

State of Maine

County of York

City of Saco

- I. **CALL TO ORDER** – On Monday, January 7, 2013 at 7:00 p.m. a Council Meeting was held in City Hall Auditorium.
- II. **ROLL CALL OF MEMBERS** – Mayor Mark Johnston introduced the members and determined that the Councilors present constituted a quorum. Councilors present: David Tripp, Leslie Smith, Jr., Marie Doucette, Philip Blood, Arthur Tardif, Eric Cote and Marston Lovell. City Administrator Rick Michaud was also present.
- III. **PLEDGE OF ALLEGIANCE**
- IV. **GENERAL**
- V. **AGENDA**
- VI. **A. Audit Report - Runyon, Kersteen, Ouellette, Certified Public Accountants.**

Councilor Cote moved and Councilor Lovell seconded to accept the Auditor's Report and "Be it Ordered that the City Council accept the "City of Saco, Maine Reports Required by Government Auditing Standards as well as the Comprehensive Annual Financial Report dated June 30, 2012, submitted by the firm Runyon Kersteen Ouellette"

Finance Director Cheryl Fournier presented the report and introduced a representative from RKO, Roger Lebreux, who outlined its details, explaining some of the significant improvements in this report, ending June 30, 2012. Fund Balance is much better than in the previous year, and Mr. Lebreux explained the graph with the trend information that was provided to the Councilors. Also, Cash and Investments have increased.

Taxes Receivable has decreased, as have Accounts Receivable and Accounts Payable and Wages. The 1.5 million that was owed to RSU #23 during the same accounting period in 2011 was paid in full this year. Also, Unassigned Fund Balance grew from 2.5 million to 3.7 million, a substantial improvement, being at 9.1%, which brings The City into compliance with its own fiscal requirement.

Mr. Lebreux continued by saying that compared to the other municipalities that RKO audits, (Biddeford, Bangor, Augusta), the property tax rate in Saco is low, (however there are other considerations such as certified ratio). He considers Saco's debt service to be on the low side at 5.98%, having been reduced from 21million in 2002 to 16 million in 2012, and the debt/capita of \$866.00 to be well under the guideline of \$2,000.00.

Councilor Lovell asked if this report and the graphs would be available on the City Website. The Finance Director said that part of the report already was, and that she would be working to make the entire report available on the site.

Councilor Cote spoke about looking at the comparative tax rates and other financial points of interest, that a list of other communities and their financial data might be created to see how Saco compares.

Mr. Lebreux gave Cheryl Fournier high marks for her reporting and for the financial policies that she has put into

place during her tenure as Finance Director.

Mayor Johnston then polled the Council. The Motion to Accept the Audit Report for Fiscal 2012 passed with seven (7) yeas.

B. Confirm the City Administrator's Appointment of the Tax Assessor _____ Councilor Blood read the nomination of James Thomas as Tax Assessor for the City of Saco and moved to approve the nomination, seconded by Councilor Smith, and "Be it ordered that the City Council confirm the City Administrator's Appointment of James Thomas as Tax Assessor for the City of Saco to begin employment on January 23, 2013"

Councilor Tripp stated his disappointment that this position was not being shared with another community, namely Scarborough or Biddeford.

Councilor Lovell then asked The City Administrator if it might still be possible for Saco to share the Tax Assessor with other communities, perhaps smaller than Saco, that could benefit from Mr. Thomas's expertise in mapping and in GIS. The City Administrator responded that that is a very definite possibility, especially in the areas of personal property and commercial lists. Mr. Thomas's experience with GIS will also be very helpful for other City departments as well.

Mayor Johnston then polled the Council. Motion to approve the Nomination passed with seven (7) yeas.

C. (Public Hearing) GA Maximum Increases FY 12-13. _____ Councilor Tardif moved and Councilor Lovell seconded to open the Public Hearing. The motion passed with seven (7) yeas.

There were no comments from the public

Councilor Tardif moved and Councilor Smith seconded to close the Public Hearing and: "The City of Saco hereby approves the First Reading of the, amendment to the Saco Code, Chapter 112, General Assistance Program, Appendix B – Food Maximums, and Appendix C – GA Housing Maximums, and further move to set the Second and Final Reading for January 22, 2013." Motion passed with seven (7) yeas.

D. (Public Hearing) Code Amendment Separating the Water Resource Recovery Division from Public Works. _____ Councilor Cote moved and Councilor Smith seconded to open the Public Hearing. Motion passes with seven (7) yeas.

Chris Denton of 322 Boom Road asked if this was a nominal change only, would there be any new positions created because of this change or would there be any increases in the budget because of it.

The City Administrator responded that there would be no change in staffing or in the budget due to the acceptance of this amendment.

There were no further comments from the public.

