

**City Manager's Report
City Council Meeting
Tuesday, August 18, 2009
City Hall 7:00 p.m.**

TO: Mayor Walter Ash Jr. and Honorable Members of Belfast City Council
FROM: Joseph J. Slocum, City Manager
DATE: Friday, August 14, 2009

Agenda Items:

11.B Discussion and possible action on Boat House Roof Replacement.

Over the last several years a combination of wear and tear, significant storms and open ocean exposure have caused serious deterioration and damage to the Boat House roof and Steamboat Landing.

We went out to investigate the possibility of replacing the roof was either a metal roof or an asphalt roof. Because of the location of this building we determined that a metal roof would require some significant permitting effort to the State at a time when we have been inundated with leaks for far too long. We put the matter out to bid for both asphalt and metal roof. The metal roof bids were in excess of the asphalt roof bids. We elected to pursue an asphalt roof and are recommending the selection of the second lowest bidder. We recommend first that the quotes be accepted and secondly that Catalano Construction be awarded the asphalt roof replacement bid of \$17,860. There is documentation in your packet on this issue.

11.C Discussion and action on a request by Chuck Gerry d/b/a Harrigan Seafood Company to sublet a portion of the railroad maintenance building belonging to the City which is currently leased to Alex Turner of Belfast boatyard.

As you may recall Alex Turner of Belfast Boatyard requested and secured approval from the City to lease from the City the old railroad maintenance building at the waterfront. You may further recall that I opposed this lease because the City was then and continues to be now in need of storage space and we never sought to advertise it for rent to anyone. The City did lease the building to Mr. Turner on a five-year lease basis, which includes language in the lease document itself that the lease is not to be renewed. The City did not want to be involved in long-term lease arrangement because it wants to maintain flexibility in line with potential development opportunities that will happen along the waterfront.

Mr. Gerry has been looking for a place to locate his lobster business and apparently is had some difficulty in finding it location close to the water. He approached Mr. Turner who has indicated that he could live without some of the space he leased from the City. There are attached memos from Mr. Gerry outlining his proposal for your consideration.

Alex Turner pays \$375 a month adjusted annually by the CPI which was negotiated base upon the expense he would incur to improve the building. A copy of the Map on what he rents is in your packet.

He proposed to sublet a small portion of this to Mr. Gerry for \$200 it is my understanding that there is already another lobster dealer located on private property on the waterfront. I expect that Mr. Gerry will be at the meeting to answer any questions that you may have.

11.D Consideration of a request to authorize a certificate of public convenience and necessity for the operation of an additional taxicab service in Belfast.

We have an application from Mark Leathers to operate an additional taxicab enterprise based within the City. City Clerk Roberta Fogg has an attached memo and documentation on this request. Council approval would create an additional taxicab enterprise within the City.

11.E Discussion and possible action on the recommendations of the Energy and Climate Committee to apply for grants to the Maine Public Utility Commission.

Who doesn't want to apply for grants? The concept of non-property tax benefits coming to the City usually sounds pretty good. Grants for recycling, improving energy efficiency, funding residential weatherization projects and creating solar water heating for the city pool could not sound more appealing.

Presently I do not think that we have the available staff time to write and administer these grants because of all of the other matters we are currently working on (Waterfront Walkway, Safe Routes road improvements at Lincolnville Avenue and Route 1, Calming improvements at Route one and Swan Lake Avenue, City Hall roof gutters and masonry repair. Wall repair and painting City Hall, Boat House roof, possible Airport property acquisition, a \$3,000,000 sewer improvement project just awarded, extensive downtown sidewalk repairs and replacement, the Comprehensive Plan and some very big economic development efforts including an outstanding grant application for \$50,000 to help develop new agricultural economic opportunities, reconstruction of two major downtown parking lots, a search for a future location for the public works garage and School bus garage, Performance Center development, rails and trails efforts along the Passy, Recycling improvements, City drainage improvements and City wide sidewalk enhancements etc.)

