STATE OF MAINE
COUNTY OF YORK
CITY OF SACO

I. CALL TO ORDER – On Tuesday January 17, 2017 at 6:32 p.m. a Council Meeting was held in the City Hall Auditorium.

II. RECOGNITION OF MEMBERS PRESENT – Mayor Roland Michaud recognized the members of the Council and determined that the Councilors present constituted a quorum. Councilors present: David Precourt, Roger Gay, William Doyle, Kevin Roche, Alan Minthorn, Eric Cote and Nathan Johnston. City Administrator Kevin Sutherland was also present this evening.

III. PLEDGE OF ALLEGIANCE

IV. GENERAL

V. PUBLIC COMMENT

➢ John Harkins – Asked if the public would have an opportunity to ask questions after the audit is presented and also after the financial disclosure report? Mayor Michaud stated that questions could be asked.

VI. CONSENT AGENDA

Councilor Doyle moved, Councilor Johnston seconded to approve consent agenda items A, B, and C as follows:

A. Application for a Solid Waste Permit – Doyon’s Property Maintenance and Landscaping Inc. - “Be it ordered that the City Council grant the application for a Solid Waste Permit as submitted by Doyon’s Property Maintenance and Landscaping Inc.” Further move to approve the Order;

B. Massage Therapist License Application – Emily Dunuwila – “Be it Ordered that the City Council grant Emily Dunuwila a Massage Therapist License in accordance with the Codes of the City of Saco, Chapter 138.” Further move to approve the Order;

C. Acceptance of the Rights of Way on the Brookside 2 Subdivision Plan – Be it ordered that the City accept two certain 50 foot rights of way shown on the Brookside 2 Development Plan found and recorded in Plan Book 250, Page 38 of the York County Registry of Deeds, the first right of way running in a northwesterly direction off the northerly end of Bruno Circle, said right of way lying immediately adjacent and northerly of lot 36 on said plan drawing, and the second right of way running in a southerly direction off the southerly end of Bruno Circle, said second right of way running southerly and immediately adjacent to Lot 32 shown on said palm, each right of way being marked as 50 feet in width.” Further move to approve the order.

The motion passed with seven (7) yeas.

VII. AGENDA

A. ACCEPTANCE OF FISCAL

The firm of Runyon Kersteen Ouellette has been engaged to audit the city. The Auditor said, “In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Saco, Maine as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and School Operations Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.” This is a clean audit without qualifications.

The report indicates a favorable financial position going into the new-year for the City of Saco. The City’s unassigned fund balance is above policy, and our debt service remains well below state regulation.

Councilor Cote moved, Councilor Minthorn seconded “Be it Ordered that the City Council accept the ‘City of Saco, Maine Reports Required by Government Auditing Standards as well as the Comprehensive Annual Financial Report dated June 30, 2016, submitted by the firm Runyon Kersteen Ouellette’”. Further move to approve the Order.
Roger Lebreux from RKO – Runyon Kersteen Ouellette presented a financial overview for both the Saco School Department and City of Saco. The complete “Comprehensive Annual Financial Report for Fiscal Year End June 30, 2016” can be viewed on the cities website at www.sacomaine.org under the Finance Department financial reports.

Mayor Michaud called for a vote on the motion. The motion passed with seven (7) yeas.
CITY OF SACO
City General Fund - Revenues

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>$42,488,302</td>
<td>$43,325,170</td>
<td>$836,868</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>748,754</td>
<td>1,034,945</td>
<td>286,191</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>2,074,176</td>
<td>2,206,787</td>
<td>132,611</td>
</tr>
<tr>
<td>Charges for services</td>
<td>1,106,000</td>
<td>1,165,276</td>
<td>59,276</td>
</tr>
<tr>
<td>Interest earnings</td>
<td>15,000</td>
<td>39,982</td>
<td>24,982</td>
</tr>
<tr>
<td>Other revenues</td>
<td>521,000</td>
<td>461,551</td>
<td>(59,449)</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td><strong>46,653,232</strong></td>
<td><strong>48,233,711</strong></td>
<td><strong>1,580,479</strong></td>
</tr>
<tr>
<td>Budgeted utilization of surplus</td>
<td>357,000</td>
<td>-</td>
<td>(357,000)</td>
</tr>
<tr>
<td>Carryover of Assigned Fund Balance</td>
<td>334,665</td>
<td>-</td>
<td>(334,665)</td>
</tr>
<tr>
<td>Transfers in</td>
<td>870,898</td>
<td>937,343</td>
<td>66,445</td>
</tr>
<tr>
<td><strong>Total revenues and other sources</strong></td>
<td><strong>48,515,795</strong></td>
<td><strong>49,171,054</strong></td>
<td><strong>655,259</strong></td>
</tr>
</tbody>
</table>

**Observations:**
- Tax revenues exceeded budget due to higher than expected auto excise revenues.
- Licenses and permits exceeded budget due to higher than expected building permits.
- Intergovernmental revenues exceeded budget due to a conservative budget approach used to budget for state revenue sharing as well as unbudgeted FEMA reimbursements.
- Other revenues were under budget due to a short fall with insurance claims and refunds.

CITY OF SACO
City General Fund - Expenditures

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>General government</td>
<td>$2,480,677</td>
<td>$2,410,443</td>
<td>$70,234</td>
</tr>
<tr>
<td>Public safety</td>
<td>6,711,121</td>
<td>6,588,569</td>
<td>122,552</td>
</tr>
<tr>
<td>Public works</td>
<td>5,663,534</td>
<td>5,696,613</td>
<td>33,081</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>1,510,211</td>
<td>1,611,285</td>
<td>(101,074)</td>
</tr>
<tr>
<td>County tax</td>
<td>1,243,927</td>
<td>1,243,927</td>
<td>-</td>
</tr>
<tr>
<td>Unclassified</td>
<td>4,535,613</td>
<td>4,674,278</td>
<td>(138,665)</td>
</tr>
<tr>
<td>Debt service</td>
<td>2,386,941</td>
<td>2,379,638</td>
<td>7,303</td>
</tr>
<tr>
<td>Capital projects</td>
<td>1,119,000</td>
<td>741,816</td>
<td>377,184</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td><strong>25,451,024</strong></td>
<td><strong>24,746,469</strong></td>
<td><strong>694,555</strong></td>
</tr>
<tr>
<td>Transfers to other funds (includes education)</td>
<td>22,864,771</td>
<td>22,993,305</td>
<td>(128,534)</td>
</tr>
<tr>
<td><strong>Total expenditures and other financing sources</strong></td>
<td><strong>48,315,795</strong></td>
<td><strong>47,739,774</strong></td>
<td><strong>776,021</strong></td>
</tr>
</tbody>
</table>

**Observations:**
- Public Works came in under budget due to lower than budgeted waste disposal fees and capital projects that carried into FY17.
- Culture and recreation was over budget due to an increased demand for community services from the public.
- Unclassified was over budget due to employee benefits, which resulted from an increase in health insurance rates.
- Capital projects is made up over several long term projects, many of which carry over into future years before completion.
CITY OF SACO

School General Fund – Fund Balance

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unassigned</td>
<td>(199,722)</td>
<td>(943,314)</td>
</tr>
<tr>
<td>Nonspendable</td>
<td>-</td>
<td>30,813</td>
</tr>
</tbody>
</table>

Observations:
- Total fund balance increased by $712,779 from 2015 to 2016. This is attributable to additional state subsidy awarded after the original budget was passed, along with a conservative spending approach.

CITY OF SACO

School General Fund – Revenues

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intergovernmental:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State subsidy – operating costs</td>
<td>$11,698,301</td>
<td>$12,153,193</td>
<td>$454,892</td>
</tr>
<tr>
<td>State agency clients</td>
<td>125,000</td>
<td>150,698</td>
<td>25,698</td>
</tr>
<tr>
<td>Medical reimbursements</td>
<td>40,000</td>
<td>71,185</td>
<td>31,185</td>
</tr>
<tr>
<td>Other revenues:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition fees</td>
<td>336,844</td>
<td>341,203</td>
<td>4,359</td>
</tr>
<tr>
<td>Rentals</td>
<td>-</td>
<td>1,570</td>
<td>1,570</td>
</tr>
<tr>
<td>Transportation</td>
<td>75,000</td>
<td>87,285</td>
<td>12,285</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>10,000</td>
<td>64,208</td>
<td>54,208</td>
</tr>
<tr>
<td>Transfer from the City General Fund</td>
<td>21,649,968</td>
<td>21,649,968</td>
<td>0</td>
</tr>
<tr>
<td>Total revenues and other sources</td>
<td>33,935,113</td>
<td>34,519,310</td>
<td>584,197</td>
</tr>
</tbody>
</table>

Observations:
- State subsidy exceeded budget due to additional subsidies being awarded from the State after the original budget was passed.
- Miscellaneous revenue exceeded budget due to unbudgeted refund reimbursements.
## CITY OF SACO

### School General Fund – Expenditures

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular instruction</td>
<td>$20,270,202</td>
<td>$20,536,607</td>
<td>$(266,405)</td>
</tr>
<tr>
<td>Special education instruction</td>
<td>5,951,782</td>
<td>5,752,975</td>
<td>198,807</td>
</tr>
<tr>
<td>Other instruction</td>
<td>189,811</td>
<td>163,239</td>
<td>26,572</td>
</tr>
<tr>
<td>Student and staff support</td>
<td>1,908,735</td>
<td>1,869,424</td>
<td>39,311</td>
</tr>
<tr>
<td>System administration</td>
<td>654,500</td>
<td>669,695</td>
<td>(15,195)</td>
</tr>
<tr>
<td>School administration</td>
<td>1,013,078</td>
<td>993,322</td>
<td>19,756</td>
</tr>
<tr>
<td>Transportation</td>
<td>1,374,087</td>
<td>1,348,980</td>
<td>25,107</td>
</tr>
<tr>
<td>Facilities maintenance</td>
<td>2,233,668</td>
<td>2,100,749</td>
<td>131,919</td>
</tr>
<tr>
<td>Debt service</td>
<td>339,250</td>
<td>339,250</td>
<td>-</td>
</tr>
<tr>
<td>Transfer to other funds</td>
<td>-</td>
<td>2,970</td>
<td>(2,970)</td>
</tr>
<tr>
<td><strong>Total expenditures and other uses</strong></td>
<td>$33,935,113</td>
<td>$33,777,211</td>
<td>$157,902</td>
</tr>
</tbody>
</table>

**Observations:**
- Regular instruction was over budget due to multiple retiree payouts, along with additional tuition costs paid out to Thornton Academy.
- Special education was under budget due to less out of district placement tuition.
- Facilities maintenance benefited from cost savings with contracted services and electricity usage.

