I. CALL TO ORDER – On Monday, October 21, 2013 at 7:03 p.m. a Council Meeting was held in the City Hall Auditorium.

II. ROLL CALL OF MEMBERS – 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.

III. PLEDGE OF ALLEGIANCE

25th YEAR EMPLOYEE ANNIVERSARY – STEVEN HARDING

Steven Harding has been with the Saco Police Department for 25 years. He began his dispatching career in Old Orchard Beach and worked there from August 1988 to October 1988, when he was hired by the Saco Police Department as a Public Safety Dispatcher. Over the years he has held different responsibilities and currently is assigned to the day shift and has also worked with the Planning Board and Planning Committee on 911 addressing. He has also worked closely with the Fire Department when reviewing run cards and establishing policy. Steven is the person who we looked to for input on how the dispatch center was going to operate. He is a vital part of what we do and even after 25 years he is still very active behind the scenes.

Deputy Chief Ray Demers presented Steven with a plaque and congratulated him on his 25 years of dedicated service to the city.

AGE FRIENDLY COMMUNITY ASSESSMENT & PLAN

On Tuesday, October 29th at 5:30 a.m. here at City Hall, Saco will have 2 special guests: Charles Colgan & Patricia Kimball. They will be discussing ‘Maine’s Post Baby Boomer Demographics’, ‘What Makes a Community Age Friendly?’ and ‘Saco’s Age Friendly Community Assessment: Developing a Community Plan for an Age Friendly Saco’.

PROCLAMATION – EXTRA MILE DAY

Mayor Johnston read the proclamation as follows:
MARY’S WALK RECOGNITION

In recognition of the ‘Extra Mile Day’, the city this upcoming Saturday Oct 26th at 11:00 a.m. will recognize the organizers for May’s Walk and the Kerrymen Pub 5K Fund Raiser for Cancer. The volunteers that we are recognizing are the city staff, Public Works Dept., Police Dept., Fire Dept., along with downtown businesses, the Maine Cancer Foundation, Kerrymen Pub and many more. With this proclamation for ‘Extra Mile Day’ it recognizes again Mary’s Walk not only for the contributions but also for 15 years or organizing and raising thousands of dollars for cancer research. There are thousands of runners and walkers that have been participating in the 5K. The city will be putting a new plaque in the sidewalk two stores down from Vic & Whits, at 200 Main Street, in recognition of 15 years of service and all the volunteers who participate.

V. CONSENT AGENDA:

Councilor Lovell moved, Councilor Tardif seconded to approve consent agenda items # 1, 2, 3, 4 & 5 as follows:

1. Be it ordered that the City Council approve the minutes for 10/7/2013. Further move to approve the order;

2. The City Council hereby ordains and approves the First Reading and adopt the findings in the contract zone document entitled “Contract Zone Agreement By and Between Don and Janet McGarva and the City of Saco, dated September 17, 2013”, and sets the Public Hearing for November 4, 2013;

3. The City Council hereby ordains and approves the First Reading of the document titled, “Amendments to City Code Re: Economic Development Commission, Recommended by the Commission, September 23, 2013, and further moves to set the Public Hearing for November 4, 2013.” Further move to approve the Order;

4. Be it Ordered that the City Council grant the applications for a License to Operate Games of Chance as follows: Daily Pool and Playing Cards socially during business hours from January 1, 2014 to January 1, 2015 as submitted by the Fraternal Order of Eagles #3792.” Further move to approve the Order;

5. Be it Ordered that the City Council hereby approve with reference to York County Superior Court Docket #CR-13-1057-Criminal Forfeiture, the transfer of assets to the City of Saco, pursuant to 15 M.R.S. §5824(3) and/or §5826(6). Further move to approve the order.

The motion passed with seven (7) yea.

The complete item commentaries are listed below.

2. CONTRACT ZONE FOR 319 MAIN STREET – MCGARVA – (FIRST READING)

Applicants Don and Jan McGarva request consideration of a contract zone that would allow them to produce and sell ice cream for both on- and offsite consumption at their 319 Main Street home. If the McGarvas are going to open such an operation, the contract zone is needed in that the Zoning Ordinance views on-site consumption of food as an “Eating Establishment,” which is not an allowed use in the existing B-7 zone. The McGarvas went
through this process in 2010 and received approval. However, circumstances did not allow the project to go forward with one year’s time, and the approval expired.

This item was reviewed by the Planning Board on September 17, 2013, and voted to make a positive finding on each of the four standards required for a contract zone, and forwards a positive recommendation to the Council. If the contract zone is approved, the project would be subject to site plan review by the Planning Board prior to opening.

Contract Zone Agreement By and Between
Don and Janet McGarva and the City of Saco
September 17, 2013

THE CITY OF SACO HEREBY ORDAINS:
I. That the Zoning Ordinance of the City of Saco, dated January 2, 1985, and amended through July 1, 2013 is hereby further amended by adopting this Contract Zone Agreement by and between the City of Saco and Don and Janet McGarva (Applicants).

1. The Applicants propose to establish an Eating Establishment at 319 Main Street (Subject Property).
2. Subject Property is identified as Tax Map 31, Lot 2 on City of Saco tax maps, and is in the B-7 zoning district.
3. Said property is currently improved in the form of a Single Family Dwelling, the Applicants’ residence, a permitted use in the B-7 zoning district.
4. Right, title and interest is demonstrated with the Applicants’ submission of a quitclaim deed with covenant, conveying the premises at 319 Main Street from LaSalle Bank to Don McGarva and Janet McGarva. Said deed is recorded in Book 15435, Page 663 at the York County Registry of Deeds.
5. The Applicants propose to produce and/or sell ice cream, and seek approval by the City for both on- and off-premise consumption. Such a use is identified by the Zoning Ordinance as an “Eating Establishment.”
6. An Eating Establishment is defined by the Zoning Ordinance as “A business which sells prepared food, and which does not sell alcoholic beverages. No provisions shall be made for drive through service.”
7. An Eating Establishment is not an allowed use in the B-7 zone.
8. Therefore, the Applicants seek approval from the City for an Eating Establishment in order to provide customers the option of on-premise consumption. Approximately 432 square feet of floor area within the carriage house would be devoted to the Eating Establishment.
9. As stated in Section 1403-1 of the Zoning Ordinance, “Occasionally, competing and incompatible land uses conflict; and traditional zoning methods and procedures such as variances, conditional use permits, and alterations to the zone boundaries are inadequate to promote desirable growth. In these special situations, more flexible and adaptable zoning methods are needed to permit differing land uses in both developed and undeveloped areas, and at the same time recognize the effects of change.”
10. Recognizing the use restrictions imposed by the Zoning Ordinance, the Applicants hereby make application for a Contract Zone that would allow the proposed Eating Establishment to be established and to operate on the Subject Property.

II. This Contract Zone, specifically and exclusively for the parcel at 319 Main Street, would allow the Applicants to operate an Eating Establishment as proposed on the Subject Property, subject to the following conditions and restrictions, as provided for in Section 1403 of the Saco Zoning Ordinance:

1. An Eating Establishment as proposed and described by the Applicants shall be allowed to operate as a permitted use on the parcel identified herein as the Subject Property: Tax Map 31, Lot 2.
2. The Applicant shall adhere to all other applicable provisions of the B-7 zoning district and of the City of Saco Zoning Ordinance and Subdivision Regulations.

3. All details as shown on the submitted plans and included in the submitted application are hereby incorporated into this contract by reference. The proposed use shall be operated substantially in conformance with those plans. Minor changes may be approved by the staff of the City of Saco. Any changes determined by the staff to be "major" shall be submitted to the Planning Board for review. If it is determined that the changes constitute a change in the contract, then the developer shall also be required to obtain City Council approval of the changes.

4. This contract and its provisions shall specifically and exclusively apply to the Contract Zone request submitted by the Applicants. Approval of this Contract Zone is in part based on the financial and technical qualifications of the Applicants as submitted to the City. Accordingly, this contract and the contract zone it creates shall not be transferable without approval by the City Council.

5. Failure of the Applicants to open the proposed Eating Establishment within one (1) year from the date of approval shall render this approval and Contract null and void. A one (1) year extension may be granted by the Planning Office upon written request prior to the initial one year expiration date.

6. Breach of these conditions and restrictions by the developer shall constitute a breach of the contract, and the developer shall be required to apply for a contract modification. Failure to apply for, or to obtain a modification shall constitute a zoning violation, subject to enforcement action.

7. As specified in Section 1403-9 of the Zoning Ordinance, all applications for contract zoning are subject to site plan review.

III. Pursuant to authority found in 30-A M.R.S.A. Section 4352 (8), and the City of Saco Zoning Ordinance, Section 1403, and by vote of the Saco Planning Board on September 17, 2013 and the Saco City Council on ________, 2013, the following findings are hereby adopted:

A. City Tax Map 31, Lot 2 is a parcel of an unusual nature and location, for the following reasons:
   a. The residence at 319 Main Street is a historically significant structure located in the B-7 zoning district and the City’s Historic Preservation District.
   b. The property was developed in 1856 by Dr. Jeremiah Mason, a dentist. The brick structure is in the Greek Revival style, with granite lintels and sills. The proposed use would take place in a portion of the first floor of the 2.5 story carriage house.

B. The proposed rezoning is consistent with the Saco Comprehensive Plan, based on the following goals:

Chapter 3, Section B. Local Economy.

• Saco’s downtown is a major economic asset for the region. The City should continue its efforts to strengthen it.

Part 2. Goals and Policies Local Goals:

• To maintain the vitality of Downtown Saco and expand its role as a commercial, office, retail, educational and cultural, residential, and service center.

B. The Local Economy

4. Maintaining Downtown Saco as a prosperous core of the community will require that the City play an active role in revitalizing this area. To accomplish this, the City, in conjunction with Downtown business and property owners and Saco Spirit should continue a comprehensive and coordinated program to revitalize Downtown Saco as a viable specialty retail and service center as set out in the 2008 Downtown Plan.

C. The proposed use is consistent with the existing uses and permitted uses within the original zone. The original zone is the Limited Business/Residential (B-7) zone, the purpose of which is “…to provide an area for a mix of residential and low impact business uses appropriate to a traditionally residential area adjacent to the central business district.” (Zoning Ordinance, Section 406-7.)
Among the permitted and conditional uses allowed in the B-7 zone are single, two-family and multi-family housing, bed and breakfast establishments, home occupations, and financial institutions.

D. The conditions proposed are sufficient to meet the intent of Section 1403. Contract Zoning, of the Saco Zoning Ordinance.

Based on the above findings, conditions and restrictions, the City Council hereby incorporates this Contract Zoning agreement into the Saco Zoning Ordinance by reference. By signing this contract, both parties agree to abide by the conditions and restrictions contained herein.

Adopted by the Saco City Council on __________ , 2013.

by ________________________   by ________________________
Richard Michaud     Don and Janet McGarva
City Administrator     Applicants

3. CODE AMENDMENT §4-35 ECONOMIC DEVELOPMENT COMMISSION – (FIRST READING)

The Economic Development Commission is proposing amendments to the portion of the city code establishing its mandate in order to broaden its scope beyond the industrial parks. The draft amendments also include a number of housekeeping items, such as using the term “business park” along with “industrial park” and creating an annual report.

The Commission reviewed potential amendments to its governing document on September 23. It approved a set of amendments which it is recommending to the City Council.

They are included in the document entitled: “Amendments to City Code Re: Economic Development Commission, Recommended by the Commission, September 23, 2013”

Amendments to City Code Re: Economic Development Commission, Recommended by the Commission, September 23, 2013

New language in amendments is underlined. Deletions would be removed.

§ 4-35 Economic Development Commission.

A. Creation and name. There is hereby created the Economic Development Commission.

B. Purposes. The Economic Development Commission shall encourage, promote, establish, solicit and provide for industrial and business park development, expansion and growth within the City of Saco, within the Saco Industrial Park and other City business parks, so-called, and on lands hereafter acquired by the City for industrial uses and purposes and on other lands within the City which may be privately owned but which are particularly adaptable to industrial and business uses; option and purchase lands within the City on behalf of the City and do all those things designed to promote and encourage the location and perpetuation of industry within the City; encourage and promote the development and expansion of existing industrial and commercial uses within the City; gather, correlate and preserve statistics, surveys and other data relating to land classification and uses, buildings, labor statistics and other matters that will enable it to carry out its function and purposes; and perform such other functions as may be required for economic development and improvement. Additionally, it shall recommend improvements that require City Council action which support orderly and planned development consistent with the city’s historic character, quality of life and natural environment, and encourage and foster industrial, retail, office, agricultural, housing, tourism, recreation, as well as downtown development.
C. Commission membership and terms of office. The Commission shall consist of seven voting members and the City Administrator or his/her appointed representative as an ex officio member. The Commission members shall be appointed by the Mayor, with Council confirmation, for terms of five years. Initial appointments shall be made as follows: two members for five years, two members for four years, one member for three years and one member for one year. Commission members shall be residents of the City of Saco and shall be persons qualified to perform the duties of such office.

D. Vacancy in office.
(1) Vacancies in office occur when:
(a) A member submits his/her resignation, in writing, to the City Council, which shall declare that member's seat vacant.
(b) A member's official residence is no longer within the City, in which instance the Secretary of the Commission shall notify the City Council in writing, which shall declare that member's seat vacant.
(c) A member fails to attend three consecutive unexcused meetings of the Commission, in which instance the Secretary of the Commission shall notify the City Council in writing, which shall declare that member's seat vacant.
(d) Upon the expiration of the term of a member.
(2) In the event that a vacancy does occur, the Mayor shall appoint a replacement for the unexpired term, subject to confirmation by the City Council. A member whose term has expired may continue to serve until the vacancy is filled.

E. Organization.
(1) A quorum consists of four members. The Commission may act by a majority vote of those present and voting, but at least three affirmative votes shall be necessary to take any action under Subsection F.
(2) The Commission shall annually elect a Chairman and Secretary. They shall hold regular meetings as they shall determine. Special meetings may be called by the Chairman after notice to each member at least three days in advance of such meeting.

F. Powers and duties.
(1) The Commission may collect, hold, manage, control, invest, reinvest and expend all funds annually appropriated to it by the City, subject to approval of the Council.

(2) The Commission may, in the name of the City, negotiate to purchase, enter into options to purchase and purchase lands lying within the City for current and prospective industrial and business uses, subject, however, to approval by the Council.

(3) The Commission may, in the name of the City, negotiate and enter into lease and rental transactions of industrial sites and improvements owned by the City, subject to approval by the Council.

(4) The Commission shall, in the name of the City, manage and administer all revolving loan funds, or may delegate this activity, with the consent of the City Council, to the Biddeford Saco Economic Development Corporation. Any expenditures of these funds are subject to approval by the Council.

(5) Review site plans and building designs and make recommendations to the Planning Board.

(6) The Commission may, in the name of the City, negotiate and enter into options for the sale of industrial and business real estate, contracts for sale of real estate and conveyances of real estate with prospective buyers of the same, subject to the approval of
4. APPLICATION FOR A LICENSE TO OPERATE GAMES OF CHANCE – EAGLES #3792

Fraternal Order of Eagles #3792 has applied for Licenses to Operate Games of Chance as follows: Daily Pool and playing cards socially during business hours from January 1, 2014 to January 1, 2015.
The applicant has submitted their application in accordance with the provisions of Title 17 M.R.S.A. Chapter 13-A, and in accordance with the Rules and Regulations promulgated by the Chief of the State Police governing the operation of Beano/Bingo or Games of Chance.

5. **ASSET FORFEITURE**

The Office of the Attorney General requires the legislative body of the municipality involved in any asset forfeiture to publicly vote to approve the acceptance of the assets each and every time the courts make them available for disposal. This matter, State v. Tyler Laverriere involves the forfeiture of $733 in cash.

IV. **AGENDA:**

A. **SPECIAL ENTERTAINMENT PERMIT – BIDDEFORD SACO COUNTRY CLUB – (PUBLIC HEARING)**

Biddeford Saco Country Club has applied for a renewal of their Special Entertainment Permit. The permit will be concurrent with the establishment’s liquor license.

The applicant has paid all applicable permit fees and the clerk has properly advertised the public hearing in accordance with the Saco City Code, Chapter 93 - Entertainment §93-2.

Councilor Doucette moved, Councilor Blood seconded to open the Public Hearing. The motion passed with unanimous consent.

There were no comments from the public.

Councilor Doucette moved, Councilor Smith seconded to close the Public Hearing and Be it ordered that the City Council grant the renewal application submitted by Biddeford Saco Country Club for a Special Entertainment permit to be concurrent with the establishment’s current liquor license. Further move to approve the Order. The motion passed with seven (7) yeas.

B. **CODE AMENDMENT CHAPTER 195 TAXICAB**

Chapter 195 of the Saco City Code (Taxicabs) currently contains no language regulating handicapped-accessible taxicabs. Handicapped-accessible cabs are not currently required by ordinance to have restraint systems designed to hold a wheelchair in place, nor does the ordinance require taxicab personnel to be trained in the appropriate and safe application of the system installed for that purpose. This amendment addresses that issue by adding new language to Chapter 195. Chapter 195 §19 provides for penalties and suspensions for non-compliance and is attached for review.

Councilor Cote moved, Councilor Tripp seconded to open the Public Hearing. The motion passed with unanimous consent.

John Surran, 33 Cherryfield Ave., Saco – Mr. Surran is the owner and general manager of A-1 Taxicab Service which is also located in Saco. Mr. Surran stated that he was not opposed to what the city wants to do, but noted that you need to do this to everyone else who transports people in wheelchairs such as Nursing Homes, Ambulance Services as well, not just taxicabs. His employees are already trained and certified on how to secure the wheelchairs in the cabs. We have also taken it a step further and have had 2 individuals certified to train other people in the company on how to hook the wheelchairs into the cabs properly. If the Police Dept. is intending to monitor this, they will also need to be trained as well to make sure that they know the proper procedure. When people are in electric wheelchairs, they need to be able to belt the seatbelts. If they cannot belt the seatbelts, then we are refusing to transport them for safety reasons. If you get a person who is extremely obese, they have trouble sitting up straight and wind up leaning way back and what has happened is that they can slide out of their wheelchair even though the taxicab seat belts are on, because the person is not strapped into their wheelchair. Mr. Surran would like
to have language in the ordinance that will protect the business owner as well, such as having the right to refuse individuals who cannot be properly restrained in the cabs. This ordinance really isn’t going to affect my business because we are already in compliance, but I would like everyone to be treated equally.

Councilor Cote asked Mr. Surran to draft to up a couple of sentences as to how he would like the ordinance to read regarding “right to refuse to transport”. Mr. Surran stated that he would do that.

Councilor Lovell inquired whether Mr. Surran had spoken to Deputy Police Chief Demers on this ordinance change. Mr. Surran stated that he had not spoken to him yet and wasn’t able to go to the Workshop.

Councilor Tripp to felt this item should be tabled because of issues raised this evening.

Councilor Smith felt this was brought on by the Taxi businesses.

Mr. Surran noted that this was brought on because of two incidents in a cab where this particular person was not able to be belted in their own wheelchair. The taxicab seat belts are to stop people from going forward in an accident, but the person also needs to be able to belt their wheelchair seat belt to hold them into the wheelchair. Mr. Surran noted that now it needs to be put in the ordinance that the business should have the right to refuse people who are not properly restrained in their electric wheelchairs.

Councilor Smith asked Deputy Police Chief Demers is the new language was enough to cover the taxicabs?

Deputy Police Chief Demers stated that the biggest issue was that the driver of the cab was not trained properly. The business has an excellent system if used properly, but the driver wasn’t trained properly. The ordinance covers everything that we need to cover. The business owner is responsible to show proof that their drivers are properly trained.

Councilor Smith asked if Deputy Police Chief Demers thought this should go onto ambulance services as well?

Deputy Police Chief Demers stated that the Fire Department and private entities such as Nursing Homes have their own regulations and policies that they need to follow and they fall pretty much on the same line with what Mr. Surran needs to do.

Councilor Lovell noted that Mr. Surran brought up a couple of other issues such as the applicability to all hire services. Does this pertain to all for hire services which include wheelchair transports?

Deputy Police Chief Demers stated that any cabs licensed in the city would need to comply with this ordinance. A fire service such as ambulance would not fall under this ordinance. They would probably fall under State or Federal DOT mandates, but they don’t license with the city.

Councilor Lovell asked if he felt the Police Officers were trained.

Deputy Police Chief Demers stated that the officers were trained in inspecting the equipment that is in place and serviceable.

Councilor Blood inquired whether the Police Dept. felt that language should be added so that taxicab companies have the right to refuse to transport individuals who are not properly secured in their wheelchairs.

Deputy Police Chief Demers stated that he believed the owner of the business has that option now, and that refusing transport wouldn’t be unreasonable for a person who couldn’t be secured safely and should probably be transported in an ambulance.

Mr. Surran still felt that language should be added so that they would have the “right to refuse transport” to anyone who could not be properly secured and transported safely. He also stated that the driver was trained, but not trained
enough, because he should have said no to the transport because the person couldn’t be secured properly in their wheelchair.

George Giovannis - Mr. Giovannis stated that he was the person who asked for the ordinance to be adopted. It was his mother that had the 2 incidents in the taxicab while being transported. This is a matter of civil rights. Anybody can be injured, get a broken leg or be disabled. Mr. Giovannis hired this company to transport his mother to Mass. General. They did not secure her with a 9 foot strap the way they are supposed to. They relied on the strap that comes from the manufacturer. The manufacturer has that strap designed for a big pilot seat in a van, not for a low wheelchair. So when they braked hard, she went flying right under the strap and into the dashboard and she broke her femur, tibia and fibula. This is not easy for a 94 year old person. The Peabody Fire Dept. came and yelled at the driver and said you can’t call yourself a handicap transport vehicle if you don’t have this 9 foot strap to secure the person into the wheelchair. The company secured the wheelchair, but they didn’t secure the person into the wheelchair. It was unfortunate and I accepted it. It took my mother 4-5 months to largely recover. In the course of this towards the end, she ended up at Sea Rock. When she was ready to be discharged Seal Rock called this cab service and again the taxicab didn’t have the 9 foot strap. I was unable to take her back into Seal Rock, because they didn’t have the ability to accommodate her. It is 7 o’clock at night and cold, so now I’m stuck between a rock and a hard spot. I suppose in retrospect I could have called an ambulance, but I didn’t. The taxi driver and the nurse at Seal Rock convinced me that the driver could transport her home. He didn’t. He braked hard I guess and again she went out of the wheelchair and into the dashboard and this time broke her left arm. She did not recover this time. She ended up in the emergency room 3 times and the medicines proved to be too much for her system and she didn’t make it. This was easily preventable. It is my understanding that the State of Maine bought these two handicapped accessible vans for this taxicab service for the purpose of transporting handicap people in York County. If everyone else is required to have a seat belt, than I don’t see why handicap people shouldn’t be afforded the same luxury with the 9 foot strap that is required to safely transport people in a wheelchair. If we don’t allow this as a society, than I completely disgusted with us because these cause injuries that cost allot of money through Medicaid and Medicare and cause allot of pain and anguish for people. I understand the ordinance will only apply to Saco, but if you are picking up passengers in Saco and they are handicapped, my understanding is with this ordinance you are going to be required to have the 9 foot strap to secure the person safely into the wheelchair.

Mr. Surran stated that they were very concerned about this, but again I have to stress to you that that chair that she was in, she should have been belted into that chair herself also. That is a requirement on those electric wheelchairs and is from the York County Community Action. I’m very upset that this happened.

Councilor Cote inquired whether Mr. Surran was going to give the Council a draft of the changes that he proposed and to send a copy to Deputy Police Chief Demers. Mr. Surran stated he would.