You may recall that we came to Council last winter and asked whether we should focus on the Comp Plan, the Waterfront Walkway Grant or the Traffic Calming Improvements at the intersection of Route 1 and Swanville Avenue. It was precisely because of existing staff time workloads that we sought to prioritize these matters. In the end the Council selected all three and I have heard people complain that the Waterfront Walkway is not going anywhere. While that is actually factually incorrect, it highlights expectations that are not consistent with our current resources, which we knew were very busy before we even applied for the money. With respect to the Walkway project -it took DOT – who is also quite busy with more limited hours- until 3 weeks ago to assign a staff representative to the Project. Our first priority is to get DOT to agree that we can use our existing Engineers to help us create the Design and the Bid Packages. This would save a lot of time and money. We have been unable to get that answer to date but are diligently working on it. Meanwhile I have been quietly talking to abutting private property owners to see what can be done to maximize the benefit of this grant for everyone. We have \$200,000 in City money and \$250,000 in federally authorized and state administered funds.

Grants do not just give you money and let you go. You have to proceed in the way the granting authority requires and you are subject to that authorities own quirks and time tables. I do not want to create false expectations. I am happy to have the City apply for all kinds of Grants but at this time- for these specific grants- I would request that the City hire a part time person to work with the Committee to write and administer these energy grants. I would even recommend hiring one of the Committee members who may have unique skill sets in this area to apply for the money and see the work through.

11.F Parks and recreation Commission on the possible redevelopment of the old Ski Area off High Street.

There will be back up information on this issue along with your packets. While I have not seen it I do understand that the Parks Commission is seeking to re-commence work on re-developing the old ski area.

11.G Update on City rangeways and request for direction on how to proceed with the surveys of city rangeways and rights-of-way to the water.

I have perhaps created some confusion in my past reporting. In 1995-96 a committee headed up by Jim Roberts and Harry Burns spent hundreds of hours researching the history of the City's rangeways and rights-of-way to water. As far as I can tell all of their records remain in the vault of the City Clerk's Office and are broken down by individual streets or rangeways. That effort culminated in a brief report identifying a number of areas that the City should protect on behalf of all its citizens.

As efforts to maintain these areas went forward the City became embroiled in some litigation over one of these areas. In 2005 the Parks and Recreation Commission were charged with the care and responsibility of the rangeways. Since 2007 the City has been improving these areas with signage and maintenance. There have been complaints from time to time of encroachments from abutting property owners. The goal is to preserve these areas for the general public. In 2007 the council authorized a capital project to fund the survey of the range ways. Some access points are not range ways but instead are rights-of-way. The Parks and Recreation Commission, through the dedication of one of its members, has undertaken to update all of the information contained in about these areas -whether it be in the City Manager's office the City Clerk's vault the Parks Department files the City attorney's files etc. Until last week I assumed that this work was largely done. There is a draft report that is a work in progress which is intended to be a public presentation document so that anyone either online or in paper form can learn about the history of these areas as well as their locations.

Last week I sat the author of that draft document down with the City attorney thinking that we could fine-tune any discrepancies so that this report could be concluded at last. After two hours of discussion it became clear to me that not all of the documents that I thought were reviewed and collated had in fact been reviewed and collated. The City attorney suggested that there is information in other files relating to particular locations that should now be indexed and also be relocated into the central files of the City Clerk's office. He further suggested that before we go out and survey these access points to the water that we take a few weeks to conclude the effort of the Parks and Recreation Commission.

In your packet is a letter from City Attorney Bill Kelly suggesting that we hire on a temporary basis the volunteer from the Parks and Recreation Commission so that the remaining work to conclusively index and collate all information on these rangeways and rights-of-way can conclude. He then suggests, in an effort to save the City money during the survey process, that a meeting be held with potential survey bidders to highlight the information, which would then be immediately available to them in order to fulfill their tasks. The City attorney further recommends that after the surveyors have done their legal research that a follow-up meeting then be held before stakes are nailed into the ground in order to help prevent any potential legal confrontation with abutting property owners. If there are no title issues raised by the research generated by the surveyors then we would proceed to have the stakes placed and the maps drawn.

I support the City attorney's recommendation. I think it will generate strong consensus between the authors of the 1995-96 committee and all follow up legal reviews and other research that we have in various different places. It will provide the general public with a permanent public informational summary of all of these public access points as well as create a working a copy of the consolidated information base on each of these locations. The bids for the survey work have gone out and letters to neighbors have been sent out as well. We have followed up with temporary bidders to advise them that we may delay this process a bit based upon the recommendations of the City Attorney.

We have public pressure to maintain, mark, exclude intrusion and record use of these facilities. We can cut a path but we can't identify an intrusion without a survey marker.

11.H Consideration of a proposed property agreement with James Baker regarding public access at the rangeway abutting the Mooring's Campground on Searsport Avenue.