### CITY OF SACO

#### UNASSIGNED FUND BALANCE AS A PERCENT OF BUDGET

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td>9.08%</td>
<td>10.10%</td>
<td>9.88%</td>
<td>10.15%</td>
<td>11.86%</td>
</tr>
<tr>
<td>City &amp; School</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>6.44%</td>
<td>9.80%</td>
</tr>
</tbody>
</table>

**Observations:**
- Fund balance provides working capital for the City and enhances its credit worthiness.
- RKO recommends a ratio of fund balance to equal approximately one and a half to two months of expenditures which equals 12.5% to 16.67%.
CITY OF SACO
GENERAL FUND – FUND BALANCE ANALYSIS 2007 - 2016

CITY OF SACO
UNASSIGNED FUND BALANCE AS A PERCENTAGE OF BUDGET COMPARISON

Observations:
- All of these calculations includes the City/Town and the School Department’s unassigned fund balance and their respective budgets.
CITY OF SACO

PROPERTY TAX COLLECTION RATES

<table>
<thead>
<tr>
<th>Year</th>
<th>Collected in fiscal year</th>
<th>Collected in subsequent fiscal years</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>97.75%</td>
<td>99.99%</td>
</tr>
<tr>
<td>2008</td>
<td>96.77%</td>
<td>99.98%</td>
</tr>
<tr>
<td>2009</td>
<td>96.54%</td>
<td>99.57%</td>
</tr>
<tr>
<td>2010</td>
<td>96.13%</td>
<td>99.96%</td>
</tr>
<tr>
<td>2011</td>
<td>96.48%</td>
<td>99.98%</td>
</tr>
<tr>
<td>2012</td>
<td>97.27%</td>
<td>99.97%</td>
</tr>
<tr>
<td>2013</td>
<td>97.78%</td>
<td>99.90%</td>
</tr>
<tr>
<td>2014</td>
<td>97.48%</td>
<td>99.90%</td>
</tr>
<tr>
<td>2015</td>
<td>97.92%</td>
<td>99.17%</td>
</tr>
<tr>
<td>2016</td>
<td>97.66%</td>
<td>97.66%</td>
</tr>
</tbody>
</table>

Observations:
- The collection of current taxes have remained relatively stable over the last ten years.

CITY OF SACO

PROPERTY TAX RATES

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$12.73</td>
</tr>
<tr>
<td>2008</td>
<td>$13.32</td>
</tr>
<tr>
<td>2009</td>
<td>$13.42</td>
</tr>
<tr>
<td>2010</td>
<td>$13.62</td>
</tr>
<tr>
<td>2011</td>
<td>$13.62</td>
</tr>
<tr>
<td>2012</td>
<td>$14.42</td>
</tr>
<tr>
<td>2013</td>
<td>$18.30</td>
</tr>
<tr>
<td>2014</td>
<td>$18.58</td>
</tr>
<tr>
<td>2015</td>
<td>$18.62</td>
</tr>
<tr>
<td>2016</td>
<td>$19.22</td>
</tr>
</tbody>
</table>

Observations:
- Tax rates have remained fairly consistent through 2012 with a large spike in 2013 due to increases in the education assessment, along with a 7% reduction in values. They have remained stable since then.
The City did issue a $4,175,000 bond during the year, which consisted of $3,280,000 of refunding of older bonds, along with $895,000 of new financing. The City and School also entered into $1,323,160 of new capital leases during 2016.

Debt per capita has remained relatively stable over the past ten years. Bonding agencies typically like this number to be $2,000 or less.
B. ZONING ORDINANCE AMENDMENT: I-1 ZONE – (PUBLIC HEARING)

This proposed Zoning Ordinance amendment would:

1.) Remove the highlighted and hash-marked area (known as the Spring Hill Section of the Saco Industrial Park) shown on the map labeled Exhibit A.

2.) Create an I-1a Zone consisting of the parcels/area highlighted and hash-marked (known as the Spring Hill Section of the Saco Industrial Park) shown on the map labeled Exhibit A.

3.) Prohibit Medical Marijuana caregiver businesses from locating in the I-1a zone, otherwise all Permitted and Conditional uses that are allowed in the I1 Zone will be Permitted or Conditionally allowed in the I1a Zone.

On September 19, 2016 the Saco City Council approved the allowance of medical marijuana caregiver businesses in the I-1 and I-2 zones.

On June 14, 1999 the City of Saco recorded the following: Declaration of Covenants, Conditions, and Restrictions for the Saco Industrial Park – Springhill Section in Book 9521 Page 145 of the York County Registry of Deeds. On page 9 of those Covenants it states: “5.2 Prohibited Uses. The following operations and uses shall not be permitted on any property subject to this Declaration: . . . G. Uses prohibited by federal, state, or local law, including applicable City of Saco Zoning ordinance provisions and other uses deemed objectionable by the Economic Development Commission or City Council.”

In addition to the aforementioned conflict, federal funds were used in the development of the Spring Hill Section of the Saco Industrial Park. Marijuana is considered an illegal substance under federal law, and the City’s Code Department will need clarity in regards to where Medical Marijuana Caregivers may locate and not violate either the Saco City Council’s Action of September 19, 2016 or the Declaration of Covenants, Conditions, and Restrictions for the Saco Industrial Park – Springhill. In order to address these concerns, it is recommended that the Saco Zoning Map and Ordinance be amended as first stated above.

On December 20, 2016 the City of Saco Planning Board voted unanimously to forward a positive recommendation to the City Council for Action.

Councilor Doyle moved, Councilor Precourt seconded to open the Public Hearing. The motion passed with seven (7) yeas.

Barbara Colman, 45B Stockman Avenue – Thank you Administration, Staff and Councilors because right there you just stated that when you were amending this zoning ordinance you went through the proper channels which was to go before the Planning Board and meet the criteria before moving forward to Council action. That is transparency, proper procedures and protocol that we hope to further see. Thank you.

Jeff Brochu, 257Buxton Road – Mr. Brochu is concerned because our industrial zone is the only one we have. It is relatively small in our scale in the city proportionate to the rest of our land. I think allot of fore though went into that by our fore fathers with the proximately to the highway and one of the few industrial parks that has rail access. I’m troubled by some of the changes that have been taking place in our industrial park. Trying to fill it with non conventional, may conditional uses like daycare centers, a hotel, a school for troubled children and we also currently have a medical marijuana growing in our industrial park. It just so happens that the medical marijuana is also growing immediately adjacent to the location where the school is. So I don’t want to see the industrial park segmented anymore. My preference would be that if you could apply this to the entire industrial park. If we are going to prohibit medical marijuana on the Spring Hill section let’s blanket it through the industrial park. I don’t think there is allot of benefit to the community as far as our real estate value that we have there. These buildings do not have much taxable property within them. That is really what we want as a community. For the land set aside in the industrial park we want that tax base, that tax revenue and an opportunity for employment for our citizens. They typically do not have very many people manning these grow facilities. They have a huge, huge energy per square foot demand. We went through six or seven years ago through the Maine Energy Reliability Project allot of resistance about upgrading some distribution lines through our community. These types of operations will put a very….they kind of skew the projected curve of how long these line, substations where going to last for future growth. They kind of stressed those numbers. It was an unseen demand on the electrical system. We should
consider where are we going with our property? We will tying up allot of available industrial real estate for a very small industry where the city may not have a whole lot of revenue from tax bases for equipment that may be held in there. Hopefully if the economy turns and we have more manufacturing here we won’t have any place to put them. Consider this in these decisions. As I said we have a school and marijuana growing side by side and it doesn’t sound like a very conducive use of very valuable land that was laid out. Like I said we have a rail siding that isn’t capitalized by a majority of our users. But there was allot of infrastructure that was incorporated into that. So instead of changing the amendment to make another subzone of our industrial park just correct it and blanket the whole industrial park and say we are not going to permit that use.

Councilor Doyle moved, Councilor Minthorn seconded to close the Public Hearing and further move to set the Second and Final Reading of the document titled, “Amendment to Section 410-11of the Zoning Ordinance, the addition of new Section 410-11a, and an amendment to the Zoning Map, Amended January 3, 2017”, for February 6, 2017.” The motion passed with seven (7) yeas.