Councilor Cote moved, Councilor Lovell seconded to close the Public Hearing and “Be it ordered that the City Council set the Second and Final Reading of the document titled, ‘Code Amendment §195-12 Maintenance of taxicabs; required equipment, dated September 16, 2013’, for November 4, 2013”. Further move to approve the order. The motion passed with seven (7) yeas.

‘Code Amendment §195-12 Maintenance of taxicabs; required equipment, dated September 16, 2013’

(note that underline represents new language, while strikethrough is language to be deleted.)

All taxicabs operating within the City of Saco shall adhere to the following requirements at all times:

A. Taxicabs shall at all times be clean and in good repair inside and out and shall be maintained at all times in compliance with the laws of the State of Maine relating to passenger vehicles and the rules and regulations of the State Commissioner of Transportation enacted pursuant thereto.
B. Taxicabs that compute fare through the use of a taximeter shall have those meters installed so as to give an accurate reading of all the car's movements and so as not to be subject to tampering. Any meters used shall be tested, approved and sealed by the State Sealer of Weights and Measures. Said meters shall indicate fare and mileage by means of legible figures which are electrically illuminated during the period between sunset and sunrise, which fare shall be calculated in accordance with the fare posted on the vehicle and on file in the application on file with the City Clerk.

C. Every taxicab operating in the City shall be equipped with an exterior light affixed to the roof thereof, which shall be covered with a translucent fixture marked with the word "Taxi" in legible lettering and which shall be operated during the period between sunset and sunrise.

D. Every taxicab shall be conspicuously marked, in letters not less than 1 1/2 inches in height, with the word "Taxicab," "Taxi" or "Cab" and the owner's name or trade name or, in lieu of such name or trade name, with a design or monogram containing the owner's name or trade name. Such design or monogram shall be not less than eight inches in diameter.

E. Every taxicab shall be conspicuously marked, in numbers not less than 1 1/2 inches in height, with a vehicle number, which shall correspond to the vehicle license number issued by the City Clerk, such number to be unique to all taxicabs licensed by the City of Saco.

F. All taxicabs shall have access to a certified child safety seat, for use when transporting children required to be placed in such a seat.

G. All handicapped-accessible taxicabs licensed in the City of Saco to pick up or drop off passengers must have a restraint system or straps designed to hold a wheelchair and passenger securely in place. Every operator of a handicapped-accessible taxicab licensed to operate within the City is to be trained by the employer in the appropriate and safe application of said restraint system or strap.

Chapter 195 §19 Enforcement; violations and penalties
The Saco Police Department shall have the primary duty to enforce this chapter. Any person violating any provisions of this chapter shall pay a fine not exceeding $50 for the first such offense in any calendar year and $100 for each subsequent offense in the same calendar year. Any licensed owner or operator who violates any of the provisions of the foregoing sections shall, in addition to said penalty, thereupon become subject to suspension or forfeiture of his/her/its license thereafter.

C. CODE AMENDMENTS §34-34 FMLA; §MeFMLA; §34-30 SUBSECTION A: OTHER BENEFITS – (PUBLIC HEARING)

(1) Several changes to the Federal Law, as well as the need to update language of the city’s current policy to best practices, have led to a need to revise the existing FMLA policy, which in turn means the City Code §34-33 must be updated. The major FMLA policy changes are summarized as:

- **To incorporate federal law changes for military personnel and families regarding the leave allowed in certain circumstances.**
- **To update defined terms in the policy.**
- **To provide clarifications on use of intermittent leave under FMLA to best practices.**
- **To start to clarify accrual of benefits during unpaid leaves to align across all employee groups.**
- **To incorporate language into the Code that clarifies an injury sustained under Worker’s Compensation that would otherwise qualify for FMLA will be treated as FMLA, as a best practice.**
- **To remove the city’s FMLA application form and replace with the correct federal form, thereby improving the process by providing employees with complete information once they alert the city of their medical situation.**

(2) As a result of the changes to the Federal Family Medical Leave Act, the associated Maine FMLA language in the Code (Section 34-34) will need to be revised accordingly.

(3) The City Code section 34-30 Other Benefits, Subsection A, provides for non-union employees who must wear uniforms, protective clothing, or any type of protective devices, with an annual reimbursement allowance. The
current language then lists rates, which are inaccurate, and the language also refers to union contracts, which creates ambiguity as to reimbursement amounts. This language should be revised in order to eliminate the need for the Council to amend the Code for any minor changes over time and to clarify the approving authority for allowable amounts per the approved budget.

Councilor Blood moved, Councilor Doucette seconded to open the Public Hearing on the amendments to the Personnel Code §34-34 Family Medical Leave Policy; §34-34 MeFMLA; and §34-30 (A) other benefits. The motion passed with unanimous consent.

There were no comments from the public.

Councilor Blood moved, Councilor Doucette seconded to close the Public Hearing and “Be it Ordered that the Second and Final Reading be set for November 4, 2013.” Further move to approve the Order. The motion passed with seven (7) yeas.

“Code Amendment Chapter 34, Personnel - §34-33 Family Medical Leave of Absence, dated 10-07-2013”

(Please note underline represents new language, while strikethrough is language to be deleted.)

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Family Medical Leave Policy

I. Purpose

The City of Saco provides Family Medical Leave to eligible employees as mandated under the terms of the Family and Medical Leave Act of 1993 (FMLA) as well as under the Maine Family and Medical Leave Act (MFMLA).

II. Definitions

A. For purposes of this policy, the following definitions apply:

1. Eligible Employee: An employee who has been employed by the City for at least 12 months and has worked at least 1,250 hours of service during the previous 12-month period immediately preceding the commencement of the requested leave.\(^1\)

2. Employment Benefits: All benefits provided or made available to the employee by the City, including group life insurance, health insurance, disability insurance, sick leave, vacation leave, and retirement.

3. Year: A rolling 12-month period measured backward from the date an employee uses FMLA leave.

Health Care Provider

1. A doctor of medicine or osteopathy who is authorized to practice medicine or surgery (as appropriate) by the State of Maine or

2. Any other person determined by the Secretary of Labor to be capable of providing health care services.

\(^1\) This policy applies to the terms of the Federal FMLA. In the event that an employee is not eligible for Federal FMLA but is eligible for MFMLA the terms of the MFMLA will apply.
5. **Parent:** The **the** biological, step, adoptive, or foster **parent** of an employee or an individual a **person** who stood in *locus parentis* to an employee when the employee was a son or daughter.

6. **Serious Health Condition:** An **an** illness, injury or impairment, or physical or mental condition that involves (1) either inpatient care **or continuing treatment by a health care provider.**

7. **Inpatient Care:** an overnight stay in a hospital, hospice, or residential medical care facility, or including a period of incapacity or any subsequent treatment in connection with the inpatient care.

8. **Continuing Treatment:** any one or more of the following:
   a. A period of incapacity of more than three (3) consecutive, full calendar days, and any subsequent treatment or period of incapacity relating to the same condition, that also involves:
      i. **Treatment by a health care provider two (2) continuing treatment by a health care provider or more times within 30 days of the first day of incapacity; or**
      
      ii. **Treatment by a health care provider on at least one occasion, which results in a regimen of continuing treatment under the supervision of a health care provider;**

   b. A period of incapacity due to pregnancy or prenatal care;
   c. A period of incapacity or treatment for such incapacity due to a chronic serious health condition;
   d. A period of incapacity which is permanent or long-term due to a condition for which treatment may not be effective; or
   e. Any period of absence to receive multiple treatments by a health care provider.

9. **Son or Daughter:** A **a** biological, adopted, or foster child, a stepchild, **era** legal ward, or a child of a person standing in loco
parentis who is (1) under 18 years of age or (2) 18 years of age or older and incapable of self-care because of mental or physical disability.

10. Spouse: A husband or wife, as defined by Maine law.

11. Family member: an employee’s spouse, parent or child if they are an active service member or have an impending call to active duty in support of a contingency operation, or for the care of an injured service member if the service member is the employee's spouse, child, parent, or "next of kin".

12. Next of Kin: the nearest blood relative to the employee.

13. Covered Service Member: A member of the Armed Forces, including a member of the National Guard or Reserves, who is undergoing medical treatment, recuperation, or therapy, is otherwise in outpatient status, or is otherwise on the temporary disability retired list, for a serious injury or illness.

14. Covered Military Member: the employee’s spouse, son, daughter, son, or parent, or step parent, domestic partner, children of domestic partners, and siblings (if the employee and the sibling are jointly responsible for each other’s common welfare evidence by joint or financial call to active duty status.

15. Active duty or call to active duty: duty under a call or order to active duty (or notification of an impending call or order to active duty) in support of a contingency operation as either a member of the reserve components, or a retired member of the Armed Forces or Reserve.

16. Serious Injury or Illness, in the case of a member of the Armed Forces, including a member of the National Guard or Reserves: an injury or illness incurred by the member in line of duty on active duty in the Armed Forces that may render the member medically unfit to perform the duties of the member’s office, grade, rank, or rating.
17. Qualifying Exigency: one or more of the following circumstances:
   a. Short-notice deployment – to address any issues that may arise due to the fact that Covered Military Member received notice of the deployment seven (7) or less calendar days prior to the date of deployment;

   b. Military events and related activities – to attend any official ceremony, program, or event sponsored by the military that is related to the Covered Military Member’s active duty; or to attend family support or assistance programs and informational briefings sponsored by the military;

   c. Child care and school activities – to arrange for alternative childcare; to provide childcare on an urgent or immediate basis; to enroll or transfer a child to a new school; and to attend meetings with school staff that are made necessary by the Covered Military Member’s active duty or call to active duty;

   d. Financial and legal arrangements – to make or update financial or legal arrangements related the Covered Military Member’s absence while on active duty; and to act as the Covered Military Member’s representative with regard to obtaining, arranging or appealing military benefits;

   e. Counseling – to attend counseling sessions related to the Covered Military Member’s deployment or active duty status;

   f. Rest and recuperation – to spend up to five (5) days with a Covered Military Member who is on short-term, temporary rest and recuperation leave;

   g. Post-deployment activities – to attend ceremonies and reintegration briefings for a period of 90 days following the termination of the Covered Military Member’s active duty status; and to address issues arising from the death of a Covered Military Member; and/or

   h. Other activities that the City and employee agree are an exigency.

K. Domestic Partner: The partner of an employee who:

   (1) a. Is a mentally competent legal adult;

   (2) b. Has been legally domiciled with employee for at least 12 months;

   (3) c. Is not legally married to or legally separated from another individual; (4) is

   d. Is and expects to remain the sole partner of the employee and expects to remain so;

   (5) is not a sibling of the employee and;

   (6) e. Is jointly responsible with employee for each other’s common welfare as evidenced by joint living arrangements, joint financial arrangements, or joint ownership of real or personal property; and
f. Is not a sibling of the employee.

III. Reasons for Leave

A. The City of Saco shall provide an eligible employee a total of 12 workweeks of leave during a 12-month period for one or more of the following:

   1. The birth of a son or daughter, and child, in order to care for that newborn child.
   2. The placement of a child under the age of 18 with the employee for adoption or foster care, and to care for that child.
   3. To care for a family member of the employee, if that person has a serious health condition.
   4. An employee's own serious health condition that makes renders the employee unable to perform the essential functions of his or her job.
   5. Because of any "qualifying exigency" (as that term is defined by the Secretary of Labor shall, by regulation or determine) arising out of the fact the spouse, or son or daughter, or parent of the employee is on active duty (or has been notified of an impending call or order to active duty in the Armed Forces in support of a contingency operation).
   6. The donation of an organ of the employee for a human organ transplant.
   7. The death or serious illness of an employee's family member while the member was/is a member of the United States Armed Services military and dies or incurs a serious health condition while on active duty.

B. Service Member Family Leave

An eligible employee who is the legal spouse, son, daughter, parent, or next of kin of a covered service member shall be entitled to a total of 26 workweeks of leave during a 12-month period to care for the service member. The leave described in this paragraph shall only be during a single 12-month period.

IV. Eligibility

A. Minimum Service Requirement— The employee must have worked for the City for at least 12 months. The minimum service requirement is calculated as of the date leave begins, not the date leave is requested. If the employee requests leave before the eligibility criteria have been met, the City may have to project the date eligibility begins to determine whether the employee will be eligible by the proposed leave date. The twelve (12) month service requirement does not require consecutive months of service.

   1. The 12-month service includes periods of paid or unpaid leave (sick and/or vacation) during which other benefits or compensation are provided by the City (workers' compensation, group health insurance benefit, etc.).

   2. To determine whether intermittent, occasional, or casual employment qualifies as at least 12 months, 52 weeks is deemed to be equal to 12 months.
B. Minimum Hours Required—The employee must meet the minimum hours requirement of at least 1,250 working hours during the previous 12 month period before the leave begins.

V. Notice of Eligibility—The "Two-Day Rule"

A. According to the Department of Labor, if an employee requests a leave and the City determines the employee has not satisfied the eligibility requirements for the FMLA and/or MFMLA, the City must give the employee notice of his or her ineligibility for FMLA and/or MFMLA leave within 2 business days of the leave request. If the City fails to timely advise the employee of his/her eligibility status, the employee shall automatically be presumed to be eligible. Once the City deems the employee eligible for leave, it may not subsequently challenge eligibility.

VI. Covered Health Conditions

A. A serious illness covered by this policy means an accident, injury, impairment, or physical or mental condition that involves either:
   (1) inpatient care in a hospital, hospice, or residential medical care facility; or
   (2) continuing treatment by health care provider coupled with incapacitation for more than 3 days.

B. In dealing with the illness—serious health condition of an employee or family member, leave under the Family and Medical Leave Act and FMLA or the Maine Family Leave ActMFMLA does not apply to brief illnesses, such as absences of fewer than 3 calendar days and absences, where ongoing treatment by a physician or health care provider is not involved.

B. Some conditions are specifically not covered for FMLA leave. These include:

1. Short-term conditions requiring only brief treatment and recovery, such as the common cold, upset stomach, and headaches, (other than migraines), routine dental or orthodontia problems, and periodontal disease.
2. Intermittent care of a child for such commonplace illnesses as colds, flu, and earaches.
3. Voluntary or cosmetic treatments not considered medically necessary, unless inpatient hospital care is required or complications develop.
4. Absence because of substance abuse. However, treatment for substance abuse is a legitimate reason to take FMLA leave.
5. To care for a legal spouse, parent, child or next of kin who was seriously injured while on active duty.
6. Due to an “qualifying exigency” arising out of the fact that a spouse, parent, or child(ren) is on active duty or has been notified of an impending call to active duty.

VIII. Notice & Medical Certification Requirement

A. Employees must provide the City with at least 30 days’ advance notice before FMLA is to begin when the need for leave is foreseeable, e.g., the expected birth or adoption of a child. This requirement also applies to planned medical treatment for a serious health condition of the employee or a family member.
B. When the need for leave is not foreseeable or it is not practical to provide at least 30 days' notice, employees are required to provide notice as much notice as is "practical".

C. Once the City has received an employee’s request for leave, the City will provide the employee with Notice of Eligibility and Rights and Responsibilities under the FMLA.

D. Employees who request a leave because of their own or a family member’s serious health condition may be required to submit proof to their immediate department head of the existence of the medical condition and the need for the leave. Such proof shall be presented in the form provided with a medical certification form. The form must be completed by a healthcare provider. All information received from the employee shall be forwarded to the City’s Personnel Office within 15 calendar days from the date the certification form is provided to the employee.

E. An employee may be required to provide medical recertification during the leave, along with period updates on his or her status and intent to return to work. If your leave was requested because of your serious health condition, you will be required to provide medical certification of your ability to resume work.

VII. Substitution of Paid Leave

FMLA and MFMLA leave is generally unpaid; however, the City requires all employees to substitute any accrued vacation leave, personal leave, floating holidays, and sick leave and family sick leave for FMLA or MFMLA leave. Only when the employee is covered by the FMLA leave taken after employees’ accrued vacation, sick and personal time is exhausted is unpaid.

Employees’ short-term disability plan shall not require the employee to substitute leave or workers’ compensation leave may be counted as FMLA leave. However, an employee is not required to exhaust paid vacation time leave when the circumstances for the leave also trigger eligibility for workers’ compensation benefits or leave and or sick times short-term disability benefits. Employees may use accrued paid leave to supplement short-term disability benefits or workers’ compensation benefits but they must discuss and agree with the City to use this option.

VIII. Reduced Schedule or Intermittent Leave

A. Employees may request to take intermittent leave or work a reduced schedule in case of a serious health condition, whether an employee’s own or family member, when medically necessary. Appropriate medical certification will be required.

B. The City of Saco may, in its discretion, allow an employee to take intermittent leave or work a reduced schedule because of birth, adoption, or placement of child. The City of Saco will review the individual circumstances involved, taking into account the needs of the City, the employee’s length of service, number of requests, duties, workload; and the employee’s job performance.

C. When an employee requests intermittent leave or leave on a reduced hours basis, the City has the option in its sole discretion to require the employee...
to transfer to a temporary alternative job for which the employee is qualified and which better accommodates the intermittent leave or reduced hours leave than the employee’s regular job. The temporary position will have equivalent pay and benefits as the employee’s regular job.

D. Every employee is obligated to make a reasonable effort to schedule medical treatment so as not to unduly interrupt City operations. Prior to the commencement of any intermittent or reduced schedule leave the employee and the City shall attempt to work out a schedule for such leave that meets the employee’s needs without disrupting City operations.

IX. Employee Benefits

A. Employees retain all accrued benefits while on leave. However, if and as consistent with applicable policy and/or collective bargaining agreement, holidays that occur during FMLA leave will not be paid and employees will not accrue additional vacation, sick and personal time during FMLA leave. Employees requesting leave are responsible for paying their portion of the health insurance premium that they paid before requesting leave. In the event that an employee fails to return from leave, consistent with the terms of this policy, the employee will be liable for the premiums paid by the City to maintain insurance coverage unless:

1. The employee’s failure to return to work stems from the continuation, recurrence, or onset of a serious health condition that would entitle the employee to leave; or

2. The failure to return to stems from circumstances beyond the control of the employee.

XIX. Moonlighting

A. The City generally prohibits outside employment or supplemental employment while on FMLA and/or MFLA leave. Exceptions may be granted by the City Administrator on a case by case basis.

XIIIXI. Reinstatement

A. When you return an employee who returns from FMLA and/or MFMLA leave, you will be restored to the same or an equivalent position, unless (a) your employment with the City of Saco would have terminated if no leave had been taken, (b) you have given notice of your intent to terminate your employment with the City, during your leave, or (c) you, with or without reasonable accommodations, cannot safely perform the essential functions of the job to which you may be restored.

XIIIXII. Benefits on Return

A. Employees who have taken leave do not lose any benefits that were earned or vested before the leave began.

B. Employees shall be provided the same level of benefits as before the leave.

C. Benefits are subject to any changes that occur during the 12 week leave, whether positive or negative.

D. The employee’s FMLA and/or MFMLA leave time is considered continued service for purposes of vesting and eligibility to participate in the City’s retirement plans.

E. Taking FMLA and/or MFMLA leave is not a qualifying event under the Federal Consolidated Omnibus Budget Reconciliation Act (COBRA); this means than an employee on leave is not eligible for COBRA coverage. However, an employee who does not return to work at the expiration of leave may at that point become COBRA eligible.

F. Upon return from an FMLA and/or MFMLA leave an employee is entitled to any “unconditional” pay increases, such as cost of living increases, that would have been provided to the employee during the leave.
XIII. Reason to Deny Reinstatement

A. Until or unless an employee provides a fitness-for-duty medical certification, when the City has requested this certification prior to the commencement of the leave and when the leave was taken for the employee’s own serious health condition:

   B. If the City can show that the employee would not have been employed on the date of reinstatement if leave had not been taken.

   C. If an employee unequivocally advises the City of his or her intent not to return to work.

   D. If an employee fraudulently obtains leave.

   E. If an employee violates the City’s uniformly applied policy governing outside or supplemental employment while the employee is on leave.

XV

XIV. Administration

A. FMLA and/or MFMLA leave requests should be directed to the Personnel Office. The Personnel Officer shall be responsible for making and administering all FMLA and/or MFMLA leave decisions.

B. The City will comply with applicable state or local law to the extent that such law provides greater family leave rights than those of the FMLA and MFMLA.

C. This policy applies to all non-union and union personnel.

CITY OF SAGO

Family and Medical Leave Request Form

Employee: ____________________________________________

Date: _______________________________________________

Job Title: ___________________________ Department: __________

Supervisor: __________________________________________

Social Security Number: __________________________________

Eligible employees are entitled under the Family and Medical Leave Act (FMLA) up to 12 weeks of unpaid, job-protected leave for certain family and medical reasons. Submit this request form to your supervisor at least thirty (30) days before the leave is to commence, when practicable. When submission of the request thirty (30) days in advance is not practicable, submit the request as early as is practicable. The employer reserves the right to deny or postpone leave for failure to give appropriate notice when such denial/postponing would be permitted under federal or state law.
ELIGIBILITY

1. Counting any periods of time that you worked for the city (whether they were consecutive or not), have you worked for the City for a total of 12 months or more?
   _______ Yes _______ No

2. During the past 12 months, have you worked at least 1,250 hours? (approximately eight (8) months of 40-hour weeks or one year of 25-hour week)?
   _______ Yes _______ No

3. Have you previously received medical or family leave? _______ Yes _______ No
   If "yes," provide information below:
   Date of leave: __________________________
   From ____________________ to ____________________
   Purpose of leave: ____________________________________________

4. Have you taken any intermittent leave? _______ Yes _______ No
   Have you taken time off from scheduled hours? _______ Yes _______ No
   If "yes," provide details:

REASON FOR REQUESTING LEAVE

Leave must be granted for any of the following reasons:
- For a serious health condition that makes it unable for you to perform your job;
- To care for your child, spouse, or parent who has a serious health condition; or
- To care for your child after birth, or for placement after adoption or foster care.

I am requesting leave for the following reason:

   _______ Personal serious health condition
   _______ Serious health condition of:
   _______ Spouse  Name: __________________________
   _______ Child  Name: __________________________
   _______ Parent  Name: __________________________
   _______ Birth of Child: Expected delivery date is: __________________________
   _______ Adoption or placement of a child for foster care
   _______ Child’s name: __________________________
   _______ Scheduled date of adoption or placement: __________________________

DATES OF LEAVE REQUESTED

I request leave from ____________________ to ____________________

I request intermittent leave according to the following schedule:

I request a reduced schedule leave according to the following schedule:

EMPLOYEE STATEMENT

I agree to return to work on _____________________. If circumstances change such that I will not be able to return to work on that date, I agree to inform my Department Head as soon as possible. I understand that my benefits will continue during my leave and that I will arrange to pay my share of applicable premiums.

Signature: ____________________ Date: ____________________
“Code Amendment §34-34 Maine Family Medical Leave, dated 10-07-2013”

(please note underline represents new language, while strikethrough is language to be deleted.)

§ 34-34 Maine Family Medical Leave

A. In accordance with the Maine Family Medical Leave Law, the City provides family leaves of absence without pay to eligible employees who wish to take time off from work duties to fulfill certain family obligations. Employees who have been employed by the City for at least one year are entitled to take up to 12 consecutive weeks of unpaid leave during any 2-year period for:

Certain employees who do not qualify for federal Family Medical Leave may qualify for family medical leave under the Maine Family Medical Leave Act (MFMLA). An employee who has been employed by the City for 12 consecutive months is entitled to up to 10 work weeks of family medical leave in any 2 years under the MFMLA. The MFMLA provides a right to leave for the following reasons:

(1) the birth of the employee’s child or the employee’s domestic partner’s child;

(2) placement of a child 16 years of age or less with the employee or with the employee’s domestic partner in connection with the adoption of the child by the employee or the employee’s domestic partner;

(3) a child, a domestic partner’s child, parent, domestic partner, sibling or spouse with a serious health condition;

(4) the employee’s own serious health condition:

(5) the donation of an organ of that employee for human organ transplant;

(6) the death or serious health condition of the employee’s spouse, domestic partner, parent, sibling or child if the spouse, domestic partner, parent, sibling or child is a member of the state military forces, as defined in 37-B M.R.S.A. §102, or the U.S. Armed Forces, including the National Guard and Reserves, dies or incurs a serious health condition while on active duty.