Last summer Parks and Recreation Director Jim Bell and City Attorney Bill Kelly met with Jim Baker to discuss enhance opportunities for the City of Belfast to gain access to the range way abutting the Mooring Campground.

The City's rangeway is 33 foot-wide from Searsport Avenue to the water. It runs approximately 1600' in length. The State owns a right-of-way that runs 50' in each direction from the center of Searsport Avenue. The State is not interested in giving the City a curb cut for 33' of access. Additionally, it is very difficult to turn a car around within a 33' footprint.

To the West of the rangeway there is a commercial lot with over 150' of road frontage that the state is not allowing anyone to access because the state is trying to limit the number of curb cuts along this route. Mr. Baker, the owner of the Moorings camp ground, has purchases property but does not have access to it because the city's 33 foot wide range way runs along its entire eastern border. He can not cross it without City permission. In your packet is an outline of a draft agreement between the City of Belfast and Mr. Baker which would allow the City to utilize the existing driveway into the mornings camp ground to access the City's range way. It further provides a wider area for cars to turn around and exit the parking area in the City would build there. In exchange Mr. Baker would have to 12 foot wide access points were vehicles to be driven for his commercial activity across the range way.

The city would gain immediate entry and parking access and Mr. Baker would gain and expanded opportunity to economically developed with land on the other side of the range way. The Parks and Recreation Commission supports this agreement and has recommended that the Council approve it, providing that all the legal documentation is done to preserve the City's rights.

11.I Second final reading of proposed amendments to the zoning ordinance to allow manufactured housing in this section of the zoning district that is located westerly of Merriam Drive.

This was recommended by the Planning Board and Wayne Marshall has attachments explaining this amendment.

11.J Second final reading of proposed zoning amendments changing parking standards.

This is a matter taken up by the Council as apart over review of the city's parking regulations as they impact on opportunities for economic development. The Council indicated its support for this change. City planner Wayne Marshall has an attachment on this amendment.

11.K Discussed in an action on a first reading proposed amendment to the city zoning ordinance regarding political signs.

Wayne Marshall will have draft language and a memo explaining these proposed amendments as recommended by the Planning Board.

11.L Discussion on the format and presentation for the upcoming hearings on the proposed comprehensive plan land-use recommendations.

Wayne Marshall will lead discussion it the meeting. The key is to decide how the Council wants to organize these public hearings.

11.M Discussion and possible action on setting the 2009 --2010 tax bill rate and approval of the tax commitment.

For fiscal year 2007 --08 the City's Mil rate was 19.1. This means that for every thousand dollars of assessed value a property owner must pay \$19.10 in property taxes. Thus the owner of \$100,000 property pays \$1910 in annual property taxes and the owner of a \$200,000 property pays \$3820.

For fiscal year 2008-2009 the City's Mil rate was dropped to 18.6.

For the current fiscal year of 2009-2010 the City may approve a Mil rate between 18.1 and 18.9. The Council worked very hard this year to curb City spending. Attached in your packet is a three-page draft of potential options prepared by the City Assessor. By law the City may commit to taxes up to 5% more than budgeted amounts call for to help cover the cost of on expected revenue losses during the course of the year, potential tax abatements or is a way of growing undesignated fund balance.

The goal of City Council this year was not to raise property taxes in Belfast. If you select a mil rate of 18.1 you will have not only met that goal but you will have actually decreased property taxes by half a

Mil. I think it is unlikely that we will be able to continue to reduce taxes as we have over the last several years given declining revenues. Nevertheless I support a Council decision to set the Mil rate at 18.1 for this year.

11.N Council authorizes signing of the State revolving loan fund general obligations borrowing to support the wastewater bond.

We have been talking since January about securing grants and other assistance to help us do some expensive treatment plant work along with some expensive enhancements to our sewer lines that we were required to do by the state and federal government.

Fortunately, we received grants in excess of \$2 million and no interest loans repayable over 20 years to pay for this work. We have gone out to bid and awarded contracts. I note that for the sewer plant work I elected not to go with the lowest bidder and instead chose the next lowest bidder at a cost of about \$11,000 more based purely on my review of bidding references.

This SRF borrowing is a mechanism to secure this grant and low-interest loan. We borrow only the money we need, and over \$2 million is immediately forgiven from debt service and the remainder is paid at zero interest over the next 20 years. We need Council's approval to sign these loan documents.