“Amendment to 410-11. I-1 Industrial Park District, Amended September 19, 2016”

410-11. I-1 INDUSTRIAL PARK DISTRICT (Amended 8/1/88, 11/17/88, 3/2/92, 7/6/93, 11/7/94, 2/19/02; 9/19/16)

PERMITTED USES

1. Hotels and motels
2. Supply Yards
3. Parking Lots as an accessory use to abutting lots in the B-6 zone
4. Off-site parking for uses located within the district (Amended 11-7-94)
5. Health Club
6. Financial Institutions
7. Business offices
8. Business services
9. Hospitals and Clinics for humans
10. Research and testing labs
11. Wholesale trade and warehousing
12. Distribution
13. Truck Terminal
14. Light Industry
15. Any use permitted in the Resource Protection District
16. Essential services
17. Accessory uses
18. Municipal Uses
19. Public Utility Buildings
20. Public and private schools
21. Commercial schools
22. Nursery School
23. High Voltage Transmission Lines (Amended 12/15/08)
24. Medical Marijuana Caregivers, growing (Amended 9/19/16)
25. Medical Marijuana Caregivers, growing facility (Amended 9/19/16)

CONDITIONAL USES

1. Heavy Industry
2. Recycling Center
3. Waste Composting Facility
4. Day Care Center
5. Wireless Telecommunication Facilities (Amended 10/21/02)
7. Registered dispensary, grow-only (Amended 7/19/10)
8. Addiction Treatment Facility (Amended 12/6/10)

“Amendment to 410-11a. I-1a Industrial Park District,
Amended January 3, 2017”

Note: This is a new district. All permitted and conditional uses will remain the same as the I1; however, Medical Marijuana caregivers are not an allowed use in this district.

410-11a. I-1a INDUSTRIAL PARK DISTRICT (Established 12 06 16)
PERMITTED USES

1. Hotels and motels
2. Supply Yards
3. Parking Lots as an accessory use to abutting lots in the B-6 zone
4. Off-site parking for uses located within the district (Amended 11-7-94)
5. Health Club
6. Financial Institutions
7. Business offices
8. Business services
9. Hospitals and Clinics for humans
10. Research and testing labs
11. Wholesale trade and warehousing
12. Distribution
13. Truck Terminal
14. Light Industry
15. Any use permitted in the Resource Protection District
16. Essential services
17. Accessory uses
18. Municipal Uses
19. Public Utility Buildings
20. Public and private schools
21. Commercial schools
22. Nursery School
23. High Voltage Transmission Lines (Amended 12/15/08)

CONDITIONAL USES

1. Heavy Industry
2. Recycling Center
3. Waste Composting Facility
4. Day Care Center
5. Wireless Telecommunication Facilities (Amended 10/21/02)
7. Registered dispensary, grow-only (Amended 7/19/10)
8. Addiction Treatment Facility (Amended 12/6/10)
C. ZONING ORDINANCE AMENDMENT: B-7 ZONE – (PUBLIC HEARING)

This proposed Zoning Ordinance amendment would add “Eating Establishments” to the B-7 zone as a Conditional Use. The B-7 zone encompasses about 40 parcels along Main and Beach Streets, from School Street north to Beach Street, then as far east as James Street. Sixty-five percent of the district is residential, twenty two percent commercial, and the remainder a mix of the two. Among the uses that are currently allowed: Public and Private Schools, Offices, Artist and Craftsperson Studios, Funeral Homes, Financial Institutions, and Retail Businesses Except Alcohol Sales (limited to 1,500 s.f.).

Saco Main Street Executive Director Rob Biggs notes that the building at 9-11 Beach Street is owned by the couple that operates the CIA (Coffee, Ice cream, Art) café in the Knightville section of South Portland. They are interested in establishing a second location in the Beach Street building, but are not allowed by zoning. Saco Main Street views this as an opportunity to create a new downtown destination.

The Planning Board reviewed this item and held a public hearing on Dec. 20, 2016. The Board recommends that the amendment be adopted as amended, so that Eating Establishments would be limited to existing structures in the B-7 zone.

Councilor Cote moved, Councilor Minthorn seconded to open the Public Hearing. The motion passed with seven (7) yeas.

Rob Biggs, 92 Middle Street – Mr. Biggs noted that he was here as a public citizen. My property is 45 feet from the property that is in question specifically regarding this being 9 & 11 Beach Street. As a citizen I think this would be a great asset to my neighborhood in the aspect of a place to gather and meet other people and it would be a spark on the north end of town for our downtown Main Street.

Here as a private citizen. ?????? He feels this would be a great asset for the community.

Bill Dunnigan, 469 Ferry Road – Mr. Dunnigan noted that he was a new resident here and hopefully business owner as well. Just a couple facts about “CIA”. You called it Coffee, Ice cream and Art but it really stands for CIA, “hope to cia soon” and “cia later” in order to bring the name out. We had over 100,000 people come in our
shop this year and 15+ businesses opened up around us. Hopefully that was in part because of us. We feel that would happen around here as well. It brings allot of people to the community and allot that are hugging and “I haven’t seen you in 10 years” and they saw them at CIA. We are very proud of what we built. It is a big thing for the community. We have artist openings every 4-5 weeks and it is open to the public to come in and we have over 35 artists in our shop right now. Every 4-5 weeks a new artist is brought in. Typically they are from South Portland and surrounding towns and Cape Elizabeth. That would hold true for Saco as well we would bring in artists from South Portland and the surrounding area. We sold over $60,000 in art this year and that is a big art thing and I know one of the zone things is to get art in there and that is a big part of it.

Councilor Cote noted that the Planning Board is suggesting that this we left limited to existing structures. Wouldn’t you need to modify your building or make some existing changes? Mr. Dunnigan stated that it is really just taking down walls and opening up the space. We don’t need to do anything to the exterior of the building. We do want to change the doorway that goes up to tenants upstairs and this is right next to the door. I don’t think that is original to the building. We would like to just move their door a little bit out back and move our door to the center of that same entrance. We aren’t going to change anything to the front of the building. We are going to change the brick out back so that we can allow handicap in there. Right now there are just wooden ramps there. We are going to take all of that out and re-brick it and bring it up to level so that people with wheel chairs can come in. We do have allot of people that come into South Portland in wheel chairs and it became a real big meeting place for them. Councilor Cote noted that he was concerned with the memo from the Planning Board about being limited to existing structures. Does this mean you can’t make some of those changes? Mr. Dunnigan noted that they weren’t making any changes to the outside of the building only the inside as any business could change it. Move or take down a wall or add a bathroom. I don’t really consider that a change to the building. If I lease it out to a office, they are going to build it to suit their needs and the same with the café. The zoning amendments presented would meet my needs.

Beth Johnston, 62 Pleasant St. – Ms. Johnston was looking for some clarification. I’m seeing that this is a zoning ordinance amendment B-7. This area if I understand it is sort of on the corner of Beach St. and Main St.? City Administrator Kevin Sutherland stated “yes”. Ms. Johnston inquired what would it be zoned? Mayor Michaud noted it would still be a B-7 zone but with a conditional use in the district. So B-7 is a business zone now correct? She was answered with a “yes”. I’m speaking tonight without full information about this but I heard a rumor so to speak. I’m just concerned that we are currently looking at our Comprehensive Plan and an awful lot is happening as we are looking at the plan. I’m concerned that we are making allot of changes in allot of different areas and allot of different zones and making contract zones. I would like to caution everyone to step back and to take a little bit more time. I will look into this further but I did want a little clarification and I can hope that we can think a little bit before we leap.

Councilor Cote moved, Councilor Johnston seconded to close the Public Hearing and further move to set the Second and Final Reading of the document titled, “Amendment to Section 410-9-B Limited Business Residential District, Amended Jan. 3, 2017” for February 6, 2017. The motion passed with seven (7) yeas.

“Amendment to Sec. 410-9-B, B-7 Limited Business Residential District, Amended Jan. 3, 2017”

(Proposed language is underlined).

410-9-B, B-7 LIMITED BUSINESS/ RESIDENTIAL DISTRICT

PERMITTED USES

1. Single family dwellings
2. Two family dwellings
3. Multi-family dwellings
4. Elder/Disability Housing Facility
   Elder/Disability Housing Facility – Limited Service (Amended 5/21/12)
5. Adult day care center, Types 1 and 2
6. Bed and breakfast establishments
7. Home babysitting service, day care center, day care home
8. Home occupations
9. Personal services, except laundromats and dry cleaners
10. Nursery schools
11. Public and private schools
12. Accessory uses
13. Municipal uses
14. Offices
15. Quasi-public uses
16. Artist and craftsperson Studios (Amended 1/17/85)
17. One accessory apartment in a single family dwelling (Amended 10/20/08)

CONDITIONAL USES

1. Funeral homes
2. Boarding houses
3. Community living uses
4. Elder/Disability Care Facility – Full Service (Amended 5/21/12)
5. Financial institutions
6. Retail businesses except alcohol sales (limited to 1,500 square feet.)
7. High Voltage Transmission Lines (Amended 12/15/08)
8. Eating establishments, limited to existing structures\(^1\)

\(^1\) In order to maintain the essential residential character of existing neighborhoods
D. CITY ADMINISTRATOR’S PRESENTATION OF UNASSIGNED FUND BALANCE

MEMORANDUM

TO: Mayor Michaud and City Council
FROM: Kevin L. Sutherland, City Administrator
DATE: January 11th, 2017
RE: Unassigned Fund Balance Policy

Chapter 15, Article IV of the Saco City Code is the city’s Unassigned Fund Balance Policy.