Councilor Cote moved and Councilor Tardif seconded to close the Public Hearing and Be it Ordered that the City Council set the Second and Final Reading of the Code Amendment document titled 'Code Amendment: Separation

of Public Works and the Water Resource Recovery Division, dated December 3, 2012' for January 22, 2013. The motion passed with seven (7) yeas.

E. (Public Hearing) Amendments to the Park North TIF and Credit Enhancement Agreement.

Councilor Tripp moved to open the Public Hearing, seconded by Councilor Blood. The Motion passed with seven (7) yeas.

Ronald Zehner of 124 Buxton Road commends Mr. Chamberlain on his business practices and ethics, but has a problem with the nature of TIF's. It is Mr. Zehner's understanding that the City of Saco is currently involved with 12 TIF's. The TIF currently under discussion was written for twenty (20) years. From 2007 until 2012, the property that is involved has generated around \$76,000.00 in taxes, for fiscal 2013 the amount would be approximately \$34,000.00, with the 70/30 split that the current TIF agreement indicates.

Mr. Zehner said that the developer must have known that there were lean years coming when the original agreement was signed. If the Council chooses to extend the duration of the TIF to thirty (30) years, that would be acceptable. However, he asked that the Council not "give away" the current tax revenue that the City is able to collect under the present agreement, stipulating his concern that if the large housing unit which is currently on the property becomes non-profit, then the City won't be receiving any taxes for it.

Elliot Chamberlain, the developer then spoke about the nature of this development being a public – private cooperative. Mr. Chamberlain said the his company paid three million, six hundred thousand dollars for the sewer line to be established North along Route One from its previous end point, with the largest pumping station in Saco. He further stated that there is no money being made on this TIF, and that his company can only recoup its original investment and the carrying costs. He is only asking for an adjustment of three (3) to four (4) years. Once the TIF revenues are healthy again, then the 70/30 split would be reinstated.

Councilor Cote said that the City did not have to pay for a bond to construct this sewer line, as normally would be the case. The City agreed to something that would help develop economic growth, without having to pay for that infrastructure. In addition, Avesta Housing will be paying taxes on their apartment building, located within this development, at least for the next ten (10) or maybe fifteen (15) years.

Councilor Smith expressed his concern about there being a non-profit agency within the development. He had understood that there were not going to be any non-profits in this project.

Mr. Chamberlain said that they are currently paying taxes, and would be for the foreseeable future.

Councilor Tripp moved and Councilor Smith seconded to close the Public Hearing. The motion passed with seven (7) yeas.

Councilor Tripp then moved, seconded by Councilor Cote and Be it ordered that the City Council approve the following amendments to the Park North Tax Increment Financing District approved by the City Council on May 1, 2006, and by the State of Maine on Sept 17, 2007, and to the Credit Enhancement agreement dated September 1, 2007, as follows:

1. After a public hearing called and held on 10 days published notice, the Municipal Development and Tax Increment Financing District Development Program (Park North Development LLC) dated May 1, 2007 the ("Development Program") and the associated Credit Enhancement Agreement dated September 1, 2007 the ("CEA") between the City and Park North Development, LLC (the "Company") shall be amended as follows:

A. Sections 2.01 and 2.07 of the Development Program and Section 2.7 of the CEA are amended to extend the term of the Development Program from 20 years to 30 years to run through and include the April 1, 2037 Tax Year (corresponding to the City's 2037-2038 fiscal year). The Development Program is further amended to provide that all references to the original 20-year term are amended to refer to the amended 30-year term.

B. Sections 2.01 and 2.07 of the Development Program and Section 2.3 of the CEA are further amended to provide that commencing with the April 1, 2013 Tax Year (corresponding to the City's 2013-2014 fiscal year), the Real Property Tax Increment Revenues of the TIF shall be allocated between the City and the Company as follows, the following order of priority:

1. 100% of the Real Property Tax Increment Revenues shall first be allocated to the City in an amount equal to the City's outstanding and unrecovered expenditures related to the TIF (approximately \$11,587); and thereafter

2. the Real Property Tax Increment Revenues shall be allocated such that the Company shall receive 70% of the Real Property Tax Increment Revenues but not less than \$200,000 each year and the City shall receive 30% (provided that the Company has received the first \$200,000 and that at least \$200,000 in TIF revenue has been received in that fiscal year). By way of examples, if, after the City has been paid the sums due under section 1 (B)(1) above:

(a) the total Real Property Tax Increment Revenues for the year equal \$150,000, the Company would receive \$150,000 (i.e. 100% because the minimum was not reached) and the City would receive \$0; and

(b) the total Real Property Tax Increment Revenues for the year equal \$250,000, the Company would receive \$200,000 (i.e. the minimum) and the City would receive \$50,000 (i.e the balance of its share); and

(c) the total Real Property Tax Increment Revenues for that year equal \$350,000, the Company would receive \$245,000 (i.e. 70% since it exceeds the minimum) and the City would receive \$105,000 (i.e. 30%)

C. Revised projections with respect to the Real Property Tax Increment Revenues of the TIF and the related tax shift calculation are attached as Schedule I to this Order.