I thank the Council for its support for this rather unglamorous work, which nevertheless will save the City's taxpayers millions of dollars over time and provide a cleaner and better environment for our waterfront.

11.O Consideration of authorizing Belfast to request to be designated as one of five Maine offshore testing and demonstration sites for renewable Ocean Energy Technology.

I have the same comments for 11.O as I have for 11. P

11.P Consideration of authorizing the city manager to invite wind energy companies to do a feasibility study for locating and offshore wind generation facility in Penobscot Bay that is operated out of Belfast and has transmission lines running back to Belfast.

For two years the one clear overriding priority in Belfast has been economic development. Last November I became aware of several significant economic development opportunities that will one day offer tremendous benefits for the State of Maine and very specifically to some of its communities. The opportunity is the development of off shore renewable wind turbine energy; electrical production from windmills at sea.

Much has been written about this in local, state and national publications and the prospects are impressive. This is an opportunity that is about to begin to truly unfold but I caution everyone that it will take time – years in fact-to fully implement its possibilities for Maine. Today I am asking Belfast to specifically pursue this opportunity for itself.

Here is a very short version of what I have learned.

- The federal government has surveyed the entire country for the best places (most wind) for off shore wind turbine electrical production. Maine is at the top of that list.
- Off shore wind power can generate far more electricity than land based wind power. The farther out in the ocean a wind turbine is placed, the greater the wind speed and hence the greater energy generation potential.
- In many places in the world today there are wind turbines rooted in the sea floor at water depths of 125 feet. There are 1,135 of them in Europe.
- The power is generated in DC current because it does not weaken like AC power does through transmitted distances. The DC power is then transmitted often through underground cables, often installed below the sea floor, to the shore where it is converted to AC power and ready for immediate use or transmission onto a larger power grid.
- Electricity can't be stored like oil it needs to be used as it is generated
- Off shore wind turbines are about 300 feet high and set about ½ mile apart.
- Maine State waters go out 2.5 miles from the nearest point of land, including islands. Revenue generated inside of these 2.5 miles is largely controlled by the State. Once a project goes out past that 2.5-mile range- it is in federal waters where state revenues would drop by at least 2/3. There is value to the State and its people to developing inside the 2.5-mile state zone.
- The wind turbine technology which is NOT readily available today is the floating platform technology. With a single wind turbine being about 300 feet above the waterline, you can imagine the technological challenge that floating technology creates.

Today that technical challenge is very much on and the development of this new technology is coming to Maine very soon.

- Maine's electricity is generated here and also comes down from Canada. Since that volume exceeds our needs the excess power is sent down through out the Northeast states that really need it.
- Presently there are proposals to beef up Maine's power lines so that they can handle far larger amounts of transmission capacity down to the Northeast power grid. That's where the real demand is. Some land based wind turbine projects in Maine are holding back on development because they are concerned about the lack of capacity of Maine's power lines to deliver electricity to that huge Northeast market. You may have heard about the proposals to use the easements along interstate I 95 as a place where the State could develop a power corridor to the Northeast market. CMP has a Reliability Maine application pending for over \$1,000,000,000 (one billion) worth of improvements to Maine's electric transmission capacity. Improved transmission is on the way one way or the other. I believe it will be here in a few years.

- One of the worldwide challenges to offshore wind turbine projects is maintenance. The salt is no one's friend. Maine -as it happens -has a world class materials composite research and development facility at the University of Maine in Orono headed up by a world renown scientist, Dr. Habib Dager. As I type the University is building a very large addition to the composite center, which will direct its focus on inventing the next generation of windmill blades and other components. That research is underway at UMO today.
- Windmill components are built all over the world. Recent shipments through Mack Point in Searsport came from both Denmark and Vietnam. Part of the goals of the State and U-Maine research is not only to design the components of the future but also to manufacture them here. One day I hope that when the ships come to Mack Point they can pick up windmill blades- perhaps manufactured right here in Belfast for export around the world. Belfast with its University presence, accessible waterfront and available labor force could indeed one day build that new technology. Sounds far fetched and yet someone with a home in Belfast headed a group that recently bought the Composite Technology that the University developed for bridge building.
- The Governor has been instrumental in making renewable energy projects a high priority and he established a Wind Power Task force whose charge and extensive efforts are solidly recorded on their web site.
- Our federal representatives are working hard to leverage federal support for new technologies in renewable energy and I believe that significant sums will come to the state to foster that research.
- The State Legislature has just passed LD 1465 which among other things charges the Wind Power Task Force with the responsibility of identifying 5 Off Shore Development Testing areas by December 15, 2009. Yes- they must identify 5 off shore sites inside of State waters (2.5 miles off the point of the farthest stretch of land including islands) which will be pre approved sites for the testing of new technologies which will be available to the University as well as to competing businesses in the private sector so they can try out and develop the best new technology for off shore power generation. These sites may also be available for tidal power research and development. The State will name those sites just 3 and one half months from now. It is intended to be fast tracked.
- I do expect that the federal government will fund research into new technology for ocean based renewable electrical energy production in Maine.