The objective of the policy sets parameters for the audited unassigned fund balance. It states “should be a maximum of 10% of the following year's general fund budget as adopted by the Saco City Council. The minimum unassigned fund balance should be set at one month's budgeted expenditures or 8.33% of the annual budget.”

Administration of the policy sets some timelines which I am attempting to follow.

“Upon acceptance of the City's annual audit by the City Council, the City Administrator shall determine the status of the unassigned fund balance relative to the policy... At the second City Council meeting in January, the City Administrator shall present his/her evaluation of the current unassigned fund balance and make his/her recommendations regarding the action necessary to either make up any shortfall or appropriate any excesses. The City Council shall act on the City Administrator's recommendations no later than the first City Council meeting in February.”

Looking at the balance sheet on page 39, you’ll see Unassigned Fund Balance at 5,755,852. Combine that with the School Fund of (199,722) and the total unassigned fund balance is 5,556,130. To calculate the percent, divide this number by the following year’s budget.

| Unassigned General Fund Balance | 5,556,130 |
| 2017 General Fund Budget         | 49,826,014 |
| % of Unassigned Fund Balance to General Fund Budget | 11.15% |

11.15% is $573,529 above the 10% threshold set out by our policy.

For a situation such as this where we have a surplus, the policy recognizes several priority areas:

A. Economic development projects, such as industrial park land acquisition, establishment of economic development loan fund programs or the development of infrastructure improvements associated with industrial park priorities.
B. Replacement of aging capital equipment that carries unusually high costs and has a utility life of eight years or more.
C. Specifically targeted infrastructure projects or other capital expenditures required by the City.

However, at last weeks’ school board meeting, they had to put a spending freeze in place because the number of students attending Thornton Academy is about 5% above their projections (calculated in February). This creates a substantial budget shortfall for fiscal year 2017 of roughly $900,000 and the spending freeze is expected to save $300,000 leaving a gap of about $600,000.

I spent some time today with School Administration to better understand the nature of this shortfall and I am going to attempt to explain this here, but have asked the Superintendent to attend our Council meeting on Tuesday to further explain if necessary. Since we will be releasing the budget forecast for the city at this meeting, I have also invited the school board to attend and hopefully a more informed dialogue can take place.

Thornton Academy (TA) is one of a handful of quasi-public schools in the State of Maine that follow a specific
formula for municipal reimbursement. Sometimes referred to as the 60% schools (60% public/40% private) or the 1800 schools (created in the 1800’s), they have a Maximum Allowable Tuition (MAT) which is calculated based on the average pupil cost to provide education to public school students.

In February 2016, TA and Saco School Administration forecast that number to be $10,500 per student (that number tends to increase 4% each year). Last month, the state confirmed that this was an accurate assumption however the number of 9th through 12th grade students attending was higher, by 42 students.

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
<th>Diff</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-2016</td>
<td></td>
<td>981</td>
<td></td>
</tr>
<tr>
<td>2016-2017</td>
<td>949</td>
<td>991</td>
<td>42</td>
</tr>
</tbody>
</table>

42 x $10,500 = $441,000

There is another component to the school payment formula to TA. It’s called the Insured Value Factor (IVF). This is a payment of 7% of the total MAT payment. So if Saco Schools owe 441,000 more for the MAT, they’ll also owe an additional $30,870 for IVF.

$441,000 x 7% = $30,870

The number of students attending in a given year was also forecast in February by taking the number of students leaving (12th graders) and the number of students entering (8th graders) and adding in a buffer for new students.

<table>
<thead>
<tr>
<th></th>
<th>2015-2016</th>
<th>2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>981</td>
<td>919</td>
</tr>
<tr>
<td>Diff</td>
<td></td>
<td>30</td>
</tr>
<tr>
<td>Buffer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget</td>
<td></td>
<td>949</td>
</tr>
</tbody>
</table>

This is a total of 32 fewer students from the prior year. With this assumption Saco Schools were able to use this future savings to negotiate a payment in 2016-2017 to cover money owed in the 2015-2016 fiscal year. This agreement is to the tune of $232,000. But now that the number of students is actually greater, that payment is not available and is still owed to TA.

TA payment = $232,000

To cover this cost in 2016-2017 and keep it from being an issue year over year, the per student rate should have been increased by $200 per student or a rate of $10,700.

991 x $200 = $198,200

<table>
<thead>
<tr>
<th></th>
<th>MAT</th>
<th>IVF</th>
<th>FY16</th>
<th>FY17</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>441,000</td>
<td>30,870</td>
<td>232,000</td>
<td>198,200</td>
<td>902,070</td>
</tr>
</tbody>
</table>

With a negative fund balance of nearly $200,000 at the close of FY16 (which is more like $650,000 because of the use of city reserves in last year budget process to cover the loss in state aid for Fiscal year 2017), I am seriously concerned about the state of the finances for our schools and would recommend using the $570,000 plus the expected $300,000 from the schools spending freeze to cover FY17, but financial support needs to be considered in the FY18 budget to resolve this.

While the City and School are technically under one roof, reserves created by the careful work and prudence of city staff on the General Fund side of the house should be used to deal with capital needs (reducing further need to raise taxes on one-time needs) in the future.

No vote. Informational only.
E. MUNICIPAL BUDGET FORECAST FOR FISCAL YEAR 2018

Budget Process
Fiscal Year 2018

Kevin L. Sutherland

Calendar
- January – Recommendation from Capital Plan Committee
- January – Budget Projection/Forecast
- January 17th – Council to give Direction
- January 18th – School Board to give School Admin Direction
- February 3rd – Budgets due
- March 20th – City Administration budget presentation to Council
- April – Budget presentations
- April 18th – Public Hearing on the City Budget
- May 8th – Adoption of the Budget

Budget Projection for 2017-2018
Aka FY2018

Assumptions
- Salaries increasing 1.5%
- Increases in MEPERs rates
- Health Insurance increase of 13%
- No draw on fund balance
- Changes in funding
- State Revenue Changes

Salary Increases

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$ 8.56 million</td>
</tr>
<tr>
<td>2017</td>
<td>$ 8.27 million</td>
</tr>
</tbody>
</table>

General Fund Impact $ 0.29 million

Changes in the rates of the Benefits

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$ 4.11 million</td>
</tr>
<tr>
<td>2017</td>
<td>$ 3.90 million</td>
</tr>
</tbody>
</table>

General Fund Impact $ 0.21 million

Remove the draw on Fund Balance

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$ 0.00 million</td>
</tr>
<tr>
<td>2017</td>
<td>$ 0.64 million</td>
</tr>
</tbody>
</table>

General Fund Impact $ 0.64 million

Elimination of One-Time Appropriations in the FY2017 Budget

<table>
<thead>
<tr>
<th>Description</th>
<th>General Fund Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer Station</td>
<td>$ 89,245</td>
</tr>
<tr>
<td>Wash Bay</td>
<td>$ 325,000</td>
</tr>
<tr>
<td>Fire Truck Rehab</td>
<td>$ 129,000</td>
</tr>
<tr>
<td>Fire Air Bags &amp; Communication</td>
<td>$ 11,000</td>
</tr>
<tr>
<td>Presidential Election Help</td>
<td>$ 37,274</td>
</tr>
<tr>
<td>Police Car</td>
<td>$ 33,500</td>
</tr>
<tr>
<td>SharePoint Implementation</td>
<td>$ 4,000</td>
</tr>
<tr>
<td>MUNIS Upgrade</td>
<td>$ 4,000</td>
</tr>
<tr>
<td>SMS Flags</td>
<td>$ 3,000</td>
</tr>
<tr>
<td>Total</td>
<td>$ 636,019</td>
</tr>
</tbody>
</table>
Decrease in Bond Debt/Lease Debt

<table>
<thead>
<tr>
<th>Year</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$2.22 million</td>
</tr>
<tr>
<td>2017</td>
<td>$2.44 million</td>
</tr>
<tr>
<td>General Fund Impact</td>
<td>$(0.22) million</td>
</tr>
</tbody>
</table>

State changed the Homestead Exemption reimbursement, TIF, and Capital Program

<table>
<thead>
<tr>
<th>Year</th>
<th>Homestead</th>
<th>TIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$0.18 million</td>
<td>$0.73 million</td>
</tr>
<tr>
<td>2017</td>
<td>$0.37 million</td>
<td>$1.00 million</td>
</tr>
<tr>
<td>General Fund Impact</td>
<td>$0.19 million</td>
<td>$(0.27) million</td>
</tr>
</tbody>
</table>

Transfer Station in 2017 Budget

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Works Budget (ongoing – should have been one-time)</td>
<td>100,000</td>
</tr>
<tr>
<td>Facilities manager turned Transfer Station (one-time)</td>
<td>89,245</td>
</tr>
<tr>
<td>Remaining Foss Road Capital Account</td>
<td>144,505</td>
</tr>
<tr>
<td>Public Works Operating Budget</td>
<td>25,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>358,750</strong></td>
</tr>
</tbody>
</table>