B. A serious health condition means an illness, injury, impairment, or physical or mental condition that involves inpatient care in a hospital, hospice, or residential medical care facility, or continuing treatment by a health care provider.

C. Employees must make a request for family leave in writing to the Personnel Officer at least 30 days in advance of their intended leave, unless prevented by medical emergency. Certification from a physician, other health care provider, or accredited practitioner of the healing methods of a recognized church or religious denomination, must accompany the request for leave, to verify the need for the leave and the amount of leave time requested.

D. If an employee is granted family leave, he/she may elect to use any accrued vacation time, and if the leave is taken because of the employee’s serious health condition or the serious health condition of the employee’s spouse, child or parent, the employee may
utilize any accrued sick leave before taking unpaid leave. Employees will be allowed to continue fringe benefits such as health insurance, on the same basis as before their leave. Vacation and sick leave do not accrue during unpaid leave.

Maine family medical leave is generally unpaid. However, the City requires all employees to substitute any accrued vacation leave, personal leave, floating holidays, sick leave and family sick leave for MFMLA leave. MFMLA leave taken after employees’ accrued vacation, sick and personal time is exhausted is unpaid.

Employees’ short-term disability leave or workers’ compensation leave may be counted as Maine family medical leave for the purpose of the 10 week benefit. However, an employee is not required to exhaust paid leave when the circumstances for the leave also trigger eligibility for workers’ compensation benefits or leave and/or short-term disability benefits. Employees may use accrued paid leave to supplement short-term disability benefits or workers’ compensation benefits but they must discuss and agree with the City to use this option.

Employees retain all accrued benefits while on leave. However, if and as consistent with applicable policy and/or collective bargaining agreement, holidays that occur during MFMLA leave will not be paid and employees will not accrue additional vacation, sick and personal time during MFMLA leave. Employees requesting leave are responsible for paying their portion of the health insurance premium that they paid before requesting leave. In the event that an employee fails to return from leave, consistent with the terms of this policy, the employee will be liable for the premiums paid by the City to maintain insurance coverage unless:

1. The employee’s failure to return to work stems from the continuation, reoccurrence, or onset of a serious health condition that would entitle the employee to leave; or

2. The failure to return to work stems from circumstances beyond the control of the employee.

E. During leave, employees are expected to keep their supervisor informed of their status and intentions, and to submit additional medical certification if necessary. So that return to work can be properly scheduled and planned for, employees should provide their supervisor with at least two weeks advance notice of their intended return to work date. Upon expiration of leave, employee will be reinstated to the same position or an equivalent position unless:

(1) they have given notice of their intent to terminate their employment;

(2) they fail to return to work on the agreed-upon return date;

(3) they are unable, with or without reasonable accommodation, to safely perform the essential functions of their job; or

(4) their position no longer exists for reasons unrelated to their taking of family leave.

F. Additional information regarding family leave, as well as all necessary forms for requesting and certifying family leave, are available from the Personnel Officer.

G. Domestic Partner Definition:

The partner of an employee who is mentally competent adult as is the employee; has been legally domiciled with the employee for at least 12 months; is not legally married to or legally separated from another individual; is the sole partner of the employee and expects to remain so; is not a sibling of the employee; and is jointly responsible with the employee for each other’s common welfare as evidenced by joint living arrangements, joint financial arrangements or joint ownership of real or personal property.
“Code Amendment §34-30 Other Benefits, Subsection A- dated July 1, 2013”

(please note underline represents new language, while strikethrough is language to be deleted.)

§34-30 other benefits (A)

Clothing or uniform allowance. Full-time employees who are required to wear uniforms, as a condition of employment shall be reimbursed at the same or equivalent rate as union members of the same department. Full-time City employees who are required to wear protective clothing, or any type of protective device as a condition of employment shall be reimbursed with an annual maximum amount budgeted. Eligible to receive a clothing allowance of $350 for replacement of articles damaged under normal working conditions and up to $125 for appropriate work boots as needed. Purchase of clothing shall be limited to footwear and outer clothing and shall receive prior approval from the department head and/or the City Administrator.

D. CODE AMENDMENT: CHAPTER 82 FIREWORKS – (SECOND & FINAL READING)

Last year the Council passed an ordinance banning consumer fireworks use in the Saco. The ordinance is being enforced by the police department. Because of the nature of the violation, police often find clear evidence that fireworks have been used at a particular property, but have no one who will acknowledge responsibility. This ordinance change makes the property owner, resident or tenant—whoever controls the property—responsible to ensure compliance with the consumer fireworks ordinance. The police department visits some properties repeatedly, and it is very frustrating for neighbors whose peace is disturbed to have to tolerate this disruptive behavior on a regular basis.

Councilor Lovell moved, Councilor Blood seconded “The City of Saco hereby Ordains and Approves the Second and Final Reading of the document titled, “City Code Chapter 82 Consumer Fireworks § 82-4 Violations and penalties, Dated September 3, 2013””. The motion passed with seven (7) yeas.

“City Code Chapter 82 Consumer Fireworks § 82-4 Violations and penalties, Dated September 3, 2013”

(Please note the underline is new language while strikethrough is language to be deleted)

Saco City Code
Chapter 82 Consumer Fireworks

The purpose of this chapter is to assure the comfort, convenience, safety, health and welfare of the inhabitants of the City of Saco, to protect and conserve its environment and resources by regulating the use and sale of consumer fireworks.

§ 82-2 Definitions.
As used in this chapter, the following term shall have the meaning ascribed to it in this section:

CONSUMER FIREWORKS
A. The same meaning as the term set forth in 27 CFR 555.11, as may be amended from time to time, but includes only products that are tested and certified by a third party testing laboratory as conforming with United States Consumer Product Safety Commission standards, in accordance with 15 U.S.C. Chapter 47.
B. Does not include the following products:
(1) Missile-type rockets, as defined by the State Fire Marshal by rule;
(2) Helicopters and aerial spinners, as defined by the State Fire Marshal by rule; and
(3) Sky rockets and bottle rockets. For purposes of this subsection, "sky rockets and bottle rockets" means cylindrical tubes containing not more than 20 grams of chemical composition, as defined by the State Fire Marshal
by rule, with a wooden stick attached for guidance and stability that rise into the air upon ignition and that may produce a burst of color or sound at or near the height of flight.

§ 82-3 Prohibition.
No person shall use, possess with the intent to use, sell, possess with the intent to sell or offer for sale consumer fireworks in the City of Saco; provided, however, that this chapter does not apply to a person issued a fireworks display permit by the City and/or State of Maine pursuant to 8 M.R.S.A. § 227-A, as may be amended from time to time.

§ 82-4 Violations and penalties.
A. Any person who uses consumer fireworks or possesses consumer fireworks with the intent to use them in the City shall be punished by a fine of not less than $200 and not more than $400 per violation plus attorney fees and costs. For second and subsequent offenses, a fine of not less than $300 and not more than $600 per violation plus attorney fees and costs shall be imposed.
B. Any person who sells consumer fireworks or possesses consumer fireworks with the intent to sell them in the City shall be punished by a fine of not less than $500 plus attorney fees and costs. For second and subsequent offenses, a fine of not less than $1,000 per violation plus attorney fees and costs shall be imposed.
C. Any person or party who authorizes, permits or does not take action to prevent the property they own, lease or control to be used for the use or display of consumer fireworks shall be punished by a fine of not less than $200 and not more than $400 plus attorney’s fees and costs. For second and subsequent offenses, a fine of not less than $400 and not more than $600 per violation plus attorney fees and costs shall be imposed.

§ 82-5 Seizure and disposal.
The City may seize consumer fireworks that the City has probable cause to believe are used, possessed or sold in violation of this chapter or in violation of state law and shall forfeit the seized consumer fireworks to the State of Maine for disposal.

G. LOT PRICING SPRING HILL BUSINESS PARK LOT 14

The City Council sets lots prices in the industrial and business parks based on recommendations from the Economic Development Commission. The Commission is recommending that prices in the Mill Brook Park be retained, but that the price of Lot 14 in the Spring Hill Park reduced from $221,000 from $275,000. This lot is at the end of Willey Road and the last unsold lot in Spring Hill.

Park lots are generally priced on the basis of usable acres. Lot 14 has about 7 usable acres on a 13.4 acre lot. The price was previously based on 8 usable acres, but further wetland investigation has indicated that the usable acreage is about an acre less than we originally thought.

This particular lot has high development costs, with ledge at the driveway location. Councilors may remember that the Willy Road cul de sac was redesigned to avoid shallow ledge. This saved a substantial road cost, but increased the development costs of this particular lot.

With the price revision, the price per acre will be $31,571, still in the range of other lots on a per usable acre basis.

Councilor Lovell moved, Councilor Tripp seconded “Be it Ordered that the City Council retain the prices on the lots in the Mill Brook Business Park as approved on 10/18/10, and to revise the price on Lot 14 in the Spring Hill Park to $221,000.”

AMENDMENT - Councilor Lovell moved, Councilor Tripp seconded to accept the Economic Development recommendation and also gave the commission the right to negotiate. The motion passed with seven (7) yeas.

Mayor Johnston called for a vote on the main motion. The motion passed with seven (7) yeas.
Approved by City Council 10-18-10

Mill Brook Business Park

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<td>3.86</td>
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<tr>
<td>5*</td>
<td>3.81</td>
<td>$125,500</td>
<td>32,939</td>
<td>3.81</td>
</tr>
<tr>
<td>6</td>
<td>4.39</td>
<td>$211,500</td>
<td>48,177</td>
<td>4.39</td>
</tr>
<tr>
<td>7</td>
<td>13.21</td>
<td>$359,000</td>
<td>27,176</td>
<td>13.21</td>
</tr>
<tr>
<td>8</td>
<td>13.00</td>
<td>$386,000</td>
<td>29,692</td>
<td>13.12</td>
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<tr>
<td>9*</td>
<td>11.80</td>
<td>$422,000</td>
<td>35,762</td>
<td>11.80</td>
</tr>
</tbody>
</table>

* Asterisk indicates city provision for drainage (to be confirmed by engineer). This tends to make lot more efficient, removing on site drainage.

Spring Hill Section

<table>
<thead>
<tr>
<th>Lot</th>
<th>Acres</th>
<th>Price</th>
<th>per usable acre</th>
<th>total area</th>
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<tr>
<td>14</td>
<td>7.97</td>
<td>$275,000</td>
<td>$ 34,504</td>
<td>13.38</td>
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</table>

Proposed Revision

<table>
<thead>
<tr>
<th>Lot</th>
<th>Acres</th>
<th>Price</th>
<th>per usable acre</th>
<th>total area</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>7</td>
<td>$221,000</td>
<td>$ 31,571</td>
<td>13.38</td>
</tr>
</tbody>
</table>

E. ACCEPT THE INDEPENDENT ACCOUNTING FIRM REPORT ON THE RSU 23 WITHDRAWAL

The RSU Withdrawal Committee ("the Committee") was appointed by the Saco City Council in August 2012 in order to negotiate a Withdrawal Agreement with RSU#23. As part of that process, the Committee determined that a multi-year pro forma budget should be completed in order to provide an estimate of costs for Saco’s school system to operate as an independent, Municipal School Administrative Unit (MSAU). That determination was based on the belief that the citizens of Saco would need such an analysis in order to make an informed decision on the question of withdrawal during the November 2013 elections.

The RSU Withdrawal Committee voted at their July 23, 2013 meeting to recommend engaging the services of Purdy Powers & Co. The Reports are ready for acceptance by the City Council.


Mr. Charette from Purdy Powers & Co. reviewed how and what they based their projections on and explained that these figures were not actual budgets.

- Withdrawal – 3% increase in growth. $448,000 less.
- Staying in - $859,000 increase.
Projected Statements of Revenues and Expenditures
City of Saco, Maine
School Department

For the years ending
June 30, 2015, 2016 and 2017

Contents
City of Saco, Maine School Department

Independent Accountants’ Report ............................................................... 1
Projected Statements of Revenues and Expenditures (General Fund) .......... 2
Summary of Significant Assumptions to Projected Financial Information ....... 3

PURDY POWERS & COMPANY

Independent Accountants’ Report

To the City Council
City of Saco, Maine

We have examined the accompanying projected statements of revenues and expenditures (General Fund) of the City of Saco, Maine School Department for the years ending June 30, 2015, 2016 and 2017. The City of Saco’s management is responsible for the projection, which was prepared assuming the City of Saco withdraws from Regional School Unit # 23. Our responsibility is to express an opinion on the projection based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by management and the preparation and presentation of the projection. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the accompanying projection is presented in conformity with guidelines for presentation of a projection established by the American Institute of Certified Public Accountants, and the underlying assumptions provide a reasonable basis for management’s projection assuming the City of Saco withdraws from Regional School Unit # 23. However, even if the City of Saco withdraws from Regional School Unit # 25, there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying projection and this report are intended solely for the information and use of the City Council, Management, and the Citizens of the City of Saco, Maine and are not intended to be and should not be used by anyone other than these specified parties.

Purdy Powers & Company
Professional Association

Portland, Maine
October 7, 2013
Projected Statements of Revenues and Expenditures
General Fund

City of Saco, Maine School Department

For the Years Ending June 30, 2015, 2016 and 2017

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Assessments</td>
<td>$19,605,478</td>
<td>$19,429,606</td>
<td>$19,751,242</td>
</tr>
<tr>
<td>State Education Subsidy</td>
<td>$11,542,432</td>
<td>$11,500,719</td>
<td>$12,187,745</td>
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<tr>
<td>Other Intergovernmental Revenue</td>
<td>$327,281</td>
<td>$327,281</td>
<td>$327,281</td>
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<tr>
<td>Tuition</td>
<td>$788,455</td>
<td>$814,039</td>
<td>$841,822</td>
</tr>
<tr>
<td>Other</td>
<td>$7,147</td>
<td>$7,147</td>
<td>$7,147</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$32,220,793</td>
<td>$32,478,792</td>
<td>$33,115,237</td>
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</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schools</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Burn School</td>
<td>$4,585,366</td>
<td>$4,752,405</td>
<td>$4,926,460</td>
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<tr>
<td>Fairfield School</td>
<td>$2,542,169</td>
<td>$2,604,854</td>
<td>$2,701,487</td>
</tr>
<tr>
<td>Young School</td>
<td>$2,473,581</td>
<td>$2,562,552</td>
<td>$2,654,915</td>
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<tr>
<td>Middle School (SMS)</td>
<td>$6,025,361</td>
<td>$6,238,952</td>
<td>$6,661,349</td>
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<tr>
<td><strong>Total</strong></td>
<td>$15,397,085</td>
<td>$16,588,769</td>
<td>$17,444,211</td>
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<tr>
<td>Other Instructional Support</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Saco Transition</td>
<td>$199,879</td>
<td>$207,645</td>
<td>$215,751</td>
</tr>
<tr>
<td>Adult Learning</td>
<td>$32,820</td>
<td>$33,003</td>
<td>$35,020</td>
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<tr>
<td>Improvement of Instruction</td>
<td>$140,710</td>
<td>$143,851</td>
<td>$147,099</td>
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<tr>
<td>Student Assessment</td>
<td>$81,287</td>
<td>$83,105</td>
<td>$84,972</td>
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<tr>
<td>Gifted and Talented</td>
<td>$94,233</td>
<td>$97,546</td>
<td>$100,999</td>
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<tr>
<td>Speech-Language/Physical/Occupational Therapy</td>
<td>$879,355</td>
<td>$906,230</td>
<td>$934,178</td>
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<tr>
<td>Special Education</td>
<td>$1,009,467</td>
<td>$1,038,706</td>
<td>$1,068,958</td>
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<tr>
<td><strong>Total</strong></td>
<td>$2,437,751</td>
<td>$2,510,985</td>
<td>$2,586,906</td>
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<tr>
<td><strong>Central Office</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>$212,467</td>
<td>$206,844</td>
<td>$211,375</td>
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<tr>
<td>Health</td>
<td>$225,617</td>
<td>$233,269</td>
<td>$241,212</td>
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<tr>
<td>Instructional Support</td>
<td>$7,289</td>
<td>$7,457</td>
<td>$7,628</td>
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<tr>
<td>Board of Education</td>
<td>$53,542</td>
<td>$53,542</td>
<td>$53,542</td>
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<tr>
<td>Election Support</td>
<td>$8,184</td>
<td>$8,372</td>
<td>$8,565</td>
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<tr>
<td>Business Office</td>
<td>$204,790</td>
<td>$303,531</td>
<td>$312,663</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$222,510</td>
<td>$300,907</td>
<td>$339,611</td>
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<tr>
<td><strong>Director of Maintenance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td>$1,252,188</td>
<td>$1,296,799</td>
<td>$1,343,355</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,252,188</td>
<td>$1,296,799</td>
<td>$1,343,355</td>
</tr>
<tr>
<td>ADA General</td>
<td>$3,300</td>
<td>$3,300</td>
<td>$3,300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,798,989</td>
<td>$2,783,149</td>
<td>$2,870,749</td>
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<tr>
<td><strong>Tuition/One Time Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thornton Academy Tuition</td>
<td>$10,678,419</td>
<td>$10,278,667</td>
<td>$9,988,721</td>
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<tr>
<td>Net Tuition to be paid to RSU 23</td>
<td>$231,876</td>
<td>$108,750</td>
<td>$109,293</td>
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<tr>
<td>Moving expenses for RSU 23</td>
<td>$40,000</td>
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<td></td>
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<tr>
<td>Accounting fee for RSU 23</td>
<td>$1,000</td>
<td>$1,000</td>
<td>$1,000</td>
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<tr>
<td><strong>Total</strong></td>
<td>$10,931,825</td>
<td>$10,388,417</td>
<td>$10,099,014</td>
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<tr>
<td><strong>Debt Service</strong></td>
<td>$435,673</td>
<td>$487,475</td>
<td>$539,277</td>
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<tr>
<td><strong>Capital Outlay</strong></td>
<td>$140,000</td>
<td>$150,000</td>
<td>$275,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$32,770,793</td>
<td>$32,478,792</td>
<td>$33,115,237</td>
</tr>
</tbody>
</table>

Revenues Over (Under) Expenditures $ $ $  

See accompanying independent accountants' report and summary of significant assumptions and accounting policies.
Summary of Significant Assumptions and Accounting Policies to Projected Statements for the Years Ending June 30, 2015, 2016 and 2017 - Continued

City of Saco, Maine School Department

Note A - Summary of Events

A petition was received by City of Saco citizens with at least 10 percent of the number of voters in the City of Saco who voted for Governor in the last gubernatorial election. A special election ballot was created stating “Do you favor filing a petition for withdrawal with the board of directors of Regional School Unit #23 and with the Commissioner of Education, authorizing the withdrawal committee to expend $30,000 and authorizing the Saco City Council to issue notes in the name of the City of Saco or otherwise pledge the credit of the City of Saco in an amount not to exceed $30,000 for this purpose? Yes/No”. On July 31, 2012, the vote was 1,718 voters in favor and 484 voters opposed to the question. On August 6, 2012, the Council appointed a four member team that included: One petitioner member, one Council member, one School Board member, and one citizen. The team worked for a year, and on August 1, 2013, a Withdrawal Agreement was signed by Regional School Unit # 23 comprised of the municipalities of Dayton, Old Orchard, and Saco (hereinafter “RSU 23”) and the City of Saco Withdrawal Committee, a duly appointed municipal withdrawal committee for the City of Saco, Maine (hereinafter “Saco” or the “City”) for the purposes to provide for the timely and orderly withdrawal of Saco from the RSU subject to the results of an election of the voters of Saco. A copy of the Withdrawal Agreement and documents related to the withdrawal can be found at www.sacomaine.org.

Note B - Nature of Presentation

The accompanying projected statements of revenues and expenditures (General Fund) of the City of Saco, Maine School Department for the years ending June 30, 2015, 2016 and 2017 assume the City of Saco withdraws from RSU 23. Accordingly, the projected statements reflect its judgment as of October 7, 2013, the date of the projection, of the expected conditions and its expected course of action. The projections are designed to provide the City Council, Management, and the Citizens of the City of Saco, Maine with information to analyze the effect of a hypothetical set of events and should not be considered a presentation of expected future results. Accordingly, these projections may not be useful for other purposes. The assumptions disclosed herein are those that management believes are significant to the projection. There will usually be differences between projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Summary of Significant Assumptions and Accounting Policies to Projected Statements for the Years Ending June 30, 2015, 2016 and 2017 - Continued

City of Saco, Maine School Department

Note C - Basis of Presentation

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures.

The General Fund is the operating fund of the City and it is used to account for all financial resources except those required to be accounted for in another fund. The statements of revenues and expenditures reflect the School Department’s general fund.
Note D - Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is related to the timing of the measurements made, regardless of the measurement focus applied.

Modified Accrual

Governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Note E - Assumptions

Assumption No. 1
The projected statement of revenues and expenditures only include the revenues and expenditures of the General Fund for the School Department. The resources provided by federally and state funded sources to support programs accounted for as special revenues are not included in the projection. This is because these federally and state funded programs tend to be self-supporting and historically have not required local funding for their accomplishment.

Assumption No. 2
The Teacher’s Union Contract has not been extended past the possible withdrawal date. The current ending date is August 2014. Due to not having a new union contract, the assumption is that the contract would be extended with similar salary increases and benefits. The Assistant Superintendent provided the FY2014 salary projection that showed the average increase to be 3%. An average of 3% has been extended over the three year projection.

4

Summary of Significant Assumptions and Accounting Policies to Projected Statements for the Years Ending June 30, 2015, 2016 and 2017 - Continued

City of Saco, Maine School Department

Assumption No. 3
The Ed Tech’s Union Contract has been extended one year after the July 1, 2014 possible withdrawal date. The current ending date is June 2015. The Assistant Superintendent provided the FY2015 salary projection and those numbers were used for FY2015 in the projection with an average increase of 4.5% which has been extended over the remaining two years in the projection.

Assumption No. 4
The Admin/Secretary’s Union Contract has been extended one year after the July 1, 2014 possible withdrawal date. The current ending date is June 2015. The Assistant Superintendent provided the FY2015 salary projection and those numbers were used for FY2015 in the projection with an average increase of 1.9% which has been extended over the remaining two years in the projection.

Assumption No. 5
The Custodian’s Union Contract has been extended one year after the July 1, 2014 possible withdrawal date. The current ending date is June 2015. The Assistant Superintendent provided the FY2015 salary projection and those numbers were used for FY2015 in the projection with an average increase of 3.6% which has been extended over the remaining two years in the projection.

Assumption No. 6
The Transportation’s Union Contract has been extended one year after the July 1, 2014 possible withdrawal date. The current ending date is June 2015. The Assistant Superintendent provided the FY2015 salary projection and those numbers were used for FY2015 in the projection with an average increase of 3.2% which has been extended over the remaining two years in the projection.

Assumption No. 7
The Principal and Assistant Principal’s historical average salary increase was provided by the Assistant Superintendent. An average increase of 2.5% has been extended over the three year projection.

Assumption No. 8
The Non-Union Employee’s historical average wage increase was provided by the Assistant Superintendent. An average increase of 2% has been extended over the three year projection.
Assumption No. 9
The Health Insurance three year average increase experienced within the RSU was provided by the Assistant Superintendent. Other sources were cited that supported the experience rate increase provided. An average increase of 6.5% has been extended over the three year projection.

