Approval of the Bond Questions will have zero impact on the tax rate.
- Bond Question 1 covers \$2,000,000 worth of improvements to city facilities, roads, drainage, and infrastructure (a total of seven projects). The debt service of \$130,000 would be completely covered by reducing the Capital Program by this same amount. So instead of spending \$1 million annually, the city would present a Capital Program budget that starts at \$870,000.
- The city will be retiring roughly \$484,000 of debt from existing bonds over the next two fiscal years. At an interest rate of 2.5% for 20 years, this would cover the \$465,000 annual payments for a Public Works Facility (Bond Question 2).
- Bond Question 3 would enable the city to leverage a public/private partnership to extend sewer to the Scarborough line in an effort to foster additional commercial

growth along the Route 1 corridor. This bond would only be borrowed for if/when commercial businesses have agreed to participate.

- Current interest rates are historically low, yet all projections indicate that they won't stay that way for much longer. And so if the citizens of Saco decide that reducing the short-term tax burden for much needed capital improvements is the way they'd like to proceed, there may not be a better time to do that than now.
- If the bonds do not pass:
 - The capital improvements to the city would instead need to be funded through General Fund appropriations over the next five years
 - This would equate to a roughly \$1.9 million annual cost for the next five years (after subtracting out the savings from the retiring debt) or a nearly 5% increase in the mill rate.
 - This is the equivalent to a \$92.75 total increase per \$100,000 in property value for each of the next five years.

Assuming voters support all three bond questions, there will be ten distinct areas of need (totaling \$11 Million in value) that will be satisfied in our community over the coming years without an increase to the current and short-term tax rate.

Bond Question #1

Question 1. Shall the Order of the City Council of the City of Saco entitled “Order Authorizing the City of Saco to borrow an amount not to exceed \$2,000,000 for City facilities, including the Ocean Park Road drainage system, the Police Station roof, the City Hall and Parks and Recreation facility HVAC systems, the Middle School baseball field, the Foss Road recreation site, Lincoln Street reconstruction and Camp Ellis erosion protection” be ratified and approved?

Bond Question #2

Question 2. Shall the Order of the City Council of the City of Saco entitled “Order Authorizing the City of Saco to borrow an amount not to exceed \$7,250,000 for construction and equipping of a new public works facility on Industrial Park Road and to sell the existing public works facility on North Street and to expend such sale proceeds on such new public works facility” be ratified and approved?

Bond Question #3

Question 3. Shall the Order of the City Council of the City of Saco entitled “Order Authorizing the City of Saco to borrow an amount not to exceed \$2,500,000 for Route One sewer extension and sidewalk, pedestrian and traffic signal improvements” be ratified and approved?

Treasurer's Financial Statement

Financial Statement: The following financial statement applies to Questions 1, 2 and 3 set forth below. The issuing of bonds by the City of Saco is one of the ways in which the City borrows money for certain purposes. The following is a summary of the bonded indebtedness of the City of Saco as of the date of this referendum:

Bonds now Outstanding and Unpaid:	\$10,922,000
Interest to be paid on Outstanding Bonds:	<u>\$ 3,285,619</u>
Total Principal and Interest to be repaid on Bonds Outstanding:	\$14,207,619

Additional Principal Amount of Bonds Authorized but not yet issued:	\$ 0
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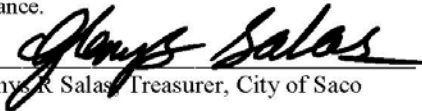
Total additional Bonds to be issued if approved by the voters:	
Question 1: City facilities, roads, drainage and infrastructure	\$ 2,000,000
Question 2: New public works facility	\$ 7,250,000
Question 3: Route One sewer and pedestrian improvements	<u>\$ 2,500,000</u>
Total:	\$11,750,000

Estimate of potential new interest on such additional Bonds:	
Question 1: City facilities, roads, drainage and infrastructure	\$ 317,000
Question 2: New public works facility	\$1,985,800
Question 3: Route One sewer and pedestrian improvements	<u>\$ 687,344</u>
Total:	\$2,990,144

Note: interest rate estimates vary from 2.50% per annum to 3.00% per annum depending on the year of maturity.

Total additional Bond principal and estimated interest to be repaid if approved by the voters:	
Question 1: City facilities, roads, drainage and infrastructure	\$ 2,317,000
Question 2: New public works facility	\$ 9,235,800
Question 3: Route One sewer and pedestrian improvements	<u>\$ 3,187,344</u>
Total:	\$14,740,144

When money is borrowed by issuing bonds, the City must repay not only the principal amount of the bonds but also interest on the bonds. The amount of interest to be paid will vary depending upon the rate of interest and the years to maturity at the time of issue. The validity of the bonds and of the voters' ratification of the bonds may not be affected by any errors on the estimates made of the costs involved, including varying interest rates, the estimated cost of interest on the bond amount to be issued and the total cost of principal and interest to be paid at maturity. If the actual amount of the total debt service for the bond issues varies from the estimate, the ratification by the electors is nevertheless conclusive and the validity of the bond issue is not affected by reason of the variance.

s/ 
Glenys R. Salas, Treasurer, City of Saco

Project Specific Explanations

Bond Question #1- Improvements to City Facilities, Roads, Drainage, and Infrastructure

Ocean Park Road Area Drainage System Replacement **\$295,000**

Ocean Park Road and the surrounding neighborhood currently have an undersized, aging drainage system that currently diverts water-flow through the streets and yards of the residential side streets during major rain events. This project will upsize the existing piping and redirect flow from the smaller side street drainage systems, thereby reducing flooding risks for many homes. *The City needs to complete this project prior to the State's scheduled paving on Ocean Park Road in 2020.