Summary of Major Drivers

Projected Operating Gap: $509,918

<table>
<thead>
<tr>
<th>Description</th>
<th>General Fund Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$0.29 million</td>
</tr>
<tr>
<td>Benefits</td>
<td>$0.21 million</td>
</tr>
<tr>
<td>Draw on Fund Balance</td>
<td>$0.64 million</td>
</tr>
<tr>
<td>Bond/Debt</td>
<td>$(0.22) million</td>
</tr>
<tr>
<td>Homestead/TIF/County</td>
<td>$0.23 million</td>
</tr>
<tr>
<td>One-Time Appropriations</td>
<td>$(0.64) million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$0.51 million</strong></td>
</tr>
</tbody>
</table>

Fixed Costs

$5,854,391

Examples:
- Debt Service
- Utilities
- Long-term Contracts
- General Assistance

Variable Costs

$20,031,059

Examples:
- Salary and Wages
- Benefits tied to wages
- Equipment
- Supplies
- Travel and Training
- Support to Agencies
- Other Program Expenses

“Controllable” Share of the Budget

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Costs</td>
<td>$5.9 mil</td>
</tr>
<tr>
<td>Locally Controlled Costs</td>
<td><strong>$20.0 mil</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$25.9 mil</td>
</tr>
</tbody>
</table>
“Bridging the Gap” of the 2017 Budget

Closing the 2017 Gap

<table>
<thead>
<tr>
<th>By Raising Taxes</th>
<th>By Cutting Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Gap</td>
<td>$ 509,998</td>
</tr>
<tr>
<td>2017 Tax Levy</td>
<td>$402,242.016</td>
</tr>
<tr>
<td>Increase Required</td>
<td>1.27%</td>
</tr>
<tr>
<td>(city and county portion of the bill on the entire property tax amount)</td>
<td></td>
</tr>
</tbody>
</table>

Scenarios

<table>
<thead>
<tr>
<th>Levy Growth %</th>
<th>Levy Growth $</th>
<th>Spending Inc/Dec %</th>
<th>Spending Inc/Dec $</th>
<th>Impact on Homeowner</th>
<th>Monthly Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00% $</td>
<td>-</td>
<td>-2.54% $</td>
<td>$ (509,998)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>0.25% $</td>
<td>100,605</td>
<td>-2.04% $</td>
<td>$ (409,939)</td>
<td>10.34</td>
<td>0.86</td>
</tr>
<tr>
<td>0.50% $</td>
<td>201,210</td>
<td>-1.54% $</td>
<td>$ (308,788)</td>
<td>20.68</td>
<td>1.72</td>
</tr>
<tr>
<td>0.75% $</td>
<td>301,815</td>
<td>-1.04% $</td>
<td>$ (208,183)</td>
<td>31.02</td>
<td>2.59</td>
</tr>
<tr>
<td>1.00% $</td>
<td>402,420</td>
<td>-0.54% $</td>
<td>$ (107,578)</td>
<td>41.36</td>
<td>3.45</td>
</tr>
<tr>
<td>1.25% $</td>
<td>503,025</td>
<td>0.03% $</td>
<td>$ 6,973</td>
<td>51.71</td>
<td>4.31</td>
</tr>
<tr>
<td>1.50% $</td>
<td>603,630</td>
<td>0.47% $</td>
<td>$ 93,632</td>
<td>62.05</td>
<td>5.17</td>
</tr>
<tr>
<td>1.75% $</td>
<td>704,235</td>
<td>0.97% $</td>
<td>$ 194,237</td>
<td>72.39</td>
<td>6.03</td>
</tr>
<tr>
<td>2.00% $</td>
<td>804,840</td>
<td>1.47% $</td>
<td>$ 294,842</td>
<td>82.73</td>
<td>6.89</td>
</tr>
<tr>
<td>2.25% $</td>
<td>905,445</td>
<td>1.97% $</td>
<td>$ 395,447</td>
<td>93.07</td>
<td>7.76</td>
</tr>
<tr>
<td>2.40% $</td>
<td>965,808</td>
<td>2.27% $</td>
<td>$ 455,810</td>
<td>99.28</td>
<td>8.27</td>
</tr>
<tr>
<td>2.75% $</td>
<td>1,106,655</td>
<td>2.98% $</td>
<td>$ 596,657</td>
<td>113.75</td>
<td>9.48</td>
</tr>
<tr>
<td>3.00% $</td>
<td>1,207,260</td>
<td>3.48% $</td>
<td>$ 697,262</td>
<td>124.09</td>
<td>10.34</td>
</tr>
</tbody>
</table>

Homestead Exemption

- Primary Residence
- Necessary to sign up through the Assessors office
- Governor’s proposals – households over 65 and reimbursement to municipality at 50%

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median home valued at</td>
<td>213,000</td>
</tr>
<tr>
<td>Homestead Exemption</td>
<td>-$15,000</td>
</tr>
<tr>
<td>Assessment on home is</td>
<td>198,000</td>
</tr>
<tr>
<td>x0.01242</td>
<td>$3,845</td>
</tr>
</tbody>
</table>

Budget Presentation to Council for March 20th meeting

- Recap of slides above and present a budget directive that meets a ___% tax levy increase.
- Departments submit “Requests Above Directive” (RADs) getting them to a maintenance of effort budget or for new initiatives.
- Reveal potential changes and additional areas of savings.
- Administration will cover any RADs it can (based on Administrative priority) with fixed cost savings, new revenue generating ideas, or policy changes.
- All RADs and other Council priorities will be up for discussion, debate, and vote with council.
Council Gay stated he was not in favor of a tax increase.

Councilor Roche stated that they wanted the taxpayers to see a 5% tax savings on the mil rate ($1.3 million) on the city side of the budget, possibly look at staff reductions on the city side and to also look into a school and a city capital bond for November.

Councilor Precourt noted that he would be willing to do the “flat” 2.54 decrease with potential staff reductions. The schools he would like to see some money put aside for unexpected increases.

Councilor Minthorn stated he would like to see a real budget with real numbers without the padding for “just in case”. Need to have a true budget.

Councilor Johnston stated he would like to have some monies put aside for the school to address unexpected increases and to have a zero increase on the city side.

Councilor Doyle agreed that the city needs to shoot for a zero percent increase but without staff reductions.

City Administrator Kevin Sutherland confirmed that he needs to present the Council with a zero increase on the city and county budget.

No vote. Informational only.

F. ADOPTION OF FINANCIAL DISCLOSURE PROTOCOL

Currently, when a developer is seeking the designation of a DEVELOPMENT DISTRICT - Statute: 30-A M.R.S. §§ 5221-5235 (also known as a Tax Increment Financing (TIF) District), a Credit Enhancement Agreement (CEA), a Contract Zone, or some other development benefit that involves some level of City contribution either in the form of dollars, zoning modifications, or infrastructure enhancement; the practice is simply to make that request a part of the normal Planning and Development approval process. The protocol attached, will refine and clarify the information that development applicants will need to provide the city when requesting any assistance that is outside the scope of the normal development approval process.

This matter was discussed in Workshop sessions with the Saco City Council on September 19, 2016 December 19, 2016 and January 9, 2017. The matter was also reviewed by the Saco Economic Development Commission on January 4, 2017.

Councilor Minthorn moved, Councilor Doyle seconded “Be it ordered that the City of Saco approve the Financial Disclosure Protocol, dated January 17, 2017.” Further move to approve the order. The motion passed with seven (7) yeas.

Financial Disclosure Protocol
TO BE Adopted by the City Council 01/17/2017

General Purpose: Clarify the information that development applicants need to provide to the City of Saco when requesting any assistance including but not limited to: the designation of a DEVELOPMENT DISTRICT - Statute: 30-A M.R.S. §§ 5221-5235 (also known as a Tax Increment Financing (TIF) District), a Credit Enhancement Agreement (CEA), a Contract Zone, or some other development benefit that involves some level of City contribution either in the form of dollars, zoning modifications, or infrastructure enhancement; the practice is simply to make that request a part of the normal Planning and Development approval process.

Applicants seeking such assistance may be required by the City of Saco to provide the following:
- Full contact information for the Applicant; if an entity, provides for all owners/shareholders/members/partners with a 10% or greater ownership interest in the applying entity.
- A complete list of investors identifying individual ownership interest with appropriate proof of ownership documentation.
- Full contact information for any Agent(s), Accountant(s), Architect(s), Attorney(s), Engineer(s), and any other consultants who will be submitting materials on behalf of the applicant as part of their application package.
- A summary description of the proposed development, including:
  (a) A summary of the benefits to the City of Saco associated with the approval of the request.
  (b) Estimated construction cost/estimated improved value of the project real estate upon completion.
  (c) Proposed construction timeframe (estimated start/estimated end dates)
  (d) Estimated number of permanent employees (if expanding or relocating within Saco, please list number of current, number of to-be-added employees, and total number of employees at the time the project is completed).
  (e) Other such financial disclosures as the City may require from time to time.