Assumption No. 10
The Dental Insurance average increase experienced within the RSU was provided by the Assistant Superintendent. An average increase of 1% has been extended over the three year projection.

Summary of Significant Assumptions and Accounting Policies to Projected Statements for the Years Ending June 30, 2015, 2016 and 2017 - Continued

City of Saco, Maine School Department

Assumption No. 11
The LTD Insurance average increase was not able to be provided by the Assistant Superintendent. Management used the City of Saco’s average increase experienced over the recent past. An average increase of 1% has been extended over the three year projection.

Assumption No. 12
The Life Insurance average increase was not able to be provided by the Assistant Superintendent. Management used the City of Saco’s average increase experienced over the recent past. An average increase of 6% has been extended over the three year projection.

Assumption No. 13
When it is uncertain as to whether a current RSU employee will join Saco or remain with the RSU, the role was considered to be accounted for in the projection at similar costs with similar benefits.

Assumption No. 14
Teacher Retirement was projected to stay at the current levels and funding according to the most recently passed budget for the RSU for FY2014. If this funding changes it would be changed whether Saco were a part of the RSU or not.

Currently the State of Maine contributes an employer contribution to the Maine Public Employees Retirement System on behalf of the RSU. While not certain to continue, the projection assumes the State will continue to fund these contributions at the same levels. If this funding changes it would be changed whether Saco were a part of the RSU or not.

Assumption No. 15
The debt projection was completed using the existing debt for bus #1 and bus #34, which is noted in the Withdrawal Agreement. Additional debt was added since the average life of buses at the time of joining the RSU was 5 years and currently the average life is nearly 10 years. Management looked back to activity prior to creating the RSU and Saco purchased between 2 - 4 buses or vans each year; however, the RSU has purchased only 6 buses in a 5 year period. Management is estimating a return to that level of purchasing of buses and vans with an additional 9 bus purchases in the projection period financed with debt. There may be an opportunity for partial state reimbursement for approved bus purchases but the reimbursement has not been considered in the projection as it would have to be approved prior to purchase.

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2014</th>
<th>Net Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Age – Saco Buses</td>
<td>6.7</td>
<td>9.4</td>
<td>2.7 years increase (includes bus 34 being replaced currently)</td>
</tr>
<tr>
<td>Average Age – Saco Vans</td>
<td>6.2</td>
<td>10.8</td>
<td>4.6 years increase</td>
</tr>
<tr>
<td>Average Age – Saco Trucks</td>
<td>14</td>
<td>19</td>
<td>5 years increase</td>
</tr>
<tr>
<td>Average Age – RSU Buses</td>
<td>8.4</td>
<td>9.1</td>
<td>0.7 years increase</td>
</tr>
<tr>
<td>Average Age – RSU Vans</td>
<td>8.2</td>
<td>9.3</td>
<td>1.1 years increase</td>
</tr>
<tr>
<td>Average Age – RSU Trucks</td>
<td>6.3</td>
<td>11.3</td>
<td>5 years increase</td>
</tr>
</tbody>
</table>
Summary of Significant Assumptions and Accounting Policies to Projected Statements for the Years Ending June 30, 2015, 2016 and 2017 - Continued

City of Saco, Maine School Department

Assumption No. 15 - continued

<table>
<thead>
<tr>
<th>Percentage needing replacement</th>
<th>Saco</th>
<th>RSU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buses</td>
<td>52.0%</td>
<td>33.3%</td>
</tr>
<tr>
<td>Vans</td>
<td>33.3%</td>
<td>0%</td>
</tr>
<tr>
<td>Tracks</td>
<td>100%</td>
<td>0%</td>
</tr>
</tbody>
</table>

The existing payments for leases of the Copiers and Modular Classrooms are reported within the schools or department they are located and the projection used the remaining payments as presently committed.

The existing bond for the Saco schools re-funding bond has eight years remaining at $295,000 per year in principal payments plus interest of $50,150 for FY2015, $44,250 for FY2016, and $38,350 for FY2017. These debt service payments due in FY2015 through FY2017 are included in the projection.

Below is the anticipated debt service schedule for buses:

**Debt - Principal**

<table>
<thead>
<tr>
<th></th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bus #1</td>
<td>12,112.46</td>
<td>12,524.28</td>
<td>12,950.09</td>
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<tr>
<td>Bus #34</td>
<td>17,221.70</td>
<td>17,703.91</td>
<td>18,199.62</td>
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<tr>
<td>Bus Replacement 2015</td>
<td>19,300.00</td>
<td>17,222.09</td>
<td>17,704.00</td>
</tr>
<tr>
<td>Bus Replacement 2015</td>
<td>19,300.00</td>
<td>17,222.09</td>
<td>17,704.00</td>
</tr>
<tr>
<td>Bus Replacement 2015</td>
<td>19,300.00</td>
<td>17,222.09</td>
<td>17,704.00</td>
</tr>
<tr>
<td>Bus Replacement 2016</td>
<td>19,300.00</td>
<td>17,222.09</td>
<td>17,704.00</td>
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<tr>
<td>Bus Replacement 2016</td>
<td>19,300.00</td>
<td>17,222.09</td>
<td>17,704.00</td>
</tr>
<tr>
<td>Bus Replacement 2017</td>
<td>19,300.00</td>
<td>17,222.09</td>
<td>17,704.00</td>
</tr>
<tr>
<td>Bus Replacement 2017</td>
<td>19,300.00</td>
<td>17,222.09</td>
<td>17,704.00</td>
</tr>
<tr>
<td>Bus Replacement 2017</td>
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<td>17,222.09</td>
<td>17,704.00</td>
</tr>
<tr>
<td>Bus Replacement 2017</td>
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<td>17,222.09</td>
<td>17,704.00</td>
</tr>
<tr>
<td>Bus Replacement 2017</td>
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<td>17,704.00</td>
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<tr>
<td></td>
<td>87,234.16</td>
<td>139,794.19</td>
<td>193,827.71</td>
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**Debt - Interest**

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<tr>
<th></th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bus #1</td>
<td>1,277.95</td>
<td>866.13</td>
<td>440.32</td>
</tr>
<tr>
<td>Bus #34</td>
<td>2,011.30</td>
<td>1,529.09</td>
<td>1,033.38</td>
</tr>
<tr>
<td>Bus Replacement 2015</td>
<td>-</td>
<td>2,012.00</td>
<td>1,530.00</td>
</tr>
<tr>
<td>Bus Replacement 2015</td>
<td>-</td>
<td>2,012.00</td>
<td>1,530.00</td>
</tr>
<tr>
<td>Bus Replacement 2015</td>
<td>-</td>
<td>2,012.00</td>
<td>1,530.00</td>
</tr>
<tr>
<td>Bus Replacement 2016</td>
<td>-</td>
<td>-</td>
<td>2,012.00</td>
</tr>
<tr>
<td>Bus Replacement 2016</td>
<td>-</td>
<td>-</td>
<td>2,012.00</td>
</tr>
<tr>
<td>Bus Replacement 2016</td>
<td>-</td>
<td>-</td>
<td>2,012.00</td>
</tr>
<tr>
<td></td>
<td>3,289.25</td>
<td>8,431.22</td>
<td>12,099.70</td>
</tr>
</tbody>
</table>

Summary of Significant Assumptions and Accounting Policies to Projected Statements for the Years Ending June 30, 2015, 2016 and 2017 - Continued

City of Saco, Maine School Department

Assumption No. 16

An estimate of Capital costs was based on a facilities report (dated 11/29/11) where a 10 year long range plan was used to create the projection for Capital needs. The report, in part, was created based on recommendations provided by Oak Point Associates. Any items considered construction requiring long-term borrowing have not been included per the Withdrawal Agreement. The Assistant Superintendent provided a summary of projects that have been completed thus far. Not all projects have been addressed within the time frame targeted in the plan. Management has assumed items noted as FY2011 - FY2014 projects in the plan that have not been completed will be addressed and completed in FY2015. Items planned to be addressed in FY2015 have been shifted to FY2016, and all items noted to be addressed in the plan in FY2016 have been shifted to FY2017. The following is a listing of items to be completed for Saco Schools:
<table>
<thead>
<tr>
<th></th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burns</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Add VS motors to air handlers</td>
<td>12,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Add VS motors to air handlers</td>
<td>10,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replace Carpet</td>
<td>30,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Heater</td>
<td></td>
<td>15,000</td>
<td></td>
</tr>
<tr>
<td>Caulk expansion joints/openings</td>
<td></td>
<td>12,500</td>
<td></td>
</tr>
<tr>
<td>Sanitary Waste piping</td>
<td></td>
<td>75,000</td>
<td></td>
</tr>
<tr>
<td>Install Security Cameras</td>
<td></td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>Condensate piping</td>
<td></td>
<td></td>
<td>200,000</td>
</tr>
<tr>
<td></td>
<td>52,000</td>
<td>112,500</td>
<td>200,000</td>
</tr>
<tr>
<td>Fairfield</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renovate Communications</td>
<td>43,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AC for Conference Room</td>
<td>12,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Caulk expansion joints/openings</td>
<td></td>
<td>12,500</td>
<td></td>
</tr>
<tr>
<td>Replace Carpet</td>
<td></td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>55,000</td>
<td>12,500</td>
<td>30,000</td>
</tr>
<tr>
<td>SMS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replace Water Storage Tanks</td>
<td>25,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit ventilator for family science</td>
<td>8,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construct Storage Shed</td>
<td></td>
<td></td>
<td>45,000</td>
</tr>
<tr>
<td></td>
<td>33,000</td>
<td></td>
<td>45,000</td>
</tr>
<tr>
<td>Central Office</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renovate Boiler Room</td>
<td></td>
<td>25,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>25,000</td>
</tr>
<tr>
<td>Total</td>
<td>140,000</td>
<td>150,000</td>
<td>275,000</td>
</tr>
</tbody>
</table>

Summary of Significant Assumptions and Accounting Policies to Projected Statements for the Years Ending June 30, 2015, 2016 and 2017 – Continued

City of Saco, Maine School Department

Assumption No. 17
The electricity costs were projected at an annual increase of 6% determined from history, trends and other sources deemed credible.

Assumption No. 18
The heating fuel/vehicle fuel costs were projected at an annual increase of 5.4% determined from history, trends and other sources deemed credible. Gas/diesel costs for Saco transportation costs were allocated based on the percentage of Saco bus driver hours (71%) to total bus driver hours from the most recent year in the RSU.

Assumption No. 19
To establish a baseline of revenues and expenditures from which to build the projection, Management used the most recently passed RSU budget from FY2014.

Assumption No. 20
For estimates of certain costs, Management used the percentage of students to project expenditures where it was reasonable to consider the incremental cost of fewer or additional students to impact future costs. Management used the average number of students provided from information submitted by the RSU to the Department of Education for FY2014 as a basis for student counts for certain allocations.

<table>
<thead>
<tr>
<th></th>
<th>Dayton</th>
<th>OOB</th>
<th>Saco</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dayton students</td>
<td>351.5</td>
<td>797.5</td>
<td></td>
</tr>
<tr>
<td>OOB students</td>
<td>2,876.5</td>
<td>4,027.5</td>
<td></td>
</tr>
<tr>
<td>Saco students</td>
<td></td>
<td></td>
<td>100.00%</td>
</tr>
</tbody>
</table>

8
Summary of Significant Assumptions and Accounting Policies to Projected Statements for the Years Ending June 30, 2015, 2016 and 2017 - Continued

City of Saco, Maine School Department

Assumption No. 21

Thornton Academy tuition costs in the projection were determined from the terms in the contract signed with Thornton Academy on September 9, 2013 that will go into effect if Saco withdraws from RSU 23. Thornton Academy has been Saco’s high school for over 150 years. Thornton Academy projection was calculated as follows:

<table>
<thead>
<tr>
<th>Estimated Number of TA Students</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade 9</td>
<td>219</td>
<td>190</td>
<td>213</td>
</tr>
<tr>
<td>Grade 10</td>
<td>238</td>
<td>219</td>
<td>190</td>
</tr>
<tr>
<td>Grade 11</td>
<td>248</td>
<td>238</td>
<td>219</td>
</tr>
<tr>
<td>Grade 12</td>
<td>249</td>
<td>248</td>
<td>238</td>
</tr>
<tr>
<td>Increase of 3% to factor in additional Saco students who may attend TA who were home schooled, attended TA Middle School, or come from split-families (based on past experience rate)</td>
<td>954</td>
<td>895</td>
<td>860</td>
</tr>
<tr>
<td>Increase of 3% to factor in additional Saco students who may attend TA who were home schooled, attended TA Middle School, or come from split-families (based on past experience rate)</td>
<td>103%</td>
<td>103%</td>
<td>103%</td>
</tr>
<tr>
<td>Increase of 3% to factor in additional Saco students who may attend TA who were home schooled, attended TA Middle School, or come from split-families (based on past experience rate)</td>
<td>983</td>
<td>922</td>
<td>886</td>
</tr>
</tbody>
</table>

The contract specifies Saco pays the greater of $9,232 or 100% of MAT (maximum allowable Tuition set by the State); if tuition of $9,232 exceeds 104% of MAT, tuition is limited to 104% of MAT. In the second year, maximum tuition per contract is $9,417 per student. Management has estimated MAT will increase .5% per year based on historic increases.

MAT FY13 increased by .5% each year $8,918 $8,962 $9,007
MAT * 104% $9,275 $9,427 $9,689
Maximum Tuition per contract $9,232 $9,417
Tuition rate x number of estimated students $9,075,056 $8,593,882 $8,299,621

The contract also specifies Saco will pay Thornton Academy an Insured Value Factor of 6% for the first year of the contract and 7% thereafter for the purpose of providing funds for the maintenance of facilities.

IVF (year 1 6%, 7% after) – contract driven $554 $652 $656
IVF x number of students 544,503 601,572 580,973
Thornton Academy tuition and IVF $9,619,559 $9,195,454 $8,880,594

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Summary of Significant Assumptions and Accounting Policies to Projected Statements for the Years Ending June 30, 2015, 2016 and 2017 - Continued

City of Saco, Maine School Department

Assumption No. 21 - continued

Thornton Academy SPED projection was based off the following:

<table>
<thead>
<tr>
<th>FY14 total Saco SPED students</th>
<th>139</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14 total Dayton SPED students</td>
<td>14</td>
</tr>
<tr>
<td>Number of SPED Students</td>
<td>153</td>
</tr>
<tr>
<td>FY14 total Saco</td>
<td>90.8%</td>
</tr>
<tr>
<td>FY14 total Dayton</td>
<td>9.2%</td>
</tr>
<tr>
<td>FY14 Budget</td>
<td>1,139,303</td>
</tr>
<tr>
<td>Average increase</td>
<td>102.3%</td>
</tr>
<tr>
<td>Saco Percentage</td>
<td>90.8%</td>
</tr>
<tr>
<td>Thornton Academy special educ. costs</td>
<td>1,058,850</td>
</tr>
<tr>
<td>Total Thornton Academy tuition and special educ. costs</td>
<td>$10,878,419</td>
</tr>
</tbody>
</table>

M:\2013\cm_2013_10_21.doc 01/03/2014
Assumption No. 22
Tuition paid to RSU 23 as well as tuition received from RSU 23 is netted in the projection as net tuition paid to RSU 23. In the Withdrawal Agreement, section 2, it is noted that any Saco students enrolled in an Old Orchard Beach (OOB) school can continue through the school system as they would have prior to withdrawal. The reverse is also available to the OOB students enrolled in a Saco school. As of September 2013, for FY2015 there is an estimate of 38 Saco students enrolled in an OOB school, and 7 OOB students enrolled in Saco schools. Currently, there is a net of 31 students estimated for FY2015. For FY2016 the estimated enrollment is a net of 28 students, and for FY2017 the estimated enrollment is a net of 28 students. For a detailed step by step on how the tuition will be calculated each year, see the Withdrawal Agreement. The projection nets the tuition to be paid to the RSU with the tuition coming back from the RSU.

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Summary of Significant Assumptions and Accounting Policies to Projected Statements for the Years Ending June 30, 2015, 2016 and 2017 - Continued

City of Saco, Maine School Department

Assumption No. 23
The Department of Education created a form ED279 for Saco as a standalone school department for FY2014. Form ED279 is the form the Department of Education uses to calculate the subsidy paid to schools for the support of education. Management used the State provided numbers as a baseline from which it then proceeded to estimate state subsidy for FY2015 - 2017.

From the State provided ED279 data, management calculated the total subsidizable per pupil allocation without any debt allocation. Management increased approved education costs by 3.26% per year in the projection. The increase of 3.26% was determined by analyzing data from five comparable, neighboring school systems (Scarborough, Biddeford, Gorham, SAD 6, and SAD 57) and averaging their experienced rate of increase in subsidizable per pupil allocation without any debt allocation for years FY2009 - FY2014.

The student counts were determined based on attending counts from the Department of Education for April 2013 and a Central Office report as of September 2013. For the student counts going forward, graduating counts were deducted and average kindergarten numbers were added. The Planning Decisions Inc study was used to determine the reasonableness of student counts. Saco resident students choosing to attend Old Orchard Beach schools were included in the student counts as referenced in the Withdrawal Agreement. Thornton Academy student counts were adjusted to reflect average yearly variances between expected and actual enrollment for the past four years.

The Saco EPS calculation for FY2015 - FY2017 is based on the projected number of students multiplied by the subsidizable per pupil allocation plus expected IVF. The EPS calculation is then apportioned into subsidy and required local portions based on Saco’s relative portion of subsidy and required local in FY2014 and validated by an analysis of past historical values. The calculated required local amounts were given a reasonableness test by calculating the expected mill rate in FY2017 with an assumed state valuation in FY2017 identical to that of FY2014.

EPS is the amount the State determines is required for essential programs and services to meet State established learning results. In general, IVF is a legislatively enacted funding mechanism that provides financial assistance to private high schools for infrastructure maintenance and improvements.

Assumption No. 24
The Medicaid Reimbursement is based on applying the last approved RSU budget for this revenue item by the percentage of Saco students to overall RSU students.

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Summary of Significant Assumptions and Accounting Policies to Projected Statements for the Years Ending June 30, 2015, 2016 and 2017 - Continued

City of Saco, Maine School Department

Assumption No. 25
It is assumed that if the City of Saco withdraws from RSU 23, the Town of Dayton will also withdraw. If the Town of Dayton withdraws it is assumed Dayton will pay tuition for Dayton students attending Saco Middle School. The Dayton Tuition received prior to participation in the RSU was 10% of the Saco Middle School costs and 12% of certain Central Office costs. Those numbers were negotiated rates. At the time of the projection, no such agreement is in place. It assumed that reimbursement from Dayton will approximate the relative percentage of Dayton students to total students so a factor of 10.88% was assumed for the projection.
Dayton students 351.5
Saco students 2,878.5

3,230.0

Ratio of Dayton to Saco students:
Dayton 10.88%
Saco 89.12%
100.00%

Assumption No. 26
Management estimates that costs other than salary/ benefits and Thornton Academy tuition in the RSU budgets for the past three years increased by an average of 2.3%. As such, Management increased other expenditures not addressed specifically with an assumption of 2.3% in the projection.

Projected Statements of Local Assessments

City of Saco, Maine

For the years ending
June 30, 2015, 2016 and 2017

Contents

City of Saco, Maine

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Projected Statements of Local Assessments ......................................... 2
Summary of Significant Assumptions to Projected Financial Information .......................................................... 4

Purdy Powers & Company

Independent Accountants' Report

To the City Council
City of Saco, Maine

We have examined the accompanying projected statements of local assessments of the City of Saco, Maine for the years ending June 30, 2015, 2016 and 2017. The City of Saco’s management is responsible for the projection, which was prepared assuming the City of Saco remains in Regional School Unit # 23. Our responsibility is to express an opinion on the projection based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by management and the preparation and presentation of the projection. We believe that our examination provides a reasonable basis for our opinion.
In our opinion, the accompanying projection is presented in conformity with guidelines for presentation of a projection established by the American Institute of Certified Public Accountants, and the underlying assumptions provide a reasonable basis for management’s projection assuming the City of Saco, Maine remains in Regional School Unit # 23. However, even if the City of Saco continues with Regional School Unit # 23, there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying projection and this report are intended solely for the information and use of the City Council, Management, and the Citizens of the City of Saco, Maine and are not intended to be and should not be used by anyone other than these specified parties.