For investment, job growth, economic expansion and economic spin off, this may be the single largest economic opportunity that Maine has ever seen. That's a little scary but it won't happen overnight and there is a ton of work to be done in the details and a lot of conversations that will take place with stakeholders- citizens, fisherman, environmental enthusiasts etc.

How huge is Maine's off shore wind energy potential? There are studies that suggest that we could produce the equivalent of 5 nuclear power plants by 2020 permitting the state to sell the equivalent of 3 and a half nuclear power plants worth of annual generated electrical power to the lower Northeast. The annual revenue stream would be massive.

After spending a lot of time talking and meeting with more than 50 people over this from all over Maine and outside of Maine I see two opportunities that I ask the Belfast City Council to support.

First, lets openly declare our interest in becoming one of the host communities for one of the five demonstration test sites for off shore renewable energy technology development.

Secondly, let us put out to the Corporate Wind Power Community a request for proposals to see if they are interested in developing an actual offshore wind power farm connected to Belfast somewhere in Penobscot Bay and bringing the power ashore in Belfast.

I have met with several companies and it was suggested that we consider commissioning a feasibility study. While some company's have actually offered to financially assist with the cost of such a study I think the more prudent thing is to talk directly to the companies who build and own these facilities as they will know better than anyone whether it is financially feasible or not.

Why- and what would this mean for Belfast in the short term or long term?

First this new technology is coming and being in on it from the beginning will give us more opportunities to choose from. I am sure that some of our citizens will be concerned about what all this will mean. We don't have all the answers at this point and no one is signing any agreements. We are simply trying to push forward in an active way to position ourselves to take advantage of economic opportunities that may otherwise drive right by.

Belfast because:

∅ we have a great working waterfront that service boats and technical staff can utilize in all phases from experimentation to maintenance of permanent off shore facilities.

∅ we are already connected to the University who will be a research leader through the Hutchinson Center

∅ we have access to the state electric grid which feeds into the Northeast Grid

∅ if they put an underground transmission line down interstate 95 we can hook up to it through an underground transmission line up Route 3.

∅ we have the workforce and we want clean energy jobs

∅ we have the amenities researchers and their families want when they work on projects covering multiple years

∅ we can build a 400-acre industrial park that offers low cost electricity to businesses that are here or want to relocate here

∅ we could start a municipal electric company that offers clean renewable low cost utility enhancements. Madison did it for tomatoes- we can do better than tomatoes- we can provide new jobs.

∅ we could build the next generation of wind mill turbine parts right here in Belfast and ship them right out at Mack Point.

The next steps are to contact the Wind Power Task Force and formally declare our interest. This will require follow up meetings in Augusta and likely involve a lot of discussion with neighboring communities.

I want to stress that this is a long road but one that almost assuredly would bring some benefit to Belfast. It could be a moderate benefit or it could be a sizeable one. We will never know unless we step forward and ask.

11.Q Consideration of a request from the City Manager to hire David Barrett of the Maine Municipal Association to consult with the city on union negotiations.

The City is presently involved in negotiations with both the police union and the public works union. Each of these unions has professional negotiators working on their behalf. Mr. Barrett has a long history of working for municipalities across the state in municipal union negotiations and I'm recommending that we retain the services and rate of \$95 per hour an amount not to exceed \$2,000.

We have already needed to consult with Mr. Barrett on these matters and his counsel has proved most beneficial.

11.R Consideration of the City Managers as a request to increase the City's contribution for the Route 52 Safe Routes Intersection improvements from \$20,000-\$25,000.

The State has engineered and put this matter out to bid. The bids have come in slightly over-budget and the state is limited by its \$28,000 Grant for this project. I recommend that the city add \$5,000 to its share so that we can proceed immediately to construction. There is an attachment from the state identifying this need.

That's the end of this report. I hope that everyone has a safe enjoyable weekend.