If an application contains material that is considered by the Applicant to be proprietary and confidential under M.R.S.A. Title 5, Part 18-A, Chapter 383, Subchapter 8 §13119-A. Records confidential, the Applicant shall clearly designate the material as such, explaining why such material should be considered confidential. The Applicant must identify each page or section of the application that they believe is proprietary and confidential with sufficient grounds to justify each exemption from release, including the prospective harm to the competitive position of the Applicant if the identified material were to be released. Under no circumstances can the entire response or price information be marked confidential.*

* Under Maine law, all information in any development application subject to disclosure under Maine’s Freedom of Access Act; unless the Applicant demonstrates that portions of the Application materials submitted contain “financial or proprietary information” and is granted confidentiality under Maine Law. Financial or proprietary information is defined as “information that has not been publicly disseminated or which is unavailable from other sources, the release of which might cause competitive harm”. Applicants are provided an opportunity to specifically request such proprietary or financial information to be held confidential. To do this, the applicant must highlight those portions of any application materials which are to be maintained as confidential by identifying those portions of the documents as follows.
  - Identify each component and portion of the narrative for which the applicant is requesting confidentiality. Text, tables, or graphics MUST be bolded and marked with asterisks and brackets (“[bold if text]”) within the narrative.
  - Identify the attachment and the portion of the document for which you are requesting confidentiality. Text, tables or graphics MUST be bolded and marked with asterisks and brackets (“[bold if text]”) on the attachment. If an Applicant is requesting confidentiality for portions of a multi-page document, such as the Business Plan, the Applicant MUST also list the page numbers on all pages that contain information marked by asterisks and bold brackets.

Applications that fail to differentiate truly proprietary information from public information by indiscriminately labeling large sections or entire documents or application packages as proprietary cannot be properly protected and will not be granted confidentiality.

January 17, 2017
G. DOWNTOWN DEVELOPMENT DISTRICT AND TIF GUIDELINES

The City of Saco’s existing Tax Increment Financing Guidelines were adopted by the Saco the City Council on June 19, 1997 and readopted without Amendments on August 1, 2005. Since then there have been several changes and enhancements to Maine law relating to DEVELOPMENT DISTRICTS - Statute: 30-A M.R.S. §§ 5221-5235 also referred to as Tax Increment Financing (TIF) Districts.

Attached is a revised set of Guidelines for the City of Saco’s Economic Development Commission and the City Council to consider. These revised Guidelines reflect the status of current statutes and set forth a path to greater utilization of Development Districts to maximize the retention of local property tax revenues within Saco for appropriate and allowed uses within our community as well as continued utilization of Credit Enhancement Agreements when and where circumstances warrant such use.

This matter was discussed in Workshop sessions with the Saco City Council on December 19, 2016 and January 9, 2017. The matter was also reviewed by the Saco Economic Development Commission on January 4, 2017.

Councilor Minthorn moved, Councilor Dole seconded “Be it ordered that the Saco City Council approves the Development District and Tax Increment Financing (TIF) Guidelines dated January 17, 2017. Further move to approve the order.

Tabled – Councilor Minthorn moved, Councilor Gay seconded to table this item until the second Monday in February. The motion passed with seven (7) yeas.

Development Districts & Tax Increment Financing Guidelines
Adopted by the City Council (6/16/97)
Readopted by the City Council without Amendments (8/1/05)
Amended (1/17/17)

I. Introduction

Maine state law established Development Districts - Statute: 30-A M.R.S. §§ 5221-5235 also referred to as Tax Increment Financing (TIF) Districts, as an economic development program to promote economic development by cities and towns, and support municipal projects. Development Districts allow municipalities to provide financial assistance to local economic development projects and programs including public infrastructure, municipal economic development programs and staff, as well as business expansions - by using some or all of the new property taxes that result from new commercial or residential investment associated with the corresponding increase in property value.

The City of Saco’s Development District and Tax Increment Financing (TIF) Guidelines allow for the option of using the “incremental” taxes for economic development projects and activities, to relieve the City issues to finance an eligible TIF project, or to reimburse a developer or business for development project costs relating to a specific project using a Credit Enhancement Agreement (CEA).

The City of Saco’s Development District and Tax Increment Financing (TIF) Guidelines support investment in municipal economic development programs and activities, infrastructure investment (which is generally through the establishment of area wide or neighborhood Development Districts) and individual project site specific Development Districts to support either infrastructure or individual private project financing needs.

Infrastructure for the purposes of these Guidelines shall be meant to include, but not limited to: improvements within the TIF District and/or improvements outside the TIF district that are directly related to or are made necessary by the establishment or operation of the district, or other costs relating to economic development or environmental improvement to the full extent permitted by State law, including the design/redesign, engineering and or technical study or assessment, development, enhancement, and/or improvement, the construction and/or installation of:
• traffic engineering and/or improvements promoting safer and more efficient multi-modal transportation, in order to enhance traffic flow/movement, including signalization/signage;
• existing or new parking facilities and/or Transportation Demand Management Solutions;
• roadway construction and/or improvements;
• public lighting;
• sidewalks, trails, bicycle facilities, and all other infrastructure that may provide or enhance the mobility and safety of pedestrians and bicyclists;
• water, sewer, gas, electric, data, Broadband, and other utility or essential services which are municipally owned, operated, or administered through a public-private partnership;
• sewer lines, services, and any sewer related improvements to include but not limited to collection systems, pumping stations, treatment facilities, and Combined Sewer Overflow (CSO) abatement projects;
• storm water management improvements;
• placement of above ground utility lines or underground utility, piping, conduit, or lines.

The use of Development District incremental tax revenues to invest in infrastructure recognizes the savings which occurs through the tax sheltering benefits of approved Development Districts.

Under Maine law, TIF District incremental revenues cannot be used to finance cost of facilities, buildings, or portions of buildings used predominantly for the general conduct of government or for public recreational purposes, including, but not limited to, city halls and other headquarters of government where the governing body meets regularly, courthouses, jails, police stations, and other state and local government office buildings, recreation centers, athletic fields, and swimming pools.

The incremental tax revenues from any TIF District can be expended only for purposes described in the Development Program for the District approved by the City Council and the Maine Department of Economic and Community Development and in accordance with annual budgets adopted by the City.

II. Purpose

The purpose of these Guidelines is to outline standards and processes that will be used by Saco City Staff, the Saco Economic Development Commission, and the Saco City Council, in initiating or considering applications for Development/Tax Increment Financing (TIF) Districts.

Notwithstanding these Guidelines, the creation of a Development/TIF District is a policy decision of the Saco City Council, made on a case-by-case basis. The City Council may override these Guidelines if it determines that a project merits such treatment. The approval of a Development/TIF District Application is not a right under Maine law and these Guidelines do not create a right or entitlement for any Application, nor should they be interpreted to encourage any Application.

Notes: All municipally approved Development Districts must also be approved by the State of Maine Department of Economic and Community Development (DECD). In the case of Transit-Oriented Development District the approval of the State of Maine Department of Transportation (MDOT) is also required. In the case of Affordable Housing Development Districts approved it is required to be obtained from the Maine State Housing Authority (MSHA).

The primary purposes for the establishment of Development/TIF District include:

A. To support Saco’s Economic Development, Comprehensive, Asset Management(Capital), and Housing Plans, and other related City Plans and Policies;

B. To stimulate the expansion of the City of Saco’s commercial and industrial tax base;

C. To create and retain quality employment opportunities for the citizens of Saco and the greater Saco Bay region;

D. To stimulate new affordable and market rate housing investment in Saco;

E. To establish standards upon which the:
   1. Saco Economic Development Department may negotiate,
   2. Saco Economic Development Commission may recommend, and
   3. Saco City Council may authorize and approve DEVELOPMENT DISTRICTS within the City of Saco.

III. Approach and Policy Requirements

Must meet or exceed the requirements identified below.

A. Approach:

There are three approaches to consider when establishing Development/TIF Districts. They include:

1. Municipal Economic Development Programs Funded Directly Through a Pay-As-You-Go Approach: Examples of municipal economic development programs include paying for economic development staff, annual funding to Saco Main Street,
Inc., the Biddeford Saco Area Economic Development Corporation, the Biddeford Saco Area Chamber of Commerce and Industry, city and collaborative regional marketing/branding, and other activities allowed under the Maine Development District Statute.  Statute 30-A M.R.S. §§ 5221-5235.

2. **Area Wide Development Districts financed by City Bond/Debt Issuance:** Issuance of municipal general obligation bonds or limited obligation bonds is a mechanism that may be used to fund a Development District program. Allowable uses are spelled out in the Maine Development District Statute. Generally, municipalities will issue debt to cover the cost of infrastructure investment.

3. **Individual Site Specific Development Districts Utilizing Credit Enhancement Agreements:** A CEA is a contract between a municipality and developer to assist an individual development project by using a percentage or all of the tax revenue generated by the investment to pay or reimburse a developer for certain authorized project costs which could include site specific infrastructure or private individual project financing needs. Allowable project costs are spelled out in the Maine Development District Statute.

**B. Policy:**

1. **Policy for Municipal Economic Development Programs:** Requires annual review and City Council financial appropriations.