Professional Association

Portland, Maine
October 17, 2013

Projected Statements of Local Assessments (1 of 2)
(City of Saco’s share of RSU operations)

City of Saco, Maine

For the Years Ending June 30, 2015, 2016 and 2017

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Education Subsidy</td>
<td>$14,107,120</td>
<td>$14,510,411</td>
<td>$14,689,065</td>
</tr>
<tr>
<td>Other Intergovernmental Revenue</td>
<td>$420,000</td>
<td>$420,000</td>
<td>$420,000</td>
</tr>
<tr>
<td>Other</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$14,537,120</td>
<td>$14,940,411</td>
<td>$15,119,065</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schools</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Burns School</td>
<td>4,585,366</td>
<td>4,725,405</td>
<td>4,926,460</td>
</tr>
<tr>
<td>Jameson School</td>
<td>2,354,797</td>
<td>2,445,162</td>
<td>2,539,517</td>
</tr>
<tr>
<td>Fairfield School</td>
<td>2,512,169</td>
<td>2,604,854</td>
<td>2,701,487</td>
</tr>
<tr>
<td>Long Lake Middle School (LMS)</td>
<td>3,633,093</td>
<td>3,765,513</td>
<td>3,902,050</td>
</tr>
<tr>
<td>Dayton School</td>
<td>1,668,266</td>
<td>1,728,888</td>
<td>1,751,558</td>
</tr>
<tr>
<td>Young School</td>
<td>2,473,989</td>
<td>2,582,553</td>
<td>2,654,915</td>
</tr>
<tr>
<td>Saco Middle School (SMS)</td>
<td>6,025,561</td>
<td>6,238,952</td>
<td>6,461,340</td>
</tr>
<tr>
<td>Old Orchard Beach High School (OOB HS)</td>
<td>3,412,893</td>
<td>3,532,684</td>
<td>3,657,376</td>
</tr>
<tr>
<td>Total Current Expenditures</td>
<td>26,666,134</td>
<td>27,631,110</td>
<td>28,637,712</td>
</tr>
<tr>
<td>Other Instructional Support</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saco Transition</td>
<td>341,022</td>
<td>355,692</td>
<td>370,399</td>
</tr>
<tr>
<td>Adult Learning</td>
<td>32,820</td>
<td>33,903</td>
<td>35,029</td>
</tr>
<tr>
<td>Improvement of Instruction</td>
<td>140,710</td>
<td>143,821</td>
<td>147,099</td>
</tr>
<tr>
<td>Student Assessment</td>
<td>81,287</td>
<td>83,105</td>
<td>84,972</td>
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<tr>
<td>Gifted and Talented</td>
<td>193,862</td>
<td>200,660</td>
<td>207,760</td>
</tr>
<tr>
<td>Speech/Language/Physical/Occupational Therapy</td>
<td>1,228,967</td>
<td>1,266,795</td>
<td>1,306,130</td>
</tr>
<tr>
<td>Special Education</td>
<td>1,627,934</td>
<td>1,676,125</td>
<td>1,726,029</td>
</tr>
<tr>
<td>Total Other Instructional Support</td>
<td>3,647,202</td>
<td>3,760,137</td>
<td>3,877,418</td>
</tr>
<tr>
<td>Central Office</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>280,300</td>
<td>287,600</td>
<td>295,157</td>
</tr>
<tr>
<td>Health</td>
<td>354,185</td>
<td>407,847</td>
<td>422,046</td>
</tr>
<tr>
<td>Instructional Support</td>
<td>9,719</td>
<td>9,942</td>
<td>10,171</td>
</tr>
<tr>
<td>Board of Education</td>
<td>100,840</td>
<td>102,827</td>
<td>105,085</td>
</tr>
<tr>
<td>Election Support</td>
<td>8,184</td>
<td>8,372</td>
<td>8,565</td>
</tr>
<tr>
<td>Business Office</td>
<td>277,267</td>
<td>285,657</td>
<td>294,802</td>
</tr>
<tr>
<td>Central Office</td>
<td>510,748</td>
<td>523,601</td>
<td>536,001</td>
</tr>
<tr>
<td>Director of Maintenance</td>
<td>494,359</td>
<td>510,162</td>
<td>526,579</td>
</tr>
<tr>
<td>Grounds</td>
<td>98,382</td>
<td>101,712</td>
<td>105,173</td>
</tr>
<tr>
<td>Transportation</td>
<td>1,709,921</td>
<td>1,834,385</td>
<td>1,901,092</td>
</tr>
<tr>
<td>ADA General</td>
<td>3,300</td>
<td>3,300</td>
<td>3,300</td>
</tr>
<tr>
<td>Contingency</td>
<td>36,332</td>
<td>36,332</td>
<td>36,332</td>
</tr>
<tr>
<td>Total</td>
<td>3,983,558</td>
<td>4,111,957</td>
<td>4,245,583</td>
</tr>
</tbody>
</table>

| Tuition                            |          |          |          |
| Thornton Academy Tuition           | 12,024,821| 11,471,426| 11,221,769|
| Total Tuition                      | 12,024,821| 11,471,426| 11,221,769|

| Debt Service                      |          |          |          |
| Capital Outlay                    | 514,952  | 547,867  | 599,096  |

| Total Expenditures                | 47,310,312| 47,737,477| 48,964,795|

<table>
<thead>
<tr>
<th>Revenues Over (Under) Expenditures before Local Assessments</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$32,773,102</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

See accompanying independent accountants’ report and summary of significant assumptions and accounting policies.
Projected Statements of Local Assessments (2 of 2)
(City of Saco’s share of RSU operations)

City of Saco, Maine

For the Years Ending June 30, 2015, 2016 and 2017

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Local Contribution to distribute to member towns</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dayton</td>
<td>$ 1,671,411</td>
<td>$ 1,672,629</td>
<td>$ 1,726,079</td>
</tr>
<tr>
<td>OOB</td>
<td>7,267,389</td>
<td>7,272,683</td>
<td>7,565,090</td>
</tr>
<tr>
<td>Saco</td>
<td>16,575,232</td>
<td>16,585,305</td>
<td>17,115,306</td>
</tr>
<tr>
<td><strong>Total Local Contribution</strong></td>
<td>$ 25,514,032</td>
<td>$ 25,530,617</td>
<td>$ 26,446,475</td>
</tr>
<tr>
<td><strong>Additional Local</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dayton</td>
<td>600,037</td>
<td>551,523</td>
<td>509,159</td>
</tr>
<tr>
<td>OOB</td>
<td>2,311,663</td>
<td>2,244,097</td>
<td>2,245,322</td>
</tr>
<tr>
<td>Saco</td>
<td>4,339,560</td>
<td>4,470,827</td>
<td>4,745,973</td>
</tr>
<tr>
<td><strong>Total Additional Local</strong></td>
<td>$ 7,261,660</td>
<td>$ 7,266,447</td>
<td>$ 7,495,454</td>
</tr>
<tr>
<td><strong>Local Assessment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dayton</td>
<td>2,381,348</td>
<td>2,324,152</td>
<td>2,336,238</td>
</tr>
<tr>
<td>OOB</td>
<td>9,579,032</td>
<td>9,516,780</td>
<td>9,748,612</td>
</tr>
<tr>
<td>Saco</td>
<td>20,912,792</td>
<td>21,056,132</td>
<td>21,861,279</td>
</tr>
<tr>
<td><strong>Total Local Assessment</strong></td>
<td>$ 32,773,192</td>
<td>$ 32,797,066</td>
<td>$ 33,845,130</td>
</tr>
<tr>
<td><strong>Saco Local Assessment</strong></td>
<td>$ 20,912,792</td>
<td>$ 21,056,132</td>
<td>$ 21,861,279</td>
</tr>
<tr>
<td><strong>Saco Current Local Assessment (FY2014)</strong></td>
<td>$ 20,053,440</td>
<td>$ 20,053,440</td>
<td>$ 20,053,440</td>
</tr>
<tr>
<td><strong>Total Increase/Decrease in Local Assessment for Saco</strong></td>
<td>$ 859,352</td>
<td>$ 1,002,692</td>
<td>$ 1,807,839</td>
</tr>
</tbody>
</table>

See accompanying independent accountants’ report and summary of significant assumptions and accounting policies.

Summary of Significant Assumptions and Accounting Policies to Projected Statements for the Years Ending June 30, 2015, 2016 and 2017

City of Saco, Maine

Note A - Summary of Events

A petition was received by City of Saco citizens with at least 10 percent of the number of voters in the City of Saco who voted for Governor in the last gubernatorial election. A special election ballot was created stating “Do you favor filing a petition for withdrawal with the board of directors of Regional School Unit #23 and with the Commissioner of Education, authorizing the withdrawal committee to expend $30,000 and authorizing the Saco City Council to issue notes in the name of the City of Saco or otherwise pledge the credit of the City of Saco in an amount not to exceed $30,000 for this purpose? Yes/No”. On July 31, 2012, the vote was 1,718 voters in favor and 484 voters opposed the question. On August 6, 2012, the Council appointed a four member team that included: One petitioner member, one Council member, one School Board member, and one citizen. The team worked for a year, and on August 1, 2013, a Withdrawal Agreement was signed by Regional School Unit # 23 comprised of the municipalities of Dayton, Old Orchard, and Saco (hereinafter “RSU 23”) and the City of Saco Withdrawal Committee, a duly appointed municipal withdrawal committee for the City of Saco, Maine (hereinafter “Saco” or the “City”) for the purposes to provide for the timely and orderly withdrawal of Saco from the RSU subject to the results of an election of the voters of Saco. A copy of the Withdrawal Agreement and documents related to the withdrawal can be found at www.sacomaine.org. This report is to show what would happen to the local assessments if the City of Saco remains in the RSU.

Note B - Nature of Presentation

The accompanying projected statements of local assessments for the years ending June 30, 2015, 2016 and 2017 assume the City of Saco remains in the RSU. Accordingly, the projected statements reflect its judgment as of October 17, 2013, the date of the projection, of the expected conditions and its expected course of action. The projections are designed to provide the City Council, Management, and the Citizens of the City of Saco, Maine with information to analyze the effect of a hypothetical set of events and should not be considered a presentation of expected future results. Accordingly, these projections may not be useful for other purposes. The assumptions disclosed herein are those that management believes are significant to the projection. There will usually be differences between projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.
Summary of Significant Assumptions and Accounting Policies to Projected Statements for the Years Ending June 30, 2015, 2016 and 2017 - Continued

City of Saco, Maine

Note C - Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is related to the timing of the measurements made, regardless of the measurement focus applied.

Modified Accrual

Governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Note D - Assumptions

Assumption No. 1

The projected statements of local assessments do not include the resources provided by federally and state funded sources to support programs accounted for as special revenues. This is because these federally and state funded programs tend to be self-supporting and historically have not required local funding for their accomplishment.

Assumption No. 2

The Teacher’s Union Contract has not been extended past FY2014. The current ending date is August 2014. Due to not having a new union contract, the assumption is that the contract would be extended with similar salary increases and benefits. The Assistant Superintendent provided the FY2014 salary projection that showed the average increase to be 3%. An average of 3% has been extended over the three year projection.

Assumption No. 3

The Ed Tech’s Union Contract has a current ending date is June 2015. The Assistant Superintendent provided the FY2015 salary projection and those numbers were used for FY2015 in the projection with an average increase of 4.5% which has been extended over the remaining two years in the projection.

Assumption No. 4

The Admin/Secretary’s Union Contract has a current ending date is June 2015. The Assistant Superintendent provided the FY2015 salary projection and those numbers were used for FY2015 in the projection with an average increase of 1.9% which has been extended over the remaining two years in the projection.

Summary of Significant Assumptions and Accounting Policies to Projected Statements for the Years Ending June 30, 2015, 2016 and 2017 - Continued

City of Saco, Maine

Assumption No. 5

The Custodian’s Union Contract has a current ending date is June 2015. The Assistant Superintendent provided the FY2015 salary projection and those numbers were used for FY2015 in the projection with an average increase of 3.0% which has been extended over the remaining two years in the projection.
Assumption No. 6
The Transportation’s Union Contract has a current ending date is June 2015. The Assistant Superintendent provided the FY2015 salary projection and those numbers were used for FY2015 in the projection with an average increase of 3.2% which has been extended over the remaining two years in the projection.

Assumption No. 7
The Principal and Assistant Principal’s historical average salary increase was provided by the Assistant Superintendent. An average increase of 2.5% has been extended over the three year projection.

Assumption No. 8
The Non-Union Employee’s historical average wage increase was provided by the Assistant Superintendent. An average increase of 2% has been extended over the three year projection.

Assumption No. 9
The Health Insurance three year average increase experienced within the RSU was provided by the Assistant Superintendent. Other sources were cited that supported the experience rate increase provided. An average increase of 6.5% has been extended over the three year projection.

Assumption No. 10
The Dental Insurance average increase experienced within the RSU was provided by the Assistant Superintendent. An average increase of 1% has been extended over the three year projection.

Assumption No. 11
The LTD Insurance average increase was not able to be provided by the Assistant Superintendent. Management used the City of Saco’s average increase experienced over the recent past. An average increase of 1% has been extended over the three year projection.

Assumption No. 12
The Life Insurance average increase was not able to be provided by the Assistant Superintendent. Management used the City of Saco’s average increase experienced over the recent past. An average increase of 6% has been extended over the three year projection.

Summary of Significant Assumptions and Accounting Policies to Projected Statements for the Years Ending June 30, 2015, 2016 and 2017 - Continued

City of Saco, Maine

Assumption No. 13
Teacher Retirement was projected to stay at the current levels and funding according to the most recently approved budget for the RSU for FY2014. If this funding changes it would be changed whether Saco were a part of the RSU or not.

Currently the State of Maine contributes an employer contribution to the Maine Public Employees Retirement System on behalf of the RSU. While not certain to continue, the projection assumes the State will continue to fund these contributions at the same levels. If this funding changes it would be changed whether Saco were a part of the RSU or not.

Assumption No. 14
The debt projection was completed using the existing debt for buses #1, #34 and #40 as noted in the Withdrawal Agreement. Additional debt was added since the average life of buses at the time of joining the RSU was 5 years and currently the average life is nearly 10 years. Management looked back to activity prior to creating the RSU and Saco purchased between 2 - 4 buses or vans each year; however, the RSU has purchased only 6 buses in a 5 year period. Management is estimating a return to that level of purchasing of buses and vans with an additional 9 bus purchases in the projection period financed with debt. There may be an opportunity for partial state reimbursement for approved bus purchases but the reimbursement has not been considered in the projection as it would have to be approved prior to purchase.

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2014</th>
<th>Net Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Age – RSU Buses</td>
<td>7.7</td>
<td>10.0</td>
<td>2.3 years increase</td>
</tr>
<tr>
<td>Average Age – RSU Vans</td>
<td>7.1</td>
<td>12.3</td>
<td>5 years increase</td>
</tr>
<tr>
<td>Average Age – RSU Trucks</td>
<td>8.3</td>
<td>13.3</td>
<td>5 years increase</td>
</tr>
<tr>
<td>Percentage needing replacement</td>
<td>RSU</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buses</td>
<td>53%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vans</td>
<td>22%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trucks</td>
<td>25%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The existing payments for leases of the Copiers and Modular Classrooms are reported within the schools or department they are located and the projection used the remaining payments as presently committed.

The existing bond for the Saco schools re-funding bond has eight years remaining at $295,000 per year in principal payments plus interest of $50,150 for FY2015, $44,250 for FY2016, and $38,350 for FY2017. These debt service payments due in FY2015 through FY2017 are included in the projection. The Dayton bond final payment for $18,887 is included in FY2015. The LMS bond payments of $47,001 are included for all three years of the projection since the bond will be paid off in FY2017.
Summary of Significant Assumptions and Accounting Policies to Projected Statements for the Years Ending June 30, 2015, 2016 and 2017 - Continued

City of Saco, Maine

Assumption No. 14 - continued

Below is the anticipated debt service schedule for buses:

<table>
<thead>
<tr>
<th>Debt - Principal</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bus #1</td>
<td>12,112.46</td>
<td>12,524.28</td>
<td>12,950.00</td>
</tr>
<tr>
<td>Bus #49</td>
<td>12,112.46</td>
<td>12,524.28</td>
<td>12,950.00</td>
</tr>
<tr>
<td>Bus #34</td>
<td>17,221.70</td>
<td>17,703.91</td>
<td>18,199.62</td>
</tr>
<tr>
<td>Bus Replacement 2015</td>
<td>19,300.00</td>
<td>17,222.00</td>
<td>17,704.00</td>
</tr>
<tr>
<td>Bus Replacement 2015</td>
<td>19,300.00</td>
<td>17,222.00</td>
<td>17,704.00</td>
</tr>
<tr>
<td>Bus Replacement 2016</td>
<td>19,300.00</td>
<td>17,222.00</td>
<td>17,704.00</td>
</tr>
<tr>
<td>Bus Replacement 2016</td>
<td>19,300.00</td>
<td>17,222.00</td>
<td>17,704.00</td>
</tr>
<tr>
<td>Bus Replacement 2017</td>
<td>19,300.00</td>
<td>17,222.00</td>
<td>17,704.00</td>
</tr>
<tr>
<td>Bus Replacement 2017</td>
<td>19,300.00</td>
<td>17,222.00</td>
<td>17,704.00</td>
</tr>
<tr>
<td>Bus Replacement 2017</td>
<td>19,300.00</td>
<td>17,222.00</td>
<td>17,704.00</td>
</tr>
<tr>
<td>Bus Replacement 2017</td>
<td>19,300.00</td>
<td>17,222.00</td>
<td>17,704.00</td>
</tr>
<tr>
<td></td>
<td>99,346.62</td>
<td>152,318.47</td>
<td>206,777.80</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Debt - Interest</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bus #1</td>
<td>1,277.95</td>
<td>866.13</td>
<td>440.32</td>
</tr>
<tr>
<td>Bus #49</td>
<td>1,277.95</td>
<td>866.13</td>
<td>440.32</td>
</tr>
<tr>
<td>Bus #34</td>
<td>2,011.30</td>
<td>1,529.09</td>
<td>1,033.38</td>
</tr>
<tr>
<td>Bus Replacement 2015</td>
<td>2,012.00</td>
<td>1,530.00</td>
<td>1,530.00</td>
</tr>
<tr>
<td>Bus Replacement 2015</td>
<td>2,012.00</td>
<td>1,530.00</td>
<td>1,530.00</td>
</tr>
<tr>
<td>Bus Replacement 2016</td>
<td>2,012.00</td>
<td>1,530.00</td>
<td>1,530.00</td>
</tr>
<tr>
<td>Bus Replacement 2016</td>
<td>2,012.00</td>
<td>1,530.00</td>
<td>1,530.00</td>
</tr>
<tr>
<td>Bus Replacement 2017</td>
<td>2,012.00</td>
<td>1,530.00</td>
<td>1,530.00</td>
</tr>
<tr>
<td>Bus Replacement 2017</td>
<td>2,012.00</td>
<td>1,530.00</td>
<td>1,530.00</td>
</tr>
<tr>
<td>Bus Replacement 2017</td>
<td>2,012.00</td>
<td>1,530.00</td>
<td>1,530.00</td>
</tr>
<tr>
<td></td>
<td>4,567.20</td>
<td>9,297.35</td>
<td>12,540.02</td>
</tr>
</tbody>
</table>

Summary of Significant Assumptions and Accounting Policies to Projected Statements for the Years Ending June 30, 2015, 2016 and 2017 - Continued

City of Saco, Maine

Assumption No. 15

An estimate of Capital costs was based on a facilities report (dated 11/29/11) where a 10 year long range plan was used to create the projection for Capital needs. The report, in part, was created based on recommendations provided by Oak Point Associates. Any items considered construction requiring long-term borrowing have not been included per the Withdrawal Agreement. The Assistant Superintendent provided a summary of projects that have been completed thus far. Not all projects have been addressed within the timeframe targeted in the plan. Management has assumed items noted as FY2011 - FY2014 projects in the plan that have not been completed will be addressed and completed in FY2015. Items planned to be addressed in FY2015 have been shifted to FY2016, and all items noted to be addressed in the plan in FY2016 have been shifted to FY2017. The following is a listing of items to be completed:

<table>
<thead>
<tr>
<th>Burns</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add VS motors to air handlers</td>
<td>12,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Add VS motors to air handlers</td>
<td>10,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replace Carpet</td>
<td></td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td>Water Heater</td>
<td></td>
<td>15,000</td>
<td></td>
</tr>
<tr>
<td>Caulk expansion joints/openings</td>
<td></td>
<td>12,500</td>
<td></td>
</tr>
<tr>
<td>Sanitary Waste piping</td>
<td></td>
<td>75,000</td>
<td></td>
</tr>
<tr>
<td>Install Security Cameras</td>
<td></td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>Condensate piping</td>
<td></td>
<td>290,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>52,000</td>
<td>112,500</td>
<td>290,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fairfield</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renovate Communications</td>
<td>43,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AC for Conference Room</td>
<td>12,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Caulk expansion joints/openings</td>
<td></td>
<td>12,500</td>
<td></td>
</tr>
<tr>
<td>Replace Carpet</td>
<td></td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>55,000</td>
<td>12,500</td>
<td>30,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SMS</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replace Water Storage Tanks</td>
<td>25,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit ventilator for family science</td>
<td>8,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construct Storage Shed</td>
<td></td>
<td>45,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>33,000</td>
<td></td>
<td>45,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Young</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central Office</td>
<td>Renovate Boiler Room</td>
<td>25,000</td>
<td></td>
</tr>
</tbody>
</table>
Summary of Significant Assumptions and Accounting Policies to Projected Statements for the Years Ending June 30, 2015, 2016 and 2017 - Continued

City of Saco, Maine

Assumption No. 15 - continued

<table>
<thead>
<tr>
<th>Project</th>
<th>Cost 1</th>
<th>Cost 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OOB HS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repair Siding</td>
<td>25,000</td>
<td></td>
</tr>
<tr>
<td>ADA Upgrade</td>
<td>40,000</td>
<td></td>
</tr>
<tr>
<td>Remaining Electric Panel</td>
<td>12,500</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>77,500</td>
<td></td>
</tr>
<tr>
<td><strong>Jameson</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ADA Upgrade</td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td>Tile hallway</td>
<td></td>
<td>5,000</td>
</tr>
<tr>
<td>Replace Boiler</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Playground</td>
<td></td>
<td>11,644</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>30,000</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>LMS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chem Ventilation Hoods</td>
<td>50,000</td>
<td></td>
</tr>
<tr>
<td>Repoint Masonry</td>
<td>8,000</td>
<td></td>
</tr>
<tr>
<td>Procure &amp; Install new curtain</td>
<td></td>
<td>8,165</td>
</tr>
<tr>
<td>Replace Boiler</td>
<td></td>
<td>60,000</td>
</tr>
<tr>
<td>Roof Work</td>
<td></td>
<td>16,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>66,165</td>
<td>60,000</td>
</tr>
<tr>
<td><strong>Dayton</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Covered Walkway</td>
<td>20,000</td>
<td></td>
</tr>
<tr>
<td>Install Café Tables</td>
<td>15,000</td>
<td></td>
</tr>
<tr>
<td>Replace bell/communications</td>
<td>25,000</td>
<td></td>
</tr>
<tr>
<td>Replace Asphalt</td>
<td>60,000</td>
<td></td>
</tr>
<tr>
<td>ADA Upgrade</td>
<td>25,000</td>
<td></td>
</tr>
<tr>
<td>Upgrade Electric</td>
<td>15,000</td>
<td></td>
</tr>
<tr>
<td>Playground</td>
<td></td>
<td>30,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>160,000</td>
<td></td>
</tr>
</tbody>
</table>

**Total** 473,665 215,000 382,644

Assumption No. 16
The electricity costs were projected at an annual increase of 6% determined from history, trends and other sources deemed credible.

Summary of Significant Assumptions and Accounting Policies to Projected Statements for the Years Ending June 30, 2015, 2016 and 2017 - Continued

City of Saco, Maine

Assumption No. 17
The heating fuel/vehicle fuel costs were projected at an annual increase of 5.4% determined from history, trends and other sources deemed credible.

Assumption No. 18
To establish a baseline of revenues and expenditures from which to build the projection, Management used the most recently passed RSU budget from FY2014.

Assumption No. 19
Thornton Academy’s tuition for FY 2015 was determined from the terms of the current contract with RSU 23 that expires on June 30, 2015. Thornton Academy’s tuition for FY2016 and 2017 was projected assuming RSU 23 will enter into a new contract with Thornton Academy with similar tuition terms as the current contract. Tuition payments to Thornton Academy under the current contract with RSU 23 will result in tuition having been paid at a rate of 101.97% of MAT during the five-year contract term. For FY2016 and 2017, tuition is 101.97% of projected MAT, the same as the current contract. Management assumed MAT will increase by .5% each year. RSU 23 enrollment at Thornton Academy is projected to be 1,102, 1,057 and 1,014 students for the three years FY2015, 2016 and 2017, respectively. IVF is 5% for FY2015; 6% for FY2016; and 7% for FY2017.

Assumption No. 20
Thornton Academy SPED projection was based off the average 2.3% increase.
Assumption No. 21
The Department of Education created individual form ED279’s for the Towns of Saco, Old Orchard Beach and Dayton as standalone school systems in FY2014. Form ED 279 is used by the Department of Education to calculate the subsidy paid to schools for the support of education. Management noted for FY2014 that the sum of the individual EPS allocations for the three communities exceeded the total EPS noted on the RSU 23 form ED279 by 0.56%.

To insure comparability between the Saco only and combined RSU analyses, management created a combined FY2009 "RSU" form ED279 from the individual FY2009 form ED 279’s for Saco, Old Orchard Beach and Dayton. The total was then adjusted downward by 0.56% to reflect the anomaly noted above for FY14. The combined FY09 “RSU” form ED279 and the FY2014 RSU 23 form ED279 documents were then used to calculate an effective rate of increase in total municipal allocation per subsidizable pupil, without debt.

Management determined that the total municipal allocation per subsidizable pupil, without debt, yearly rate of increase was 3.09% from FY09 to FY14. This rate of increase was used to estimate the total EPS allocation for RSU 23 for FY2015 - FY2017.

Summary of Significant Assumptions and Accounting Policies to Projected Statements for the Years Ending June 30, 2015, 2016 and 2017 - Continued

City of Saco, Maine

Assumption No. 21 - continued
Student counts for Saco and Old Orchard were determined based on attending counts from the Department of Education and from a Central Office report in September 2013. Dayton student counts were based on the Planning Decisions Report.

For student counts going forward, graduating counts were deducted and average kindergarten numbers were added. The PDI study was used to determine the reasonableness of student counts. Thornton Academy student counts were adjusted to reflect average yearly variances between expected and actual enrollment for the past four years.

The RSU EPS calculation for FY2015 - FY2017 is based on the projected number of students multiplied by the total municipal allocation per subsidizable pupil plus expected IVF. The EPS calculation is then apportioned into subsidy and required local portions based on RSU’s relative portion of subsidy and required local in FY2014 and validated by an analysis of past historical values. The calculated required local amounts were given a reasonableness test by calculating the expected mill rate in FY2017 with an assumed state valuation in FY2017 identical to that of FY2014.