D. The City Council has considered all evidence presented to it with regard to any adverse economic effect on or detriment to any existing business and has found and determined that such adverse economic effect on or detriment to any existing business, if any, is outweighed by the contribution expected to be made through the Development Program, as amended. The projects and improvements described in the Development Program, as amended, will contribute to the economic growth and well being of the City and the surrounding region, and will contribute to the betterment of the health, welfare and safety of the inhabitants of the City, including a broadened and improved tax base and economic stimulus, and therefore constitutes a good and valid public purpose.

2. The City Manager, after review by the City's Attorney, is authorized (A) to prepare and submit an application, with appropriate exhibits and attachments) to the State of Maine Department of Economic and Community Development requesting approval of the foregoing amendments and (B) to execute an amendment to the CEA consistent with this Council action following DECD approval.

Councilor Cote said that this is a good deal for the city.

Councilor Tripp said that he remembered the original discussion in 2007. He explained that the nature of a TIF is that the City obtains the infrastructure that the developer incurred the debt on.

Mayor Johnston asked the City Administrator if all of the capital improvements involved in this discussion had been deeded to the City. Mr. Michaud replied that they had been.

Mayor Johnston then polled the Council. The Motion passed with five (5) yeas and two (2) nays, Councilors Tardiff and Doucette voting in the minority.

F. Approve the City Administrator's Employment Agreement

Councilor Lovell moves to approve the City Administrator's Employment Agreement, seconded by Councilor Tripp.

Councilor Tardif thanks the Administrator for negotiating with the Council and being willing to reduce some of his requests. Councilor Tardif states that he believes that the City Administrator should live within the City as a condition of his contract.

Councilor Tripp states that the City Administrator is a good negotiator and that he should be able to live where he desires.

Councilor Lovell states that he concurs with Councilor Tardif in this matter.

Mayor Johnston then polled the Council. The Motion passed with seven (7) yeas.

G. Saco Professional Firefighters Association Union Contract Approval.

Councilor Cote reads the background. Councilor Cote moved to approve the Contract, seconded by Councilor Blood and “Be it Ordered that the City Council approve the following labor union contract and authorize the City Administrator to execute the proposed contract: ‘Saco Professional Firefighters Association, IAFF Local 2300’ effective July 1, 2012.”

There was no discussion.

Mayor Johnston then polled the Council. The motion to approve was passed with seven (7) yeas.

VI. CONSENT AGENDA

Councilor Tripp moved, Councilor Smith seconded to approve the Consent Agenda Items #1 and #2 as follows:

1. Approve the Council Minutes for: December 17, 2012,
2. Confirm the Mayor’s Reappointments (3) to the Shoreline Commission.

The complete Item Commentaries are listed below.

The Saco Shoreline Commission exists for the general purpose of studying the continuing effects of erosion on Saco’s shorefront, as well as evaluating public usage of the beaches and other public infrastructure within a coastal zone under the jurisdiction of the City of Saco and advising the City Council on policy matters relating to coastal erosion and use.

The Mayor has reappointed Richard Milliard, Faye Casey and Pauline Kane to the Shoreline Commission.

The Motion passed with seven (7) yeas.

VII . A Motion was made by Councilor Tripp and seconded by Councilor Lovell to adjourn the Meeting and to convene the Workshop at 8:02 p.m.

The Motion passed with seven (7) yeas.

X. EXECUTIVE SESSION

At 9:18 p.m. The Council voted to reconvene the Meeting and to enter into Executive Session by unanimous consent, and “Be it Ordered that the City Council, Pursuant to [M.R.S.A. Chapter 18, Subchapter 1, §405 (6) (D)] move to enter into Executive Session to discuss: *Union Contract Negotiations for Police Patrol and Police Command Unit;*” *The Motion passed with unanimous consent.*

A. Report from Executive Session

Mayor Johnston moved from Executive Session with the unanimous consent of the Council at 9:37 p.m.

Mayor Johnston conducted a roll call of the members and determined that the Councilors present constituted a quorum. Councilors present: David Tripp, Leslie Smith Jr., Marie Doucette, Philip Blood, Arthur Tardif, Eric Cote, and Marston Lovell. City Administrator Rick Michaud was also present.

Councilor Blood moved and Councilor Smith seconded that Be it ordered that the City Council approve the 'Maine Association of Police for the Saco Police Patrol Unit' Contract through June 30, 2015. The Motion passed with six (6) yeas and one (1) nay, with Councilor Tripp voting in the negative.

XI. ADJOURNMENT

Councilor Doucette moved and Councilor Smith seconded to Adjourn the Meeting at 9:38 pm. The Motion to Adjourn passed with seven (7) yeas.

Attest: _____
William T. Rankin, Deputy City Clerk