2. **Policy for Area Wide Development District Locations (for City Bond and Debt Issuance)**
   
a. Area Wide Development Districts will be established for infrastructure investment which has applications beyond one individual project.
   
b. City Development District emphasis will be placed upon the following general “Priority Revitalization Areas” to support commercial development, housing development, redevelopment, or to support buildings in need of redevelopment, address blight, or historic preservation:
   
i. **Designated Priority Revitalization Areas for the Purpose of these Guidelines shall include:**
      - The City’s Downtown area as described in the City’s Comprehensive Plan and / or as set forth in any approved Downtown Development District.
      - The Saco Industrial Park and the Millbrook Business Park.
   
c. The above list of general priority revitalization areas serve as guides to establish specific boundaries for Development Districts at time of district establishment.
   
d. In the City’s Priority Revitalization Areas, the costs of project specific local Permit, local Impact fees, and locally required infrastructure costs (hereinafter referred to as “local expenses”) may be funded from incremental tax revenues generated in these areas. Any such funding will be in the form of a Conditional Economic Development Grant (hereinafter also referred to as “Grant”). Such Grants will be reviewed by the City’s Economic Development Director and City Administrator.
   
i. Provided the amount of the Grant request is equal to the lesser of the local expenses or seven and one-half percent (7.5%) of the total proposed project budget as presented to the City; then a requested Grant may be approved by the City’s Economic Development Director and City Administrator acting in concert, without the need for further approval.
   
ii. Should the request for a Grant of the nature described in this paragraph be greater than either the total sum of the local expenses or seven and one-half percent (7.5%) of the total proposed project budget as presented to the City, then the Grant request will require positive recommendations from the City’s Economic Development Director and City Administrator and approval from the Economic Development Commission of the City of Saco.
   
iii. Grant requests in excess of either the total sum of local expenses or ten percent (10.0%) of the total proposed project budget as presented to the City, will require positive recommendations from the City’s Economic Development Director and City Administrator, a recommendation for approval from the Economic Development Commission of the City of Saco communicated to the Saco City Council, and approval from the Saco City Council.
NOTE: These Grants are not a right or entitlement and shall be granted at the sole discretion of the City of Saco in accordance with the terms set forth in these Guidelines and City Code.

e. Further, such Grants as described in paragraph d, above, will be funded from the generation of incremental Development District Tax Revenues generated by the project development for which the Grant has been approved. It is contemplated that in many cases it will take multiple years for the incremental Development District Tax Revenue generated by the project to cover all of these costs covered by and included in the Grant. Exact funding terms will be set forth in each Grant document and all Grants will contain performance conditions requiring the Grant Applicant to repay any previously paid amounts and any other approved but as yet unfunded Grant award dollars as the event that the related project is not completed as set forth in an approved Development Plan.

3. **Policy for Market Rate Housing**: Development Districts for market rate rental housing projects must be located in the City’s Downtown to stimulate housing investment for the purpose of attracting 24/7 pedestrian activity. Pursuant to State Law, Development Districts for condominium projects are not allowed. Notwithstanding the foregoing, approved housing projects in a designated and approved Downtown Development District may be awarded Conditional Economic Development Grants to cover the costs of project specific local Permit, local Impact, and locally required infrastructure costs, as set forth in III.B.2d above.

4. **Policy for Affordable Housing**: Affordable Housing Development / TIF Districts (AHTIF) may be designated on an area wide or site specific basis in the City’s Downtown area as described in the City’s Comprehensive Plan and / or as set forth in any approved Downtown Development District.

The Housing Committee of the Saco City Council will complete an annual assessment of housing needs and priorities. This assessment will include a determination regarding designation of an area wide AHTIF. Site specific AHTIF requests submitted by developers will be considered on a case-by-case basis. Area wide or site specific AHTIF designations must address an identified community need. State law requires that at least 25% of the district area must be suitable for residential use, development must be primarily residential, and at least 1/3 of the units must be for households at or below 120% of area median income which allows for individual mixed income projects or area wide affordable housing Development Districts.

IV. **Development Districts**

There are acreage and value caps limitations for municipalities to establish Development Districts along with term limits. Term limits include bonds which may be issued for a maximum of thirty (30) years (anticipation notes for three years). Development Districts may be designated for a maximum of thirty (30) years. The designation of a Development District requires proper notice, a local public hearing, a majority of Council approval, and State of Maine approval as detailed earlier in these Guidelines.

Notes:

- No Development District within a Maine municipality may exceed more than two percent (2%) of the acreage within that municipality, and

- All Development Districts within a Maine municipality may not exceed more than five percent (5%) of the acreage within that municipality, and

The original assessed value of a proposed TIF district plus the original assessed value of all existing TIF districts within the municipality may not exceed more than five percent (5%) of the total value of taxable property within the municipality as of April 1st preceding the date of the DECD Commissioner’s approval of the designation of the proposed district.

1 The acreage and value limitations do not apply to Downtown Development Districts or Transit-Oriented Development Districts.

A. **Eligible Expenses**: Eligible Development District expenses include design, permitting, and construction of necessary infrastructure to support a development project in an approved Development District. Other uses include the previously mentioned support of municipal economic development programs and staff, business expansions - by using some or all of the new property taxes that result from new commercial or residential investment associated with the corresponding increase in property value. A complete and current list of other eligible expenses may be found in Maine Statute 30-A MRS § 5221-5235 (which is subject to periodic amendment(s)). The City Council will only consider Development District proposals that further economic development goals endorsed by the community.

B. **Documentation**: Applicants requesting the establishment of a Development District and/or requesting that the City of Saco enter into a Credit Enhancement Agreement with the Applicant shall provide all documentation associated with the Application. This documentation provides the basis for
reviewing the applicant’s request.

C. Geographic Boundaries: The City of Saco reserves the right, during the application process, to establish and/or modify, the geographic size of the Development District necessary to meet the needs of the Applicant or to meet the needs of infrastructure improvements deemed necessary by the City of Saco in accordance with State statutes.

D. Personal Property: Personal property value shall not be included in the calculations for Development Districts.

E. Excess Funds: All Credit Enhancement Agreement (CEA) shall include a provision that directs any excess funds after the CEA is satisfied to be directed to the City of Saco for Economic Development and other uses as allowed under Maine statute.

V. Development District Application and Administration Process

Development District Applications (whether initiated by the City or requested by a developer or business) will be considered by the Economic Development Director and Economic Development Commission, with all final approvals by City Council and the Maine Department of Economic and Community Development. The Economic Development Director will coordinate all activities regarding applications and will guide applicants to ensure that the approval process is as clear, efficient and “business friendly” as possible. The terms and specific details of each Development District and any related CEA(s) will be developed on a case-by-case basis. The Economic Development Director will negotiate for the City of Saco, on the merits of the project and this policy, following the process identified within these guidelines.

A. Application Information and Contact: An applicant must submit a letter with their completed application and all supporting documents to the Economic and Community Development Department outlining the proposed project, including project financial information, along with a plan outlining the number of projected jobs that will be created with the identified project.

B. City Approval Process: There is a two step approval process for the designation and approval of any Development District and any related CEA within the City of Saco. This two step process includes obtaining a recommendation from the Saco Economic Development Commission and subsequent approval by the Saco City Council following a three meeting process (Workshop/First Reading, Public Hearing, and Second and Final Reading).

Note: Approvals from the appropriate Department of the State of Maine are also required.

C. Guidelines for Determining Level of City Participation: In all instances, Applicants requesting the establishment of a Development District and/or requesting that the City of Saco enter into a CEA with the Applicant, must demonstrate:

1. That the City’s participation is economically necessary and involvement by the City is needed in order for the project to be undertaken. Justification for economic need and City involvement must be demonstrated by:
   a. The cost of public infrastructure improvements unique to the project or site;
   b. The developer demonstrates the financial capacity to undertake the project and provides evidence in support of this capacity. Evidence will include but is not limited to: i. Development budget and pro-forma; ii. Full financial disclosure in compliance with City of Saco Financial Disclosure Protocol;
   c. A need to offset economic advantages available to the corporate entity if it should build (or expand) outside of Saco;
   d. The unavailability of sufficient private or other public funding sources to meet the full capital investment needs of the corporate entity seeking assistance;
   e. The project creates significant new taxable property value equal to or greater than Seven Hundred and Fifty Thousand Dollars ($750,000) and creates or retains at least 15 new full time or full time equivalent jobs meeting the standards of these Guidelines;
   f. Compliance with all Financial Disclosure requirements of the City of Saco, including the demonstration of the financial capacity to undertake the project by means such as commitment letters. If financing commitments await approval, a letter of intent to fund from a reputable bank or other financial entities not associated with the project indicating the uses and amounts of funds;
   g. The Applicant shall also provide the City of Saco with the fiscal year end and financial statements and federal income tax returns for two most recently ended fiscal/tax years. If self-financing is planned, the Applicant shall provide evidence in a form satisfactory to the City of Saco of the availability of adequate funds to complete the project.
   h. All Applicants shall comply with the City of Saco Codes and Ordinances of the City of Saco, and all local, state, and federal laws.
2. Although an Applicant need not meet each of the following criteria, they will be used to determine the level of participation by the City of Saco, the Applicant’s project:
   a. assists an established business in the City of Saco, thus assisting in expanding and retaining existing employment;
   b. creates or retains significant long-term, permanent employment;
   c. improves the local economy;
   d. broadens the City of Saco’s tax base;
   e. improves a blighted area or building in need of redevelopment or rehabilitated, or an area identified as a priority by the City of Saco;
   f. supports community projects;
   g. creates public benefits for other workers and/or businesses;
   h. creates public infrastructure facilities which have application beyond the particular development such as traffic upgrades, sewer upgrades, public parking facilities, etc.; and/or
   i. Must be suitable for commercial or arts district uses.

VI. Use of Credit Enhancement Agreements (CEA)

A. Eligibility: A Credit Enhancement Agreement (CEA) will be created if tax revenues from an approved Development District are to be used, in whole or in part, to reimburse a developer or business for development project costs. The CEA is essentially a contract between the municipality and developer or business. It is a mechanism to assist the development project by using some percentage ranging from one percent (1%) to one hundred percent (100%) of the incremental tax revenues generated by the new investment to pay certain authorized project costs with payments made directly to the developer or business.