EPS is the amount the State determines is required for essential programs and services to achieve State established learning results.

In general, IVF is a legislatively enacted funding mechanism that provides financial assistance to private high schools for infrastructure maintenance and improvements.

Assumption No. 22
The Medicaid Reimbursement is based off the last approved RSU budget for this revenue item.

Assumption No. 23
Management estimates that costs other than salary/ benefits and Thornton Academy tuition in the RSU budgets for the past three years increased by an average of 2.3%. As such, Management increased other expenditures not addressed specifically with an assumption of 2.3% in the projection.

Assumption No. 24
The Saco portion of the Local Assessment consists of the local contribution and additional cost. In the past year, the total of local contributions (from the form ED279) for all three towns has been averaged 77.84% of the total local assessment. Of the 77.84%, Saco’s average portion is 64.96%. The additional local calculation is based off the additional local formula created by the RSU Board. The City of Saco’s portion for FY2015 is estimated at 59.75%, FY2016 is estimated at 61.53%, and FY2017 is estimated at 63.29%. The City of Saco’s total local assessment average is estimated at 64.2% over the three year projection period.
August 20, 2013

City of Saco
City Council
c/o Cheryl Fournier, Finance Director
300 Main Street
Saco, ME 04072

This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.

We will examine, in accordance with attestation standards established by the American Institute of Certified Public Accountants, from information management provides, the projected statements of revenues and expenditures (governmental funds) and summaries of significant assumptions and accounting policies of the City of Saco, Maine for the fiscal years ending June 30, 2015, 2016, and 2017. We will examine the financial projection for the purpose of issuing a report stating whether, in our opinion, (1) management's financial projection is presented in conformity with applicable guidelines established by the American Institute of Certified Public Accountants and (2) management's assumptions provide a reasonable basis for its projection given the hypothetical assumptions.

Our examination of the financial projection will include procedures we consider necessary to evaluate (1) assumptions used by management as a basis for the financial projection, (2) the preparation of the financial projection, and (3) the presentation of the financial projection.

Our report will detail the nature of reservations, if any, we have with respect to the projection. Should any such reservations develop, we will discuss them with you before the report is issued.

If, for any reason, we are unable to complete our examination of the financial projection, we will not issue a report as a result of this engagement.

A financial projection presents, to the best of management's knowledge and belief, the City's expected results of operations for the projection period assuming the City of Saco withdraws from Regional School Unit #23. It is based on management's assumptions reflecting conditions it expects would exist and courses of action it expects would be taken assuming the City of Saco withdraws from Regional School Unit #23.

Management is responsible for representations about its plans and expectations and for disclosure of significant information that might affect the ultimate realization of the projected results.
City of Saco, Maine
Page 2

Even if the City of Saco withdraws from Regional School Unit #23, there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. Our report will contain a statement to that effect.

We have no responsibility to update our report for events and circumstances occurring after the date of our report.

At the conclusion of the engagement, management agrees to supply us with a representation letter, which, among other things, will confirm management's responsibility for the underlying assumptions and the appropriateness of the financial projection and its presentation.

We understand that the projection and our report thereon will be used only to supplement the withdrawal agreement and to help the citizens make an informed decision. If management intends to reproduce the projection and our report thereon, they must be reproduced in their entirety.
On July 31, 2012, voters in the City of Saco decided to establish a Withdrawal Committee to develop a Withdrawal Agreement in the format specified in the 'Require Elements of a Withdrawal Agreement,' per 20-A MRSA §1466(4).
In a letter dated August 13, 2013 Withdrawal Committee Chair Bill Johnson transmitted a copy of the City of Saco and RSU 23 Withdrawal Agreement to the Department of Education.

In a letter dated September 12, 2013 Maine Department of Education Commissioner Bowen granted conditional approval to the revised agreement and amended contract with Thornton Academy. Commissioner Bowen also established the date of the municipal election on the withdrawal question. The election is scheduled for November 5th at Community Center located at 75 Franklin Street.

At least 10 days before the election, the municipal officers shall hold a posted or otherwise advertised public hearing on the withdrawal question per 20-A MRSA §1466(6). The public hearing has been properly posted.

Councilor Lovell moved, Councilor Tripp seconded to open the Public Hearing on Question #1: Do you favor withdrawal from the Regional School Unit No. 23 subject to the terms and condition of the Withdrawal Agreement Dated August 1, 2013?”. The motion passed with unanimous consent.

Mayor Johnston noted that the questions would be answered by the appropriate person at the end of the hearing.

Bill Johnson, Mayor Emeritus & Chair of the Withdrawal Committee – Mr. Johnson thanked Mayor Johnston and the Council for such a wonderful committee to work with. Mr. Johnson noted that he was a 5 year member of a 5 town RSD in Massachusetts, 6 years as a City Councilor and 6 years as a Mayor and they dealt with education under the old system. He was also named a two 5 year terms for the University of Maine system. His last job was being on the Thornton Academy Board of Trustees for 9 years. Mr. Johnson noted that he and Vangel Cotis had nothing to do with the Thornton Academy contract negotiations. They were excused from the room during the negotiations. Mr. Johnson stated that he cares about Saco and the schools and education that we are providing. On Aug 19, 2012, has first submersion with the Care 23 group and was asked “How do you feel about withdrawal?” Mr. Johnson stated that at that time he hadn’t made a decision and worked on it with an open mind. Looked at multiple analysis to see if this is beneficial to Saco and getting a good return on their investment. It proved otherwise because it wasn’t a fair deal. Then I looked at whether we had any local control but didn’t come up with too many pluses on that. Are we getting a good return on the quality of education or are we staying status quo. We really weren’t getting a return on that kind of investment. Allot of people were saying that we were having hidden meeting, but we were following the open meeting law. Attorneys were involved in these meetings, and they would not have allowed anything like that. A majority of the meetings had to be in executive session because contracts were being negotiated. The Chairman of the RSU wrote of letter to the editor last week that stated there was a lack of trust, confidence and mutual interest, and I agree with what he was saying. You have to trust in the system as it was working and there wasn’t that trust on either side. If we were independent and went on our own, in a 3 year period we would save roughly $1.3 million. If we stayed in the RSU for those 3 years it would cost up to $3 million. So if you add those together you are up to $5 million. I now feel that we should go back to the school system we had 5 years ago before the RSU.

Mary Turnage, 6 Goosefare Lane – Ms. Turnage has been a teacher in Saco for 26 years at C.K. Burns School. She has been teaching since the inception of the RSU. The RSU was doomed from the beginning by not being funded properly and penalties were not given to school districts who did not consolidate and money was not given to those that did. I’m not a part of Saco Citizens for Education, Care23 or any group associated with this withdrawal process. I’m not here to vilify any citizens of Old Orchard Beach. I have friends and colleagues who live in that town. I’m a teacher who has been in the trenches and front line of education since we went into the RSU 5 years ago. Saco had always been on the cutting edge of education. We were always a district in the forefront of ideas and instruction. When I hear “How will Saco Residents provide for its students if it were not part of the RSU”, “We haven’t seen any evidence that the new school system will provide a better education than what we have now”, I get angry. I get angry because the quality of education that your children are getting is not better because of our alliance with Old Orchard or Dayton. Your Saco teachers have given the quality education because they are professionals that care about your children and it was more important for us to continue moving forward with this powerful demanding work than to spend time spinning our wheels. The last 3 years in this RSU district have been
some of the most challenging and frustrating for me professionally because it centers around the topic of equity. The definition of equality means: the quality of being fair and impartial. This relationship has not be equitable. Over the last 5 years, the building that I work in has had little or no major work done to it with the exception of the new entrance that was mandated after the Sandy Hook tragedy. The amount that I’m given to get supplies for my classroom for the last 4 years has been $250. It has not increased at all. My class size over the last 2 years has been 4-5 students greater than Old Orchard. I only have 4 prep periods per week where they have 5. I’m still expected to do all I do with RTI Intervention mandates during the course of my day and integrating these new common core standards into the classroom. The final nail in the coffin for me has been the issue with technology. The other day an e-mail was sent across the district to the technology individual and it was said just to keep the rest of the people in the district “in the no”. Well unfortunately, I can’t get into the “no” because right now in our building compared to last year, every 2 teachers shared 25 laptops. At the end of last year we got LCD projectors to “share” and there is only one smart board per grade level in our building. Now this year, we each got an iPad, each pair of teachers has a LCD projector to share and there are still only 3 or 4 smart boards for 30 teachers. Each pair of teachers have right now 10 laptops in out carts with no power chargers. We have 10 dead laptops. Our children have been without technology or the ability to work on laptops. How is this equitable, how is it O.K. for one side of the district to have technology 1 to 1 in many of the buildings and iPads and able to celebrate a digital citizen week when we don’t even have bare resources at our building? It is for these reasons that I myself support the withdrawal of Saco from the RSU. My taxes have gone up over the last 3 years, so any raise I got was gone. Finally, I know that my tax dollars will be supporting our schools, curriculum and our children.

Bette Brunswick, 127 Woodman Avenue, Small business owner in Saco and member of Citizens for Sensible Taxes in Saco and candidate for Ward 3 City Council - I have a very hard time with the fact that our City Council went ahead with the RSU Withdrawal process before attempting to organize a ad hoc committee to comprehensively access RSU performance, community relations, feedback from parents, teachers and other citizens, future impacts to the municipal budget (the Purdy report does not speak to this), common cores impact on organizational time and the school budget and Charter policies as our right as citizens to address future budget processes. My decision for or against withdrawal seems to be based on only information that is very emotionally charged and issues of local control and fiscal burden. Where do the teachers and children fit into a withdrawal? Will the effort to undo what was done waste valuable teacher and organizational time? How will Saco children who have adjusted to the Old Orchard Beach environment now adjust to the divided community atmosphere we will most definitely place them into? The citizens vote to join the RSU happened in a General Election in 2008. Sixty-seven percent of the over 10,000 voter turnout voted in favor of the RSU. Was that a well educated vote or was the vote based on the fear on increased property taxes? I can’t find any record of an ad hoc committee being formed back then to access the pros and cons of a RSU formation. Our City Council must lead on issues in a way to take measured facts into consideration. Many residents are new to Saco and the RSU. While I understand that the council has much historical knowledge of what used to work well, I believe it is your responsibility to help new residents and long standing residents understand where we have been with the RSU and what the future could hold. We can honor traditions while embracing new ideas and methods. Our community and our state depend on clear thinking and logical actions to survive in an environment which in increasingly losing its young. Fiscal responsibility is just one piece of this educational puzzle we are committed to. What are we actually trying to develop in our city? Can our leadership answer this in a way that helps me believe that my property taxes are contributing to a healthy and purposeful structure regardless of the outcome on votes? Building a healthy and vibrant Maine depends on us. If voters on Nov 5th vote not to withdraw, I believe this is sending a clear message that a transparent comprehensive approach to any future withdrawal consideration is absolutely necessary. I actually see some potential great things for Saco should it remain in the RSU. Let me share an example. What if Saco and the Superintendent of the RSU Board develop a program that helps Old Orchard Beach culinary student to intern at current and future restaurants on our historic Main Street? We could have a sustainable model of education, work and community that would be visited by tourists and others who would potentially love to implement our model. At this time, I would like to thank Care 23. They have tried to pull together their facts highlighting many of the unmet need for this process. This group and the Saco Citizens for Sensible Taxes should show the Council that there are citizens with time and
dedication, who will step forward to contribute when called to do so. Saco citizens are not apathetic, we are really just uninformed by those who represent us.

Jeff Christenbury, Resident of Saco, Employee of Thornton Academy and Chair of the Withdrawal Petitioning Group “Citizens for Saco Education” – I rise tonight to support withdrawal from RSU #23. Saco has gone it allow before and should go it alone now. This decision hasn’t come quickly but has taken me 5 years to realize. It is now evident that it is in the best interest of Saco students, parents and tax payers to form a municipal school district to educate our students. First a little history. I favored the RSU structure once, and voted to keep it during the statewide repeal effort a few years ago. However, things started to change a year and a half ago. I heard rumblings of sending students to other schools in the district. I decided to attend a RSU meeting where it was being discussed last February 2012. There were arguments about over-crowding at Saco Middle School and a push to send students to Loranger Middle School where it was said at the time they could take 100 students without adding staff. Even though with simple nutrition at Saco Middle School, it would alleviate the high numbers within a year or two. These facts were brushed aside in the report and deep within the plan laid a potential for a mandate down the road. Even though I don’t have students in the district, that didn’t sit well with me. Why is there such over staffing in some of the RSU schools. Why would a mandate be necessary? Didn’t they know this problem was coming? Why shouldn’t all students have a choice to attend whichever school they want in the RSU? Unless there is evidence of a surge population in Saco the RSU should have known that student levels would reach this peak, and they would have found a solution before and not wait until the crisis year. This is just my opinion and has little to do with the teachers and staff at Old Orchard Beach schools, but more to do with the offerings in Saco. I was approached by several people saying they didn’t think there was any alternative but to explore withdrawal. In each of these four areas I don’t see how Saco has benefited from being in a RSU. We were promised financial savings and massive educational benefits by the State government, and we very seen little of either as you have heard tonight. We have been told by our representatives that we just can’t think about Saco schools anymore, but of all the RSU schools. Yet the second consolidation of schools where it changed to the new cost sharing formula comes up, it is brushed aside. There are many complexities to the current RSU structure. There is governance, finances, education and politics. In each of these four areas I don’t see how Saco has benefited from being in a RSU. We were promised financial savings and massive educational benefits by the State government, and we very seen little of either as you have heard tonight. We have been told by our representatives that we just can’t think about Saco schools anymore, but of all the RSU schools. Yet the second consolidation of schools where it changed to the new cost sharing formula comes up, it is brushed aside. There is too much pride in our communities to truly become an efficient cohesive unit. Old Orchard Beach will never accept closing schools, especially their high school, and Saco will not continue to fund programs outside of its children’s needs. This doesn’t make either side unreasonable and in the wrong. It is a natural reaction to an atrocious loss shoved down our throats under the threat of penalties several years ago. Withdrawal from RSU #23 isn’t just about money or education. It is about accountability. We in Saco feel that many of the decisions and programs in the RSU have been slanted towards Old Orchard Beach. It is actually a credit to Mr. Curtis who is the board chairman and has done an incredible job for his community for a number of years, getting pretty much whatever he needs for Old Orchard Beach schools, and he should. He represents Old Orchard Beach and was voted in by Old Orchard Beach citizens. He also has a personal relationship with many of the students and staff. Unfortunately for us in Saco, we can’t vote for or against him or the Old Orchard Beach representative or the Dayton representative. Our accountability only lies with our four Saco representatives who have a four year term limit. With the new Saco MSAU structure, all the people making the decisions on our taxes and our children will be held accountable by the citizens at the voting booth. We will have the chance to vote out
those who sit by and stay silent as their taxes rise and our education and technology remain stagnant. We cannot and should not accept status quo for education at a much higher price. Lastly, I want to talk about Thornton Academy, the person who has been made the scapegoat for most of these agreements. I know it is a conflict of interest for me to speak about Thornton Academy because I am an alum and employee of the school. But I'm proud to have that conflict of interest. There is a reason so many on the committee, school board, the community in general and people in this room have a direct connection to T.A. Not only is it one of the largest employers in the city of Saco, but it is one of the premier schools in the entire State of Maine. I would offer up T.A.’s programs against any other school in the State and this costs only the average per pupil cost in the State. Here are a few numbers for you. These are some numbers of local high schools and the amount of money the cities are going to be paying for their facilities: Wells - $27 million, Biddeford $34 million, So. Portland $41.5, Kennebunk $53.3 and Thornton Academy $0. Zero cost is how much we are ever going to pay for T.A.’s facilities. Here is one more number for you, 115%. This number is the amount of maximum allowable tuition that Thornton Academy could request from the City of Saco in the new contract under State law. Instead T.A. requested a new contract that tuition be between 100% & 104% maximum allowable tuition. Not only is it possible that T.A. could have requested it in a new RSU contract in a couple of years, but they are still doing it for discounted costs. Is this new contract an increase? How much of an increase is it? How will it affect taxes going forward? Everyone has his or her own numbers and opinions. Here is a number we know for sure. Zero dollars in capital improvements. We have an opportunity on November 5th to guarantee that not a single tax dollar will ever go towards a high school capital renovation project. How many other local communities would jump at that offer right about now? The message is clear that the future of Saco’s education structure best lies with the citizens of Saco.

Ted Sirois, 38 Summer Street – Mr. Sirois graduated from Thornton Academy in 1972. He has four children he is raising here in Saco, and I’m blest for being here in Saco. Two of the children graduated from Thornton Academy and there are 2 more to go. If you keep track of all the news, you’ll see that there is a big disparity in the success of a person whether they have gone to college or not. The disparity in what they can earn is going to get greater. I think I have a plan to get them all through college. I have a son who graduated from Thornton Academy. His fondest memories are being in the Chamber Orchestra, which is something that many schools don’t have. As far as paying for his education, when he transfers from Afghanistan to the U.S. Army, they will pay for that. My oldest daughter went to a vocational school in Biddeford where she earned a CNA certificate. Within a couple of weeks of graduating, she had a job in a Nursing Home and is paying for her college. My next daughter is a straight A student at Thornton Academy. Thornton Academy offers one of the best SAT scores in the state. So that means her chances of getting an academic scholarship are good. Her next passion in field hockey, in which she is really good so there is a possibility of an athletic scholarship. My youngest daughter at 12 years old likes to help me change the oil in my car. She loves technology and robotics. She has been begging me to send her to a robotics summer camp, but unfortunately I can’t afford that. Well lucky Old Orchard Beach has a robotics program and she can occasionally go to Old Orchard Beach to attend this program. Now how is that going to assure the ability to go to college? I work for Texas Instruments and one of my jobs was to screen applicants for technicians. Out of the hundreds of applicants that came in, those who had a certificate showing you went above and beyond in technology, you were in. It is not just robotics that are over there. There are other opportunities available to Saco students such as biology. When you are hired by some of these firms, they pay the entire college tuition while you are working there. But now this withdrawal from the RSU is dashing the opportunity that my daughter and others have by just sheer luck to live in a community with these programs available and opportunities to have businesses pay for their education. We are in the biggest recession we have seen in a long time. State funding for education and property taxes has been dropping. You can’t just pin this on the fact that we are in a RSU and Old Orchard Beach is dragging us down. I’m not buying it. Please don’t take away these opportunities away from them in the hopes for a little bit of savings on our taxes.

Kevin Roche, Resident of Saco and running for City Council – Mr. Roche noted that he would like to address “David” on some numbers that were in the report that really come from a political calculus. One being Dayton included in withdrawing. The second being the Thornton Academy contract in year three has a kicker in case the parties don’t get along, there will be a 3% increase. Both of which I do basically agree with that they can be
included or not included for various reasons. The third one that came up in this new report to stay, is an assumption that the RSU budget will go up to $47 million from $45 million and that Saco’s share with enrollment draw is almost a 5% increase to our taxes. The political calculus in this town is that it would not be voted in. So, I don’t think that is realistic as a comparison number. How in general does $47 million come to be? The second question is on State subsidy. That’s probably reason number one not to be in the RSU because that State basically did not support it and there is allot of complexity to get to that number and it is really a hard guess? The State did provide an estimate in FY 2014 of about $11.1 million in State subsidy for Saco if they stood alone. In the report from Purdy from FY 2015 it jumps over about $450,000. So I would like to know the basis for that significant jump. The third question. Your explanation did say that there were contingencies in the micro level of every budget. I run a small business budget from dollar zero when we did the start up and now that we are a much bigger company we still put a contingency in there. For example technology was brought up and I only saw an increase of about $11,000 - $12,000 from two years. I think there are allot more technology needs than that. I believe there is a very detailed spreadsheet that will be posted that might answer that. We addressed in the last meeting low facility costs, which was an estimate based on two years ago. Young School was not getting any facility upgrades and I do agree that it is presumptious to make decisions for the board on big things like a new school for “Young”. But, not to have $1 in there for Young School compared to some money for Burns School and Fairfield School is really unrealistic and there should have been numbers in there. The last question is basically the tax payer. The taxpayers want to know if they are going to get tax money back. Now, as a parent of two children in the system and a big fan of Thorton Academy, I’m probably on the side to allow taxes to go up a little bit, to stay the same at least or I’ll take a decrease. But, there have been figures banted about and the savings between one year and another was $400,000. Will some of that money come back to the taxpayer? Not necessarily a question asked on this review, but that is a question we have to ask ourselves on these numbers.

Don Pilon, 1 Meadow Lane, Saco – Mr. Pilon first question was to Purdy & Company. In your projections if we the city are signing a 10 year contract, why do you only include a 3 year projection in your analysis? Is it possible to see a 10 year run? You have made a number of assumptions in your 3 year projection. I would think that you could possibly do a 10 year projection and make certain assumptions pushed out over 10 years. The other thing is that as a candidate running for Mayor I have had the good fortune of being out in neighborhoods and talking to a number of home owners about what their concerns are and about the RSU Withdrawal. Yesterday I was out in a section of town and it is a fairly new section a new families there. Allot of the families are new to Saco, so I asked them “What brought you here”? Their answer was they were here because of the schools, and I was quite surprised by that. They asked “What was my opinion of the RSU Withdrawal. Are your for it or against it”? I told them that was their decision to make. You are here because of the schools and it is not about me, it is about you. However this turns out, as Mayor I would certainly govern accordingly. But that their biggest concern. They want Saco to be on their own and they want good schools. The citizens want local control and the best value for their dollar. We have to make sure that we don’t overtax. So I just want you to know what is going on out there.

Chris Denton, 322 Boom Road & Chair of Saco Citizens for Sensible Taxes – Mr. Denton noted that we have heard allot of comments from both sides of the equation including from our very own Bette Brunswick. It is a complex issue. We have also heard a number of questions that still remain unanswered tonight. I just wanted to come up and clarify the position of our group which is to remain neutral on this issue. So from the perspective of the Scst, we are not taking a position one way or the other. When a decision is finally made, we will apply the same financial considerations and over sight that we did to taxes last year.

Toby Labbe, Resident of Saco – Ms. Labbe thanked the City Council and Withdrawal Committee for believing in its citizens that requested this withdrawal moving forward in this process about 18 months ago. I have been a proud member of Citizens for Saco Education for almost 2 years. I have been a parent volunteer, active member of the PTO and a strong advocate for education for the children of Saco for almost a decade. In all of these roles my goal has been very simple. To advocate and ensure a quality education for the students of Saco. I have been following the withdrawal process, reviewed the withdrawal agreement and I feel the document is fair to both parties. For me and many other parents, we feel that the savings and educational benefits that were outlined in the original RSU
The stagnation of the educational program is not sustainable. Voting “Yes” on Nov. 5 overall development and future of Saco. The gap that we currently have in the significant increases in our taxes and right. I want my children to be proud of their schools and community. A quality education is paramount to the yourself the education you want. All I’m asking is that we get local control back.