Police Station Roof Replacement **\$120,000**

The Police Station, originally constructed in 1996 is in need of a roof replacement. This project will follow the recent HVAC system upgrades and energy efficiency improvements to the building, providing an efficient, sound facility for Police Operations for many years to come.

City Hall and Parks & Recreation Facility HVAC Systems **\$140,000**

Two of the oldest City owned buildings, City Hall and the Parks & Recreation Facility, have been identified as requiring HVAC system replacements or upgrades to improve energy efficiency and provide a safe, comfortable, year-round work and event space.

Saco Middle School Baseball Field **\$120,000**

Currently, the Saco Middle School complex does not have a full-size baseball field. The only City 90 foot baseball field exists at Burns School, yet that field serves as a multi-use space for several sports. An expansion of the existing Middle School field space would eliminate current scheduling conflicts, reduce transportation costs, and open up much needed field space at both the C.K. Burns School and Saco Middle School.

Foss Road Recreational Site Improvements **\$125,000**

With the expanded use of the Foss Road recreation complex over the past 5 to 10 years, little has been done to accommodate increasing parking and bathroom facility needs. With the recent relocation of the Transfer Station, there is now space available to adequately address these needs. This project would provide funds to pave parking areas, enhance site lighting, provide running water, and a year-round restroom facility building.

Lincoln Street Utility, Sidewalk, and Roadway Reconstruction **\$950,000**

Lincoln Street is traveled by over 6,000 vehicles daily. The street is in need of major rehabilitation of subsurface utilities, roadway, curbing, and pedestrian safety improvements. Due to the level of deterioration of all of these components, performing a full road reconstruction is the most economical long term solution to maintain this busy commuting corridor. This bond will provide funds to complete this work.

Camp Ellis Area Coastal Erosion Protection **\$250,000**

The City is in need of performing its next stop-gap measure to mitigate the effects of coastal erosion in the Camp Ellis area. The City was recently granted permission to install more permanent erosion protection measures in the area of Surf Street that will protect utilities, roads, public infrastructure, and homes, while reducing our annual maintenance costs following large storm events. The bond will provide funds to complete this work.

Bond Question #2- Relocation of the Public Works Facility and Redevelopment of the Existing Site along the Turnpike

New Public Works Facility and Private Redevelopment of Existing Site **\$7,250,000**

The existing Public Works facility on North Street was originally constructed as a truck depot in 1973. In 1985, the City relocated Public Works into the building, but by the late 1990's the facility was found to be deficient in keeping up with the growth of the community; including the expanding City services and changes to the citywide fleet of

busses, emergency vehicles, and maintenance equipment. After nearly *two decades* of delaying major rehabilitation or new construction, the current facility would require up to \$4 Million worth of improvements over the next 5 years to try and adapt and maintain the current facility for the short-term. Some of the required improvements include: electrical system upgrades, reconfiguration and expansion of existing mechanic garage space, necessary ADA compliance, installation of life safety improvements, replacement of existing fuel tanks and system, and the reconfiguration of bus circulation and storage space.

The bond question of \$7.25 Million is being considered as a more cost effective long-term solution to construct an adequate facility in the Industrial Park that will also give the City the opportunity to promote commercial redevelopment of the existing parcel along the Turnpike gateway to Saco. Due to the number of improvements that would be required to renovate the existing facility, the relocation and construction of a new facility would be more cost effective.

Bond Question #3- Route One Utility and Sidewalk Improvements

Route One Sidewalk Construction and Pedestrian Safety Improvements \$500,000

Saco's Route 1 (Portland Road) corridor lacks proper sidewalks and crosswalks in the vicinity of Spring Hill Road. There are several businesses in the area that attract a high number of pedestrian visitors including: an amusement park, a movie theatre, a campground, and a restaurant. This bond would provide funds to construct sidewalks and crosswalks along a portion of Route 1. These projects will improve the public safety of all, but especially for those pedestrians who are walking along or crossing Route 1 in this area.

Route One Sewer Extension to Incentivize Commercial Development \$2,000,000

This bond would fund the extension of the sewer collection system from Flag Pond Road to the Scarborough town line. The lack of public sewer along this portion of Route 1 limits business investment and development in the area and the related expansion of the City's commercial tax base. This section of Route 1 is not currently serviced by a public sewer system, consequently limiting commercial growth in the area.

November 7th Election Information

Election Day is on November 7, 2017. The information below has been provided to answer any questions you may have about voting in Saco. For a sample ballot, please visit the City Clerk's page on our website at www.SacoMaine.org.

How do I register to vote?

You must be at least 17 years old to complete a voter registration application and at least 18 years old to actually vote.

Where do I register to vote?

You may register to vote at City Hall, through any Bureau of Motor Vehicle's branch, or at voter registration drives. Completed voter registration cards must be delivered to the City Clerk's Office at 300 Main Street in Saco.

Where do I vote?

All wards votes at the Community Center located at 75 Franklin Street in Saco. The polls will be open from 7:00 a.m. to 8:00 p.m.

How do I vote via absentee ballot?

The application to request an absentee ballot for the November 7th State and General Referendum Election is now available. Once we have received the ballots, we will process the absentee ballot requests that have been received. Absentee voting will be conducted in the City Clerk's Office on the first floor of Saco City Hall on Monday – Thursday from 8:30 a.m. to 5:00 p.m. and on Friday from 7:30 a.m. to 4:00 p.m. The last day to vote absentee is on Thursday, November 2nd and our office will have extended hours from 8:30 a.m. to 7:00 p.m.

For information about how to request an absentee ballot, please visit the City Clerk's page on our website at www.SacoMaine.org.

Who do I contact with a question about elections?

If you have any additional questions about voting in Saco, please contact the City Clerk's Office at (207) 284-4831. Your vote matters so please get out and vote!