1. Uses: Applicants are limited to manufacturing, assembly operations, warehousing and distribution, research and development, and major office, major tourism facilities such as hotels, amusement parks, and urban redevelopment projects. Retail uses are generally ineligible except within any designated Downtown Development District. Major mixed-use redevelopment projects, and in extraordinary circumstances approved by the Saco City Council.

2. Jobs: Applicant shall create, relocate, or retain at least fifteen (15) full-time or full-time equivalent jobs meeting the guidelines herein within three years of Development District/TIF approval. Specific job creation, relocation, and retention requirements for each Credit Enhancement Agreement shall be negotiated by the City of Saco’s Economic Development Department, reviewed and recommended by the City of Saco’s Economic Development Commission and sent to City Council to determine if it is approved.

3. Investment: Proposed investment (new taxable value) must achieve a minimum of Seven Hundred and Fifty Thousand Dollars ($750,000) within three years of the approval of the Development District and Credit Enhancement Agreement. Requests for amendments, modifications, and/or Assignments of existing CEA’s shall be made through City of Saco’s Economic Development Department, reviewed and recommended or not by the City of Saco’s Economic Development Commission and sent to City Council to determine if it is approved or not.

4. Quality of Employment
   a. Wages: The average hourly wage for new jobs to be created, relocated, or retained must be at a rate at least 50 percent greater than the federal minimum wage anticipated during the term of any CEA.
   b. Benefits: A competitive benefits package, including as many as possible of the following: paid holidays, vacation, sick leave time, and employer health benefits with a substantial employer contribution.

5. Environmental Standards: The applicant shall ensure that high environmental standards are met and that all state, federal, and local environmental standards are met.

6. Compliance: All applicants must comply with all City of Saco Codes and Ordinances, as well as all local, state, and federal laws.

B. Basic Provisions: of all Credit Enhancement Agreements (CEA)

1. Application Fee: All Applicants requesting the designation of a site specific Development District or a CEA shall pay a non-refundable Application Fee of $500.00 at the time of application.

2. Documentation: The Applicant is required to submit:
   a. a completed Development District and Tax Increment Financing (TIF) Application
   b. an executed Administrative and Professional Fee Agreement
   c. a completed Employment Goals Sheet
   d. All financial disclosures, reporting, and other documentation at the City of Saco, the State of Maine, and/or what their legal counsel may require.

3. Terms: The specific terms of each CEA are negotiated, on a case-by-case basis, between the City and the applicant, as a general guideline the tax recapture for any CEA should be the lesser of:
   a. any stated financing gap as set forth in an Applicant’s Development/Project Financial Plan, or
b. thirty percent (30%) of the annual tax on the incremental value captured in the Development District that is paid for by the Applicant, and
c. All CEA's shall have explicitly set:
   i. Maximum tax recapture amounts, and
   ii. Maximum time limits/terms, State of Maine Statute allow for terms of between one (1) and thirty (30) years; however, as a general guideline the
term of a CEA should not exceed ten (10) years.
d. These terms shall, at a minimum, be consistent with State of Maine statute.

5. In any Designated and Approved Priority Revitalization Area - this amount may be
   increased to fifty percent (50%) of the annual tax on the incremental value captured in the
   Development District that is paid by the Applicant. Should an Applicant seek a Credit
   Enhancement of more than fifty percent (50%) of the annual tax on the incremental value
   captured in the Development District that is paid by the Applicant, the Applicant shall make
   a positive recommendation from the City's Economic Development Commission and a Super
   Majority vote of the City Council for approval at the local level.

6. This amount may be increased by an amount equal to the amount of a credit established by
   calculating the net present value of the stream of anticipated tax revenues due to the Applicant
   under the terms of a proposed CEA. A discount rate equal to the lesser of the current Prime
   Rate of Interest as published in the Wall Street Journal or www.bloomberg.com, discounted for
   the number of years of the CEA. In no event shall the Maximum Tax Recapture exceed one
   hundred and ten percent (110%) of the initially established Maximum Tax Recapture
   amount. All CEA's will be structured so that additional recaptured tax amounts
   above the Maximum Tax Recapture payable to an Applicant and/or amounts recaptured
   for longer periods shall be used by the City for purposes permitted by Maine law.

4. Costs and Fees: All Applicants shall pay for the City of Saco's legal fees and any
   other out-of-pocket costs associated with the development and approval of a project
   specific Development District and any related CEA, regardless of whether it is
   approved or not. All CEA's shall provide for an annual administrative fee due to the
   City of Saco, equal to one percent (1%) of the annual tax recapture due to the Applicant,
   provided that they are in compliance with all the terms and conditions of the CEA. The
   fee shall be deducted from the tax recapture due to the Applicant, prior to the
   remittance of any amounts to the Applicant during the life of the CEA. Regardless of
   the amount derived using the one percent (1%) calculation, the minimum annual
   administrative fee shall be two hundred and fifty Dollars ($250.00).

5. Performance Reporting: All CEA's shall provide for the Applicant to submit reports
   and documentation in a form satisfactory to the City supporting any amounts to be
   paid to the Applicant per the terms of a CEA between the Applicant and the City of
   Saco and in order to assess an Applicant's performance/compliance with the terms set
   forth in any CEA.

6. Suspension and Recapture of Benefits: All CEA's shall contain provisions for the
   suspension, recalculation, termination and/or recapture of benefits paid to or due to the
   Applicant; if the Applicant does not meet compliance standards outlined in "Eligibility"
   above, and as set forth in the CEA between the Applicant and The City of Saco
   including: investment, jobs, wages, benefits, and environmental standards. All CEA's
   shall also provide for the termination and/or recapture of benefits from the Applicant, if
   the applicant relocates all or a substantial portion of the jobs, they state they will be
   creating or retaining at the time of the application for a CEA, outside the City of Saco
   during the term of any Credit Enhancement Agreement or within five years
   after its end.

7. Level of Funding Adjustments: During the application process and during the life of
   the TIF (and CEA), the applicant shall demonstrate the funds are being used at
   appropriate levels for the purpose intended. If the level of funds the applicant receives
   exceeds the projected need, the City may adjust the amount to the applicant.

VII. Waiver of Provisions

The City Council reserves the right under certain conditions to waive the provisions of this policy. Criteria to
be considered when granting the waiver are:

A. Consistency with the Saco Economic Development and Comprehensive Plans and Vision
   Statements;
B. Consistency with other local, State, and Federal rules and laws;
C. Evidence of need; and
D. Capacity to carry out the project.

VIII. Transfer of Ownership

If the Applicant transfers ownership of property in the Development District, the Applicant must notify the
City of Saco, in writing prior to finalizing the transfer. Such communications are to be directed to the
Economic Development Director. The new owner must agree, in writing, to accept the provisions of the
Agreement as presented to and approved by the Saco Economic Development Commission, the Saco City
Council, and as necessary by the Maine Department of Economic and Community Development, before the
City Treasurer will release any further Captured Tax reimbursements.
H. DESIGNATION OF SACO OMNIBUS MUNICIPAL DEVELOPMENT DISTRICT PROGRAM – (FIRST READING)

The City’s Existing Downtown/Saco Island TIF reached its statutory (30 year) maturity on December 30, 2016. Attached is a DRAFT1 of the Saco Downtown Omnibus Municipal Development District Program (Development District #15) that is being proposed to replace the recently matured TIF.

1While this is a Draft, the document has been initially reviewed by the City’s Development District Legal Counsel and will be augmented with the remaining financial and prospective budget numbers prior to the Public Hearing, which is expected to occur on February 6, 2017.

There have been several changes and enhancements to Maine law relating to DEVELOPMENT DISTRICTS - Statute: 30-A M.R.S. §§ 5221-5235 also referred to as Tax Increment Financing (TIF) Districts in the last several years which give communities greater flexibility in both the designation of these districts and the utilization of funds generated by these districts, the most notable of these enhancements is that the acreage and tax value included in a “downtown” DEVELOPMENT DISTRICT does not count against the community limit for DEVELOPMENT DISTRICTS.

The focus of the proposed Downtown Development District is to incent greater development in the downtown and to retain more of the property tax revenues generated within this area within Saco for appropriate and allowed uses within our community as well as continued utilization of Credit Enhancement Agreements when and where circumstances warrant such use.

In order for this to be implemented by July 1, 2017, municipal approval and submission to the State of Maine Department of Economic and Community Development must occur by March 1, 2017.

This matter was discussed in Workshop sessions with the Saco City Council on December 19, 2016 and January 9, 2017. The matter was also reviewed by the Saco Economic Development Commission on January 4, 2017.

Councilor Johnston moved, Councilor Doyle seconded “The City of Saco hereby ordains and approves the First Reading of the Designation of Saco Downtown Omnibus Municipal Development District Program (Development District #15) Dated February 21, 2017; and further move to schedule a Public Hearing for February 6, 2017.” The motion passed with seven (7) yeas.

Note: The draft Application for a Municipal Development District “Saco Downtown Omnibus Municipal Development District Program (Development District #15) is available for review in the City Clerk’s Office as well as online under Council Agenda for 1/17/2017.

VIII. COUNCIL DISCUSSION AND COMMENT

➢ Councilor Minthorn –Stated that the State of Maine Legislature House paper #44 is proposing – An Act To Phase Out the Use of Single-use Plastic Shopping Bags would ban plastic bags state wide in 2020.

IX. ADJOURNMENT

Councilor Minthon moved, Councilor Doyle seconded to adjourn the meeting at 9:35. The motion passed with seven (7) yeas.

Attest:

Michele L. Hughes, City Clerk