Catherine Paradis, Resident of Saco and mother of 3 school age children – I have followed this process from the beginning and believe that the withdrawal committee has provided many good reasons for Saco to withdraw from RSU #23. I feel very lucky to have my children attend Saco schools. We have great educators and they have taken such great care of the children in Saco. There are many good reasons for Saco to withdraw from the RSU. I would like to share with you one of the reasons I believe that local control is best for our schools. A few years ago not long after the formation of the RSU, I had a concern about the direction the RSU was going in. For the first time in my life I called an elected school board member to voice my concern. After I explained my concern, the school board member told me she didn’t represent the voters or children of Saco. Her concern was for the RSU as a whole. Even if it meant the kids of Saco and the teachers went without, she represented the RSU. She was easily dismissive of me and I was dismayed. I felt as though I was left without a voice and I experienced what it was like to be unrepresented. Now I understand the value of collaboration and the benefits we gain by learning to work together. But, this experience changed by perspective of the RSU because it is a terrible thing to wonder who is going to look out for Adeline, Olivia, Jack and the teachers and schools if the school board officials from my city were not. Thank you to the withdrawal committee, Mrs. Fournier and Mr. Murphy. I know that this task has been a long and arduous one and I appreciate the time they committed to this process. I’m an absolute firm believer in asking questions, examining procedures and exploring methods. I also believe that throughout this withdrawal, intentional or not, their motives, loyalty and even character have been questioned. I understand that may come with the territory when you are a public servant, but I want to say to all those people that I’m sorry for the accusations they have suffered while they have been looking out for what I think is the most important special interest group in

Ron Zehner, Resident of Saco – Look back 5-7 years ago. You had 7 board members from each Ward to represent you. They listened to you and you had a voice. I think that if Saco withdraws, it will bring in the City Council where you will have 7 more voices. I think that in the future the Taxpayers group may be getting involved later. We have another group hopefully 5-7 members, so you may have as many as 21 people that will let you give yourself the education you want. All I’m asking is that we get local control back.

Catherine Paradis, Resident of Saco and mother of 3 school age children – I have followed this process from the beginning and believe that the withdrawal committee has provided many good reasons for Saco to withdraw from RSU #23. I feel very lucky to have my children attend Saco schools. We have great educators and they have taken such great care of the children in Saco. There are many good reasons for Saco to withdraw from the RSU. I would like to share with you one of the reasons I believe that local control is best for our schools. A few years ago not long after the formation of the RSU, I had a concern about the direction the RSU was going in. For the first time in my life I called an elected school board member to voice my concern. After I explained my concern, the school board member told me she didn’t represent the voters or children of Saco. Her concern was for the RSU as a whole. Even if it meant the kids of Saco and the teachers went without, she represented the RSU. She was easily dismissive of me and I was dismayed. I felt as though I was left without a voice and I experienced what it was like to be unrepresented. Now I understand the value of collaboration and the benefits we gain by learning to work together. But, this experience changed by perspective of the RSU because it is a terrible thing to wonder who is going to look out for Adeline, Olivia, Jack and the teachers and schools if the school board officials from my city were not. Thank you to the withdrawal committee, Mrs. Fournier and Mr. Murphy. I know that this task has been a long and arduous one and I appreciate the time they committed to this process. I’m an absolute firm believer in asking questions, examining procedures and exploring methods. I also believe that throughout this withdrawal, intentional or not, their motives, loyalty and even character have been questioned. I understand that may come with the territory when you are a public servant, but I want to say to all those people that I’m sorry for the accusations they have suffered while they have been looking out for what I think is the most important special interest group in
the City of Saco and that’s its children. Thank you to the withdrawal committee for being the voice of so many in Saco.

Beth Johnston, 62 Pleasant St., Resident of Saco & Member of the RSU Board – Ms. Johnston had a question about the school budget comparing the 2009 to 2014 budgets? I thought that he said that it was something like a 3% increase. It seems like that figure would be rather low. So I would like to have an explanation of what that figure is he was referring too and how he arrives at it. The report that Purdy Powers created based on information given by our Finance Director, I’m curious. There has been some criticism on having inadequate technology, gifted and talented and foreign languages in Saco. But, it is my impression by talking to people who understand numbers much better than I do that there really hasn’t been any provision in this document that was prepared by Purdy Powers to address that issue. If we are going to have these improvements in our education, this will certainly cost something. I think it would be a little bit misleading not to have them incorporate this information into the document. Ms. Johnston asked the City Council and Mayor if they had a copy of the second part of the document that Purdy produced which I think was probably distributed by e-mail on Friday. Is this report in your packets here today? It would seem to me that it would certainly pertinent to tonight’s discussion. At least in relation to the supposed great savings that we are going to have based on the Purdy document. The room is filled with people tonight that are speaking very eloquently, about what they believe the circumstances relating to the improvement of RSU withdrawal. I think it is a slanted perspective. I think you can always make things look the way you want them to look. Before the RSU, there was a group called Vision 20/20 which was the beginning of the possibility that Saco could open up its mind to sharing resources with other communities. I think it is one of the reasons Saco is maybe able to look outside its own borders back to the period of time that the RSU came along as a potential. Saco can still do that. The question was asked the meeting last week by a young woman “What have we done to try to make this work, and why hasn’t it worked?” There were answers given by the withdrawal committee. The bottom line is that you have to want it to work and you need to work together. There has been allot of criticism of the divisiveness that is in this organization, but I really think you have to actually look where the divisiveness was actually born. I would really like to address a key factor in the withdrawal, the question of whether students might be forced to go to schools outside of where they would normally go. The Superintendent Mr. Phillips when he joined us was very innovative by saying to us “How do we make this the best district that we can”? He encouraged us to think outside the box to see what the possibilities were. One of the possibilities was relieving the pressure at Saco Middle School by moving some kids to other schools. But there was never a quote “mandate threat” that has been insisted on many times by the people of the Withdrawal Committee. I think that is really sad, because that misrepresentation has been one of the major things to drive this engine down the road, and it was never there. What we did ultimately do was to let some kids who may do better in a smaller school situation to go to Old Orchard Beach schools. The illusion that Saco Middle School is overcrowded is bunk in my opinion. I had 4 kids through the school and it has never been anything other than overcrowded both with and without walls. So I think that is a clear misrepresentation of Saco Middle School. I find it odd that parents would actually prefer to have their kids stay in an overcrowded school than to allow some provision to occur that would ease up the burden for everybody and perhaps provide a better situation for kids who would do better someplace else. Despite the fact that comments have been made that nobody is demonizing anybody, it is pretty obvious to me that somebody is demonizing somebody in this whole process. I do believe that we are all saying that we do want the best education for kids and we should be working for the best education for kids. But, I don’t think that means you have to leave the RSU. I do not support withdrawal from the RSU. I support giving the RSU a chance to go back and focus on education again.

Vangel Cotsis, Resident of Saco & Member of the Withdrawal Committee – Mr. Cotsis noted that he did just hear that one of the primary impetuses for this withdrawal effort beginning was that there was a threat of redistricting in Saco and a mandate such that students in Saco could be required to attend school in Old Orchard Beach. I think I just heard that for the most part that never was the case that was untrue and the threat of that never existed and was essentially fabricated as one of the origins of the effort to withdraw. Most people know that I’m a Trustee at Thornton Academy and I agreed to attend a collaborative meeting in between some representative members of the Trustees with the Superintendent and Chair of the RSU and some other representative people in the community. I
had not heard about the fact that choice was being considered until the RSU representatives came into that meeting and said that we think there is overcrowding at Sac Middle School and that we are implementing a policy of choice. I later learned that choice that actually been voted down because it didn’t get a super majority, but the Superintendent decided to unilaterally initiate a policy of choice anyway only in one direction from Saco to Old Orchard Beach or Dayton to Old Orchard Beach. In that meeting I sat in and listened intently, I heard for the first time that if this policy doesn’t work we may need to consider options such as redistricting and a mandate. This was pretty unsettling to me. I was taken by surprise and it was my impetuses to get involved with what was going on with education in Saco. I then attended a PTO meeting at Burns School in which the Assistant Principal Loranger Middle School and Assistant Principal of Saco Middle School made a presentation this policy of choice essentially to go around an encourage choice to at least what was believed to be this balancing out and the Assistant Principal following allot of objection in the room used said “we really don’t want to have to mandate, but it is a possibility”. My son came home from school one day, emptied out his backpack and said “here are my papers mom and dad” and in those papers was a letter from the Superintendent that said we were implementing this policy of choice, but in so many words is suggested mandate. That was #3, not fabricated. Here is #4. RSU #23 Board minutes February 14, 2012. Allot of discussion and on page 6 I have highlighted the following: The choice option is the preferred approach but the other more mandated options would need to be considered if the choice approach does not solve our problem. This is very threatening to parents in Saco, and so I got involved. After peeling back the layers of this RSU onion, I realized there was substantial program disparities and financial dollar distribution in regards to subsidy and when money came in how it was allocated. Something that was originally on a budget over here to support a program in Saco suddenly didn’t have the same amount of money that was available as was at the beginning of the budgeted year.

Al Sicard, North Street, Saco – Mr. Sicard noted that he was a product of the Saco school system and also put 2 kids through the system. We have professionals like Mary Turnage and many others who work hard for our students every day. Something that has not been brought up, but been asked allot of me and we’ve done a little research to try to give people the answers is what happens on November 6th after a withdrawal vote is taken and the climate we are hearing out there goes forward and Saco withdraws? One, we would move forward to elect a Saco School Board with one from each Ward. That School Board then takes office and is charged with putting the Saco School system back in order with things like hiring a Superintendent and moving forward the business of the board. Secondly, they will also still be charged with coming together with the school budget. After their budget is formulated, it will be presented to Saco residents in the form of a municipal election as we have been doing in the RSU. Unless the Charter is changed by the new City Council that takes office next year, then we will continue with that. There has been allot of misinformation. People said that we would go back to the old way of the City Council and the schools and back and forth. My understanding and what I have been telling people in that if you vote the budget up or down, it comes back to the City Council to be rolled into the tax rate and approved by putting the municipal budget together with the school budget as you have done as we have been in the RSU. So if that is the case, I completely in agreement with others that this has been divisive and is time to get out and move on. Take the advice of two of the people in the know. One of them is the RSU Board Chairman Gary Curtis and bless him, because he has had arrows coming from all sides except his constituents from Old Orchard Beach. My god, they should give him a medal. I’m serious. He has done everything in his power to benefit his students in Old Orchard Beach. That was his charge and he did a wonderful job. I thank Bill Johnson and his committee, and we should take his advice tonight. We have the stats and can save some money and get local control. Move on. Please vote yes on withdrawal on November 5th.

Eric Drown, 4 Thunder Road – Mr. Drown noted that he has 3 children in the Saco schools and there has been allot of talk about local control tonight. I wanted to point out that as a education consultant and University Professor, one of the things I very well aware of is that no local body has complete control of education. It is true that if the city withdraws there will be 7 committee school board and you can call up your representative and that will be one voice for you. I is true that there will be 7 council members and that will be another voice for you. It is true that every member of the City of Saco will be a voice for education going forward. But that is not the sum total of voices who will be speaking about what the quality, content or funding of Saco education will be. There will be
voices from the State. There will be Governors and Legislatures who will want to put their hands on state financing and get budgets under control and they will issue not only the subsidies, but with those subsidies will come policy. Those policies will shape what we do locally. We can do our best to manage those policies and to respond to them. But, those policies will be forthcoming. We also have federal government which will have their hands in education policy. One of the most important pieces of federal legislation in the last 20 years is called FERPA. This protects student’s privacy rights. One of the problems that withdrawal may cause with FERPA is that we have these blended computer systems that contain all the records now of all the students of RSU #23. One of the things that FERPA will probably require is that we separate all of that information out of those computers. One of the most significant voices in education policy and curriculum are the educational testing and textbook and curriculum industry. We heard great things earlier about the math investigations program that we use in K-8. Where was this program designed, not here, it was designed and sold in New York City. The same thing goes for the “Lucy Conkins writing program. I’m a writing professor at the University of New England and Lucy Conkins is highly respected. It is true we want to have local control and have a voice in our education, but it is true already that we invite many other voices into the dialog as to what education is and should be here. Sometimes those voices are good and challenge us and sometimes those voices tell us something we don’t want to hear. I don’t think that withdrawing from the RSU is going to increase our local control. We are already in a large dialog that is much bigger than most of us remember. We already must negotiate with a myriad of outside voices.

Mike Desjardins, 237 Boom Road, Saco – Mr. Desjardins asked to make a comment on Ms. Johnston’s comments. Based on the Purdy Powers report, I don’t believe that it is their job to dictate how we spend the excess funds. I think that excess funds does equal better education for our kids. I have a couple of questions for Mr. Charette. In the first phase of your two part analysis, Saco saved nearly $1.4 million. I also see in that same time we are spending $450,000 in tuition to Old Orchard Beach for Saco students that will continue to go there. If we remove these expenses that don’t represent direct operational costs to Saco it appears we would have saved approximately $1.8 million in the first three years. Is that correct? I’m not saying we should continue supporting the education of these students, I’m just trying to clarify the savings if we don’t have these temporary costs. Also are there other costs such as the $400,000 being given to the RSU for setting up a new office that would also contribute to Saco’s savings in a more normalized scenario? If so, could you estimate what those costs savings would be? Can you give me a general sense for what your approach was at estimating the expenses in your report? I know some of your input came from the RSU information, some from the Dept. of Education but many are assumptions based on spending trends based on the current RSU. Would you describe your approach in these assumptions as being liberal, moderate or conservative and can you give me some examples above and beyond the salaries that you already stated.

David Labbe, Resident of Saco – Mr. Labbe noted that allot of people brought up good points tonight. He thanked Mrs. Turnage for giving us the perspective that got him involved with this which is the students and schools perspective. This is personally insulting to me to hear the same thing “What will Saco do?” and how will they deliver a quality education on its own. Having lived here and my children being educated prior to and during, I have the utmost confidence in the teachers and administrators in those buildings that they can deliver a quality education that is of value to Saco. So thank you for having the courage to speak up. I have spoken to allot of staff members and teachers who do not feel comfortable in speaking in public for whatever reason, so thank you for that. It is an important perspective to have. I like what Ms. Brunswick had to say about the potential of what a RSU could be. Unfortunately as Mr. Cotisis outlined, school choice has gone one-way with sending students for Dayton and Saco to Old Orchard Beach. The invitation was no reciprocal. I don’t know how many of you read the articles in the Courier, but last year there was a beg and a plea from an Old Orchard Beach student who wanted to go to Thornton Academy, but was not allowed to unless she paid tuition. This is not a mutual agreement or functioning relationship. I would also like to thank the City Council for supporting this initiative and having faith in the voters of Saco and the citizens, whom I’m a part of who felt that withdrawal was our only option. Thank you to the Withdrawal Committee who have operated to the letter of the law with integrity and ethics, to the city Finance Director and City Solicitor. It will be up to the voters and I hope that people look at this long and hard. This was not something that came upon us in the spur of the moment. This is the result of a long standing dysfunctional
agreement that never got off on the right foot. It is our only option and I do hope that people do look at the data and do understand that a $5 million disparity in staying in this RSU or going on our own I think is a great start to rebuilding and delivering the value that Saco education has done for well over 100 years.

Tracey Collins, Resident of Saco & Founding Member of Care 23 – Ms. Collins has 3 children in the system, all between the ages of 5-10 years old. I got involved in this situation because I heard allot of different things and I really wasn’t sure who to believe. Thank you to Mrs. Turnage and all of the teachers in the whole RSU that continue to work effortlessly while other larger things are going on. I think that is important to note. My concern at this point is a question for the Council is that, as we go forward and withdraws happens and we are now in a situation that is very different than it was in 2009. We are concerned that we are going to be competing for resources with ourselves. When I look at a $32.2 million budget and we take out the fact that nearly 30% of that is now locked in to a contract with T.A. that will be fixed. We also have an increase in special education costs that are rising. Now that is not a criticism of T.A. or special education, it is just a fact. The concern that many of us have is what is left for K-8 moving forward. The teachers in Burns School do point out correctly that there are many technology issues that we have to address, but I don’t see how we are going to be able to do that if we are showing a $400,000 savings. I want to know where that money is going to come from and I also need to point out historically from my experience talking to school board members who worked with the City Council prior to the RSU is that I guess I want to know that with my kids still 10 years away in some instances from T.A. that you are not going to be cutting the K-8 program. At least support in the next 3 years the K-8 budget.

Councilor Lovell moved, Councilor Blood seconded to close the Public Hearing. The motion passed with unanimous consent.

Mayor Johnston turned the gavel over to Deputy Mayor Blood. Dep. Mayor Blood asked the City Administrator to read the questions.

City Administrator Rick Michaud read the questions as follows:
1) How will children fair in the future if we stay in or get out of the RSU? Councilor Lovell noted that there is something that resides in the new school board to answer that question. Roland Michaud stated that the children in this community will fare as well as the parents, citizens and the voters decide they will fair. Having been involved in a political process for over 20 years, we get what we ask for. So if we want to be a supporter of our children we will ensure that the Councilors the School Board to represent us, our children and their interest. This is the most effective tool to ensure that they will fare well into the future. The reality is that local control has the best opportunity to ensure our students are protected well into the future, if the parents and voters actively participate in the political process. Vangel Cotsis noted that quality education happens in the classroom.

2) The report assumes a $47 million budget, and it is up from $45 million and there is a 5% increase in taxes. How did you derive the $47 million? Finance Director Cheryl Fournier noted that the biggest piece of both agreements, since I don’t know whether this was meant for the new one or the one that was out last week. If you pull out the T.A., the new capital overlay from the Oak Point stuff and the new buses, there is actually an increase in both of the agreements/reports of about 3%, if you take those unusual items out from 2014 - 2015. Councilor Smith asked why school buses were considered unusual. Cheryl Fournier noted that it was a difference of assumptions from 2014 and before to 2015 and after. We put into the budget projection that we would go back to buying 3 buses per year. Councilor Smith inquired versus? Finance Director Fournier noted that we were doing one per year. Councilor Smith stated that school uses were always a recurrent issue and to say it is unusual? Finance Director Fournier noted it was a difference of assumption prior to 2014 and before to 2015 and after. Finance Director Fournier noted that it would pay the Superintendent that would have to make a choice on some of the IT stuff. I thinking because we know about there being some inadequacies, I don’t think we know the full extent of them between the pieces and so we kept it as what IT was before 2014 and brought it forward. It looked like they built a little contingency in that was new in 2014, so I continued that, in hopes that would take care of some of the inadequacies going forward. But, I’m not sure of the extent and how much the cost would be. Councilor Lovell...
noted that when it comes to IT, we just don’t know the state of condition that exists in the IT equipment in the schools, and that in fact over the weekend I heard that there had been a degradation in the availability of some of those assets from what had been under the Saco School Department, so that is new information and I really don’t think in my own mind that the likelihood that the new School Board is going to try to preserve a $447,000 savings by changing over. My expectation would be that they would spend the money quite possibly on computers. There are also reports that some of the various facilities have degraded over the 5 years period where they weren’t included in the RSU Capital Improvement Plan. So, I would expect that some of that money would be used there. There is a difference from a set of pro-forma’s taking out some hypothetical approaches and making assumptions, and where a school board may put their budget. What we will see is no increase but we don’t see it going down in taxes because we are leaving the RSU.

Councilor Smith asked to be walked through the formation of the school budget. City Solicitor Tim Murphy stated he spoke to the acting Commission of the DOE. What would be the scenario budget process going forward if a successful withdrawal vote occurs? The answer was clear that the city will elect a successor school board that will set their budget based on the 11 cost centers. It is then delivered to the City Council to review and either increase or decrease any of the 11 cost centers. You may not tell the School Department how to spend its money, but, in your considered wisdom you may say we don’t think you have enough money in cost cent #5 or we think you should increase it or that you have too much money in cost center #3 and think you should decrease it. At the end of the day you will sum up the 11 cost centers and vote a tax appropriation. That cost center budget will then be sent out to a budget referendum. The citizens will ultimately decide whether to approve the budget or not. We didn’t discuss the hypothetical issue if the voters reject the budget.

3) Finances – The State subsidy in 2014 is projected to increase $450,000. Why is that? I’m assuming you are talking about Saco withdrawing from the RSU, and that subsidy only goes up $326,000, so I’m not sure where you are coming up with that other figure. In the FY 2014 prepared by DOE for Saco stand alone it is only $11, 216, 337.00. There is more than one ED279 out for 2014 for Saco. The first one had errors, so you may have a earlier version of the ED279. First as we went through the ED279, as people had mentioned, and there are a whole lot of moving parts in this. So rather than try to go through each of the moving parts and try to make assumptions, when it came to creating a stand-alone ED279 projection for Saco, we looked at the ED279’s of Scarborough, Gorham, Biddeford, SAD 6 and SAD 57 and see how they have changed from FY2009 through FY2014. If you go to the back page of a ED279 there is a total municipal allocation. If you take the municipal allocation and subtract out the debt and go with that final number and divide to the total number of subsidize pupil, what was found was that in all of these communities the percentage increase and EPS allocation on a per student basis went up 17.4% on average over the 5 years. Then you figure out a compounding rate which was 1.0326 number you have seen and we went from the ED279 that the State provided for Saco for FY2014 and that total EPS allocation was $27,223, 598.00 and be bumped up the total EPS allocation by that same compounding rate each year. Then we went and looked at how everybody’s subsidy with respect to their entire allocation has changed and there again is a number of variability’s there such as State valuation, Special Ed allocation, number of pupils and Saco is the only community that has increased in students. If you look at the community we are most closely related to and how the subsidy changed and then looked at Saco subsidy the State gave us for 2014 41.26% subsidy that which includes our debt which is only IVF. It will always only be IVF because that is from Thornton Academy. So if we took the debt out and looked at the percentage of subsidy in 2014, we were at 40.04% and looking at what we were in 2009, we were at 38.24%. So, looking again at other people and how their percent subsidy has changed or remained virtually stable if you look at the ones who didn’t see a large increase in State valuation, we were one of the lowest. Our State valuation only went up 2.23%, and the only one lower was Biddeford, they actually went down 2.36%. So you have to look at all of these factors as to how your State valuation changed, how your sped allocation has changed and we determined that it was most reasonable to go with 40% subsidy before IVF in included in, and that .4% less than the state gave us for 2014. Again, since we have 2 parallel studies, whatever we made for assumptions for Saco and its subsidy as a stand-alone, you basically carried through over to the RSU as well. So if you don’t like the assumptions than you have to decrease the subsidy for Saco in an RSU as well. At the end of a day in an RSU ED279, once the State calculates all the different pieces such as debt and special education, they come to the final
They add the debt of IVF on in addition for Dayton and Saco. At the end of the day because Old Orchard Beach is a minimum receiver, so the State says O.K. here is your EPS allocation, here is your State valuation and mil rate. Multiply them together. For Saco and Dayton that would be our required locals so whatever is left over from the total EPS allocation to our required locals would be our subsidy. For Old Orchard Beach what happens is their EPS allocation actually ends up being higher than the DOE says it will them to operate their school system. That is what a minimum receiver is. So Old Orchard Beach never pays the same mil rate as everybody else, it is substantially lower. This is because they have a higher State valuation than the cost for their educational system. So what happens for Old Orchard Beach as a minimum receiver is that they get currently 35% of their special education as subsidy, so whatever is left over from what the State says it should cost you and that difference is their required locals.

4) The contingency amount in here is $11,000-12,000. Is that a realistic number? This was answered by the Finance Director earlier.

5) We have some low facility costs particularly on Young School. This was answered by the Finance Director earlier.

6) Will taxpayers get money back? This was answered earlier.

7) The projection looks at a 3 year period. Why 3 years and can it be done to cover a 10 year period? You couldn’t. Mr. Charette from Purdy & powers noted that the reason it was done only for 3 years, was because this is the time period they were asked to do. The assumptions and projections is a management report that we perform procedures on and challenged them. I think some of his comments were saying like almost “I didn’t write one of those assumptions”. Those are management assumptions and some of them changed during the process. So, it could probably have been done to cover a 10 year period, but my guess is that it would be so crazy inaccurate that it would be useless. There are a couple of components that get ridiculously hard to calculate once you get out 4 years and the State maximum allowed tuition is not given out until December of each year. Once you start going beyond a couple of years out, you are really making some huge guesses as to what is happening at the State.

Vangel Cotsis of the Withdrawal Committee noted that on the last question as to whether taxes would decrease didn’t get answered. Mayor Johnston stated that the Public Hearing had been closed and asked Mr. Cotsis to sit down. Mr. Cotsis noted that he was here to help answer questions and that the Mayor was out of order and suppressing public information.

8) From 2009 – 2014 the school budget showed a 3% increase. How did we arrive at this percentage? Mr. Charette noted that the 3% works and is compounding 3% for 6 years. Pretty powerful math.

9) Is there a provision to address the inadequate items and improvements that are needed somewhere in the report? Finance Director Cheryl Fournier stated she thought that comment was on the IT inadequacies and that was the one we said would be a management decision based on the school board once they find out the magnitude of it per school. Councilor Blood noted that this wasn’t the charge of the committee. The charge of the committee wasn’t to look at the inadequacies of the schools and try to figure out what would happen in future budgets. If we withdraw, have a new school committee and hire a new superintendent, their job will be to look at that and come back to us and the taxpayer in terms of how we will follow it. So, you couldn’t do that. Because you had to make assumption for what would happen if we withdrew and what would happen if we stayed and they have to be the same. People should remember that this is not a real budget that is being shown. It is a relative budget.

10) Was the second part of the report included in tonight’s packet. City Administrator Rick Michaud noted that it was not. The first report was included twice in the packet that went out Friday and members of the Council and interested parties and media were provided with the second part of the report last Friday when it became available to the city and it was also posted on the cities website. Councilor Lovell asked if it was possible that a printed copy
of both Purdy & Powers reports could be available to those who request it? Finance Director Cheryl Fournier noted that she would make sure the Clerk’s area had a copy of each by tomorrow morning.

11) What can be done to make the RSU work? It was decided to move forward to the next question.

12) Who hires the Superintendent if we vote to withdraw? Councilor Lovell noted that the new school board will hire a new superintendent and begin the budget process and to hire support staff. Finance Director Cheryl Fournier noted that the School Board Election is December 10th. City Administrator Rick Michaud also noted that if one of the Wards fails to elect a representative that the new school board members would appoint a person from the Ward that failed to elect someone.

13) Competing for resources. Will K-8 be competing for funding or will money be available to fund their programs in the future? Finance Director Cheryl Fournier that it would be a school board decision.

Councilor Lovell noted that earlier he said something about local taxes and that Mr. Cotsis wanted to elaborate on the answer. Mr. Cotsis noted that there is a distinction between expecting a decrease in taxes and expecting a savings. If we are talking about a projection that says we are going to save $5 million it doesn’t necessarily mean that we will see a reduction in tax because of that. It doesn’t mean it is impossible, but we really won’t know until we get there. But what we can do is assign a mil rate to that savings and so it is just a projection. If that projection were to materialize and if you applied the associated mil rate to that projection, I think it is helpful for people to know that if you have an accessed home of $200,000 the equivalent mil rate dollar tax avoidance you could call it for having left the RSU is $496.00, a home worth $250,000 is $620.00, a home worth $300,000 is $744.00 and a home worth $350,000 is $868.00. I just wanted to give you a dollar equivalent of what if we were to leave and what was projection did materialize, that would be the increase avoided based on the mil rate.

Council Lovell moved, Councilor Blood seconded “Be it resolved that the City Council of the City of Saco endorses the Withdrawal Agreement dated August 1, 2013?” The motion passed with seven (7) yeas.

H. ECONOMIC DEVELOPMENT – ESTABLISHMENT OF REVOLVING LOAN PROGRAM

Biddeford’s downtown revitalization efforts have benefitted from revolving loans dedicated to the downtown and the mill district, administered by the Biddeford Saco Area Economic Development Corporation. While regional businesses can benefit from many of the larger loan funds offered by the EDC, it has been especially useful to have the downtown programs for smaller downtown loans, according to Will Armitage, executive director.

The basis for revolving loan funds was set previously by the City Council in tax increment financing districts and adopted plans. For instance the Franklin Fuels TIF, approved in 2008, Section 1.03, reads authorizes the “capitalization of economic development loan funds.” Downtown Plan amendments recently adopted by the City Council include this recommendation in Chapter 7: “10. Develop a Revolving Loan Fund oriented toward downtown revitalization.”

Such a fund could target small loans to help downtown businesses with renovations, equipment, machinery, fixtures, and furniture. The loans could also be used for working capital, including relocation expenses, and for services, including architecture and engineering.

Saco is now in a position to use TIF revenues and the economic development fund to set up such a fund, and the Economic Development Corporation is willing to administer it. Attached is the outline of the loan fund, almost identical the Biddeford downtown loan fund, as it would be administered. Loans would be limited to $10,000 under this fund, and would be made only in the mapped downtown revitalization area. The Saco Spirit Economic restructuring Committee discussed the fund recently and is enthusiastic about its creation.

Councilor Lovell moved, Councilor Tripp seconded “Be it ordered that the City Council establish the Saco
Downtown Redevelopment Fund revolving loan program at the Biddeford Saco Economic Development Corporation, capitalized with $200,000 from the economic development fund and Franklin Fuels TIF.” Further move to approve the Order. The motion passed with seven (7) yeas.

PROGRAM GUIDELINES

SACO DOWNTOWN REDEVELOPMENT FUND (SDRF)

Background: The City of Saco has allocated funds for the establishment of a redevelopment program to provide financing to assist property owners/developers and operating businesses seeking to locate and/or expand in the Saco Downtown District.

Eligibility:

1. Eligible Areas: Properties and/or businesses located or seeking to locate within the boundary streets highlighted on the attached map including other areas, adjacent to the “District” as may be determined eligible.

Eligible Businesses: Any existing or proposed business and property owners located within the eligible area defined above and meeting other requirements as follows:

Applicant must provide proof of ownership or leasehold interest.
Applicant must not be in arrears on any personal property or real estate taxes owed to the City of Saco.
Applicant must demonstrate the availability of any matching funds required to complete the “project” as approved.
Applicant must meet the underwriting requirements of the Program and otherwise comply with program procedures and requirements as established by the Program Administrator, the Economic Development Corporation (EDC).
Applicant must secure all required permits and approvals as required by local, state, federal jurisdictions.

2. Eligible Uses: The following are eligible use of loan proceeds pursuant to the SDRF:

Physical improvements and renovations including leasehold improvements and rehabilitation activities both interior and/or exterior treatments including business signage, awnings, etc.
Fixtures, furniture, and equipment related to the business.
Working capital including relocation expenses.
Machinery and equipment
Related professional services including architectural, engineering, marketing, and other fees and costs.
Ineligible Uses: The following are ineligible uses of loan proceeds under the SDRF:

- Real Estate acquisition.
- Refinancing of existing debt.
- Sweat equity – payment for the applicant’s own labor.
- Reimbursement of any project costs incurred prior to the approval of the SDRF loan.

Financial Terms and Conditions: The SDRF shall provide loan financing subject to the following terms and conditions:

- Maximum loan amount shall be $10,000. All loans shall bear a maximum interest rate of 5% per annum.
- Applicant must match SDRF at minimum of $1 to $1.
- All SDRF loans shall carry a provision which may defer the amortization of the loan for a period of one year from the date of closing.
- The applicant shall comply with all other terms and conditions as may be established by the EDC.
- The loan agreement shall contain a provision which stipulates that the SDRF loan is immediately due and payable in full should the business relocate outside the City of Saco prior to the full amortization of the loan.

Loans approved under the Main Street Challenge Program, or similar programs, will have the following terms and conditions:

- a. Loans will have a term of seven (7) year term or eighty-four (84) months;
- b. For a period of twelve (12) months from the date of closing all payments shall be deferred;
- c. For a period of twelve (12) months after the initial deferment period payments of Interest Only shall be required;
- d. At the end of twenty-four (24) months from the date of closing, the loan will be forgiven contingent upon the following conditions:
  - Creation of one new job, which may include the owner; and,
  - Being open and in business during the initial twenty-four (24) month period.
- e. If the loan is not forgiven after the initial twenty-four (24) months, payments of Principal and Interest shall be required to amortize the loan balance over the remaining term of five (5) years.
- Borrowers shall pay a Commitment Fee of $100.
- Borrower must submit annual financial statements & tax returns over the term of the loan.
- The applicant shall comply with all other terms and conditions as may be established by the EDC.

Lending Limit: Credit Concentration in any one borrower or related borrowers will be limited to 30% of SDRF loan assets. The Board of Directors may approve any exceptions to this limit upon the recommendation of the Loan Committee and staff.

Program Administration: The SDRF shall be administered by the EDC in accordance with the guidelines approved by the Saco City Council and in accordance with the Corporation’s loan underwriting procedures. EDC shall perform functions such as loan origination, servicing, management, and program reporting including quarterly program reports to the City of Saco’s Development Director who shall serve as the City’s liaison. As compensation for the foregoing, EDC shall retain a loan application fee of $100.00 charged to each applicant. The EDC shall also retain one-half of all interest income earned annually.

Amendments: The SDRF may be amended by a majority vote of the City of Saco Economic Development Commission consistent with the central purpose of the SDRF pursuant to Paragraph A herein as approved by the City Council.
I. CAMP ELLIS MUNICIPAL DEVELOPMENT DISTRICT PROGRAM FOR SHORELINE DAMAGE MITIGATION

The Army Corps mitigation plan for Camp Ellis may require a “project partnership agreement” which addresses future maintenance of the project. The project will require beach nourishment with hundreds of thousands of cubic yards of sand transported to the beach both as part of the initial project and every 12 years thereafter. While there may be funds in the $26 million budget for the first and second beach nourishment projects, later sand hauls may have to be funded locally, depending on what is negotiated in the project partnership agreement. Some monitoring and repairs would also be required. Of course the work could be funded through normal city budget processes. However, City Administrator Richard Michaud asked the staff to explore other funding options available in Maine legislation.

The staff worked with bond counsel Ronald Epstein to review the various special funding mechanisms which might have potential. Some of the various methodologies available nationally were not available under Maine law, and others in Maine statute are written in ways that would exclude this project. The attached matrix “Consideration of Methods to Fund Camp Ellis Beach Erosion Costs” describes six methods considered. The staff and attorney concluded after reviewing these is that the law permitting “Municipal Development Districts” is the best opportunity for the equivalent of what might be called a special assessment in other jurisdictions. The district would include all of the land from Bay View to Camp Ellis, between Seaside Avenue and the ocean.

The law requires that at least 20 percent of the district be suitable for commercial development. So the district in the draft map is about five times the size of Camp Ellis, which is zoned commercial. The assessor calculated the assessed value of the area as about $130,762,000, about 6.5% of the city’s value. All of the draft materials are preliminary for the Council’s consideration of the concept. If there is any interest, the Council may want to consider referring the matter to the Shoreline Commission for further consideration.

Councilor Smith moved, Councilor Tripp seconded “Be it ordered that the City Council refer the ‘Camp Ellis Municipal Development District Program’ to the Shoreline Commission for consideration of a future funding mechanism.” Further move to approve the order.

AMENDMENT – Councilor Cote moved, Councilor Tripp seconded to sue the federal government for messing up the beach.

TABLED – Councilor Cote moved, Councilor Tripp seconded to table the main motion and amendment. The motion passed with five (5) yeas and two (2) nays – Councilors Smith and Doucette.

J. STACKPOLE CREEK BRIDGE FUNDING PROPOSAL – MAINE DEPARTMENT OF TRANSPORTATION

On June 11, 2013, Saco voters turned down the proposed borrowing of $1.7 million for repairs to the bridge by a 971-742 margin. In part, the language on the ballot included: “The total estimated principal and interest payments on the bonds is $2,622,250, of which $1,700,000 is principal, and estimated interest at fixed rates ranging from 2.5% to 4.0% (depending on the years to maturity) over 30 years is $922,250.”

On August 12, 2013 the Stackpole Creek Bridge Ad Hoc Committee reconvened to discuss next steps and possible bridge funding mechanisms. It was at this meeting that State Senator Linda Valentino brought up the potential of utilizing the State Infrastructure Bank (SIB) through MDOT. This program makes loans: nine have applied since 2003, but it needs a 50% match. Bruce Van Note, Deputy Commissioner of MDOT, met with City staff and Ad Hoc Committee representatives on September 11, 2013. Senator Valentino was instrumental in organizing this opportunity to discuss the SIB funding potential. During the meeting it was determined that MDOT would only loan up to 50% of the lowest cost option for replacing the bridge, regardless of which option the City decided to implement. Following the meeting and a site visit to the bridge, MDOT followed up with an e-mail detailing the
terms of the SIB funding offer.

It is the opinion of the City’s attorney that the SIB Loan requires issuance of a bond under Section 6.15 of the Charter, and it must be done via the process set out in Section 6.15 meaning 5 votes from the City Council to do a bonding, and then send it onto the voters for final decision.

Councilor Tripp moved, Councilor Smith seconded “Be it ordered that the City Council request the Maine Department of Transportation increase state infrastructure bank loan to half of $1.7 million, $850,000, at an interest rate of 0.00%.” Further move to approve the order.” The motion passed with six (6) yeas and one (1) nay – Councilor Tardif.

VI. RECESS THE MEETING AND CONVENE THE WORKSHOP

Councilor Tripp moved, Councilor Smith seconded to adjourn the meeting and to go into a workshop. The motion passed with unanimous consent. TIME: 10:50 p.m.

Mayor Johnston called a Special Council Meeting for October 28, 2013.

VII. ADJOURN THE WORKSHOP AND RECONVENE THE MEETING

Councilor Tripp moved, Councilor Blood seconded to adjourn the workshop and reconvene the meeting. The motion passed with unanimous consent. TIME: 11:05 p.m.

VIII. EXECUTIVE SESSION

Councilor Smith moved, Councilor Tripp seconded “Be it Ordered that the City Council, Pursuant to [M.R.S.A. Chapter 18, Subchapter 1, §405 (6) (C)] move to enter into Executive Session to discuss: The potential sale and/or lease of city properties, Map 69, Lot 1 (rear portion) and Map 70, Lot 4. The motion passed with unanimous consent. TIME: 11:06 p.m.

A. REPORT FROM EXECUTIVE SESSION

Mayor Johnston moved from Executive Session with the unanimous consent of the Council at 11:36 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 Tripp moved, Councilor Smith seconded to authorize the City Administrator to enter into an option agreement with Maine Sports Realty for the 12.85 acre rear portion of Map 69, Lot 1, and for a license for parking on the City’s Lund Road property, Map 70, Lot 4. The motion passed with six (6) yeas and one (1) nay – Councilor Cote.

OPTION AGREEMENT

NOW COME the Parties, the CITY OF SACO, a municipal corporation, 300 Main Street, Saco, Maine (“the City”) and MAINE HOCKEY GROUP INC., a Maine Corporation with a principal address of 15 Lund Road, Saco, Maine (“MAINE HOCKEY”) who agree as follows:

1. Option to buy parcel. The City, for the consideration set forth below and upon the terms and conditions set forth below, grants to MAINE HOCKEY a limited exclusive option to purchase a certain 12.85+
acre parcel of land, said parcel more particularly shown in Tab 1, attached hereto, said 12.85+- acres being a portion of land identified as 351 North Street and in City assessing records as Tax Map 69, Lot 1.

2. **Consideration.** The consideration for this option is $1,000.00, and is non-refundable.

3. **Term of Option.** MAINE HOCKEY may exercise its option at any time between the City’s date of execution below and up to 180 days therefrom. The option to purchase will expire at 12:00 p.m. of the 180th day following execution by the City. MAINE HOCKEY shall enjoy up to three (3) additional 180 day periods of extension of the option is permitted provided MAINE HOCKEY notices the City prior to the termination of the first, and each successive, option period, and, provided MAINE HOCKEY provides additional consideration of $1,000.00 to extend the Option each time an extension is sought.

4. **Purchase Price.** Provided MAINE HOCKEY exercises the option, the City agrees to sell the parcel to MAINE HOCKEY for One Hundred and Five Thousand Dollars ($105,000.00).

5. **Title.** The City shall transfer and convey the property to MAINE HOCKEY by Quitclaim Deed only, with no warranty or covenant as to title, usefulness, marketability or any other condition.

6. **Closing/Loss of Option.** After exercising the option herein described, MAINE HOCKEY shall close on the option parcel within 120 days following receipt of all necessary regulatory approvals, including issuance of a building permit for the improvements described hereinbelow (the “Arena Project”). If MAINE HOCKEY fails to close within 120 days of the receipt of all regulatory approvals and the issuance of a Building Permit, all rights of MAINE HOCKEY in the option parcel shall terminate. All regulatory approvals must be secured within 365 days of exercise of the Option or all rights of MAINE HOCKEY herein shall terminate.

7. **Exclusivity.** No rights under this option may be transferred, assigned or encumbered by MAINE HOCKEY without the express written consent of the City which consent will not be unreasonably withheld, provided, however, that any assignee must agree to and assume all the terms and conditions herein.

8. **Additional Conditions:**

   A. **Tax Exempt Status.** The purpose of this transfer for Saco is to promote the build out of a tax producing real estate development. For this reason, the deed from the City shall contain a reversion clause expressly stating that the property, and Arena Project contemplated herein, shall each for all times be held, owned and operated by a taxable, for profit entity, and that in the event of any assignment, transfer or sale is made to a non profit, not for profit or charitable or benevolent entity, that the parcel, and any improvements thereon, shall, irrevocably revert back to ownership of the City of Saco.

   B. **Tax Exemption Representation.** MAINE HOCKEY for itself, and its successors and assigns, acknowledges, consents to and agrees that it shall always hold for profit status as long as it owns and maintains the premises and the Arena Project, and that it will not at any time in the future seek non-profit, not for profit or charitable/benevolent tax status; and it further covenants that neither it, nor its successors or assigns, shall assign, sell, lease, license or transfer the option parcel, or the Arena Project itself, to a non-profit, not for profit or charitable / benevolent entity at any time in the future. This provision applies to the option parcel, to the contemplated Arena Project and also to those construction improvements which are created after the date of this agreement, regardless of where sited. To the extent relevant, the existing building located at 15 Lund Road, Saco, Maine is not subject to this covenant, however, if any part of the anticipated Arena Project
contemplated herein is built upon 15 Lund Road, that portion of the 15 Lund Road site will be subject to this covenant.

C. **Transfer upon CEO Approvals.** To avoid real estate speculation, in no event will the City be obliged to sell, transfer and convey the option parcel identified herein, notwithstanding MAINE HOCKEY’S exercise of the option, until such time as MAINE HOCKEY has secured from the City Code Enforcement Officer a Building Permit for a 4,000 seat, or greater, enclosed auditorium and events arena (“the Arena Project”). A qualifying building permit must be for a standalone structure, with site improvements, sited wholly or partially upon the option parcel containing at least four fixed walls and a roof. If substantial construction of the Arena Project has not commenced within 180 days of the issuance of the building permit, the option parcel shall irrevocably revert back to the City. Substantial construction is defined as construction valued at least $1 million by the City’s code enforcement officer or engineer.

D. **License for Parking.** As additional consideration for MAINE HOCKEY, the City agrees to license for $1.00 per year a portion of land identified as 29 Lund Road, said parcel also identified as Map 20, Lot 4 on the City of Saco Assessing records (the “Licensed Site’). The license contemplated herein shall commence on the date MAINE HOCKEY exercises its option described above, otherwise to be null and void. The license is for the sole purpose of parking cars for those days when the Arena Project has events, and it is subject to the additional following conditions:

D1. **Non-Exclusive Use.** No use of the Licensed Site by MAINE HOCKEY shall impair or impede the City’s use of and access to the structure on the Licensed Site and its surrounding curtilage, or to the easterly half of the parcel which is not otherwise licensed herein to MAINE HOCKEY. The Parties covenant to work cooperatively on shared use such that neither interferes with the other.

D2. **Area of license.** The City and MAINE HOCKEY shall work cooperatively to locate, pave and stripe parking locations (all such work at MAINE HOCKEY’S expense) but in no event will the license include any portion of the parcel easterly of the rail line that bisects the parcel, all such area reserved to the exclusive use and control of the City.

D3. **Renewal of license.** The initial license period shall run for five (5) years. It may be renewed for additional (5) year increments upon payment of a one-time $2,500.00 renewal fee.

D4. **Superfund site.** MAINE HOCKEY acknowledges that the Licensed Site is a US EPA SuperFund site, governed in part by certain institutional controls, and that consent to its use may be denied or conditioned by US EPA and/or Maine DEP. All consents for MAINE HOCKEY’S use as described herein shall be secured by MAINE HOCKEY, at its sole expense, from all applicable State and Federal regulatory agencies, and it covenants that no use hereunder will limit, intrude, impede, impair or interfere with the referenced institutional controls.

9. **LUND ROAD.** The City takes cognizance that a portion of Lund Road may need to be discontinued and abandoned (See 23 MRS Section 3026) for the build out of the Arena Project and site amenities contemplated herein. The City agrees to such an undertaking but only upon condition that MAINE HOCKEY provides an irrevocable easement for access to the City’s Lund Road site (the Licensed Site) in advance of any discontinuance/abandonment, and upon additional condition that Maine Sports and all other affected abutters
accept $1.00 as the agreed amount of damages arising from and related to such discontinuance/ abandonment that the City undertakes as to Lund Road.

10. TRAFFIC AND CIRCULATION. Both parties agree and acknowledge that public access for vehicles will enhance the success of any Arena Project on Lund Road. Therefore, MAINE HOCKEY covenants that it will cooperate with the City to develop a public traffic access plan that allows for the build out of public roadways with 70 foot wide public easements that will connect Industrial Park Road, Lund Road, and North Street in a way satisfactory to both parties. If necessary and upon request, MAINE HOCKEY will facilitate transfer of necessary lands it may own to the City to accomplish the build out of such roads.

11. Notice. The Parties agree any notices required hereunder shall be delivered by Federal Express, Priority Mail or other comparable service that provides tracking and requires signature acknowledging delivery, to:

MAINE HOCKEY GROUP, LLC
_________________________
_________________________

City of Saco
Attn: Richard Michaud
300 Main Street
Saco, Maine 04072

With Copy to:
_________________________
_________________________

Peter Morelli
Development Director
300 Main Street
Saco, Maine 04072


A. The City shall remain in possession of the premises during the option period, however, MAINE HOCKEY and its agents shall have reasonable access, upon reasonable notice, for the purposes of Due Diligence, including any environmental site assessments deemed appropriate by Maine Sports. All entry by MAINE HOCKEY or its agents shall be at their risk, and they assume all responsibility for liability or damages arising therefrom.

B. Upon closing, any and all risk of loss or damage shall belong to MAINE HOCKEY for the site, and its condition, including any environmental conditions or contamination subsequently found thereon, or originating and/or migrating therefrom.

12. Law and Disputes. This is a Maine Contract which the parties intend will be solely governed by Maine Law, and interpreted under Maine Law. If any dispute arises between the Parties, it shall be resolved first, if possible, through mediation in York or Cumberland County Maine. The parties shall jointly share the cost for a mediator, who shall be jointly selected. The parties shall not declare mediation a failure until they have completed at least one full day of mediation. If mediation fails, either party may thereafter seek legal relief in Court but the parties expressly agree, in advance, that any such action shall only be commenced in either the Superior Court for York County or the US District Court sitting in Portland, Maine, but in no other Courts. For all times and purposes, each side will be responsible for their own attorney fees.

13. Survival of Terms. The terms in this agreement are intended to survive the closing on the option parcel, and both parties expressly agree that all conditions herein shall survive the transfer of the option parcel should it occur.
MAINE HOCKEY GROUP, LLC: CITY OF SACO:

_________________________  _________________________
Its Manager            Rick Michaud
_________________________  City Administrator
Print Name

Date: ____________________  Date: ____________________  

IV. ADJOURNMENT

Councilor Blood moved, Councilor Lovell seconded to adjourn the meeting at 11:37 p.m. The motion passed with unanimous consent.

Attest:____________________________________
        Michele L. Hughes, City Clerk