

MANAGER'S REPORT

City Council Meeting

Tuesday, September 7, 2010

TO: Mayor Walter Ash Jr. and Honorable Members of Belfast City Council

FROM: Joseph J. Slocum, City Manager

DATE: Friday, September 3, 2010

Agenda items:

10.B Discussion and action on the Public Works Winter Sand Bid Opening.

We received 10 bids to supply the City with 2000 yards of winter sand to deal with winter roads. The low bidder was Farley & Son of Rockport at \$6 per yard. The highest bidder was \$9.31 per yard. The only Belfast bidder came in at \$7 per yard.

We request a motion to accept the bids and to award the contract to the lowest bidder, Farley and Son at six dollars per yard.

10.C Discussion and action on the bids for #2 Heating Fuel for the period of September 1, 2010 to June 30, 2011.

We have been monitoring fuel oil prices for 5 months. Based upon a recent short-lived drop in the market we went to immediate bid. We sought a fixed-price for 25,000 gallons. The results were:

- Community Fuels \$2.36 per gallon
- Maritime Energy \$2.399 per gallon
- Thompson's Oil \$2.268 per gallon

I request a motion to except the bids and to award the contract to Thompson's Oil & Propane at the fixed price of \$2.266 a gallon. This is within our budget estimate of \$2.50 a gallon, which should lead to a savings of \$5,800 under budget.

10.D Acceptance of bids and the award of bid for the construction of a Septic System under the Small Community Grant Program.

The City applied for and received a \$9,000 grant from the State for the purposes of replacing defective septic systems for people without financial resources needed to accomplish that task. We put the project out to bid and received seven responses ranging from a high of \$11,890 to a low of \$6,990 from Pelletier and Daughter's Construction of Belfast.

We request a motion to accept the bids as presented and to award the construction work to Pelletier and Daughter's Construction of 9 Crocker Road in Belfast in the amount of \$6,990.

The money saved on this project will be added to other unspent grant funds and we hope to shortly bid out an additional septic replacement project. City Code Enforcement Officer David Studer has overseen and implemented both this Grant and this project.

10.E Request to approve the 31st Annual Church Street Festival and Parade.

This historic event scheduled to occur on Saturday, October 2nd. Parks & Recreation Director Jim Bell has been asked to review and report on his recommendations. He was on vacation today so he will present his report to you at the meeting. The application is in your packet.

10.F Request by the Waldo County YMCA to hold the 17th Annual Pancake 5K Road Race and a one-mile Child Shall Lead race on September 26th at 8 a.m.

Jim Bell will be at the meeting to answer questions and the application is in your packet.

10.G Request from the Belfast Dance Studio to hold their 25th Anniversary Celebration with free performances and a street dance, and also to close a section of High Street between Miller and Spring on Saturday, October 23rd from 3P to 5P.

It's nice to see that things endure: the 31st Church Street Festival, the 17th Pancake Road Race and the 25th Anniversary of the Belfast Dance Studio. That's real success.

The application is included in your packet. Jim Bell will be present to answer any questions.

10.H Signing of the November 2, 2010 Municipal Election Warrants.

There are both City Council candidates for Wards 1, 2 and 5 and School Board races as well. Name on ballots appear according to the order drawn from a hat (bowl) at the City Clerk's Office on August 31st at 5 p.m. We need the Council to approve and sign the ballots so they can be printed and coded for our election machines.

11.I Discussion and action in setting the 2010-2011-tax mil rate and approval of the tax commitment.

When a property owner gets their property tax bill it includes:

Last year This year

- their County Tax bill 9.81% of the bill 9.84%
- their City Tax bill 35.52% of the bill 34.39%
- their School tax bill 54.67% of the bill 55.77%

Total: 100% 100%

The mil rate is the combined tax impact of these three public entities as it is charged to an owner of property for every thousand dollars of their assessed valuation.

Tax Bill = Per Thousand Amount of Assessed Value x the Mil Rate.

If a person owns a property assessed at \$100,000 and the Mil Rate is 19.3 then their tax bill is \$1,930 (100 X \$19.30). If they are assessed at \$200,000 then their tax bill is twice that at \$3,860 (200 x \$19.30).

The City Council has lowered the Mil rate over the last 2 years and went into this budget year with a goal of trying to hold the lowered rate from last year.

Here is our recent past:

Budget/Fiscal Year Mil Rate

July1, 2007 to June 30, 2008 19.2 or \$19.20/thousand dollars of assessed value

July 1, 2008 to June 30, 2009 18.6 or \$18.60/thousand dollars of assessed value

July 1, 2009 to June 30, 2010 18.1 or \$18.10/thousand dollars of assessed value

For this fiscal year July 1, 2010 to June 30, 2011 we recommend the Council approve the same Mil rate as last year at 18.1 or \$18.10/thousand dollars of assessed value.

This is possible because the Council worked very hard with the City departments to make their goal of holding the tax rate and they have succeeded. On the bad side we lost significant State Revenue and we had some cost increases. On the good side we sharpened our pencils- cut a little more, added some revenues and had a little growth in our total valuation of all property within the City.

The State would allow the Council to increase the Mil rate to \$18.8 or down as far as \$17.98 (which I do not recommend). The 5% range of rates is permitted to cover the possibility of abatements having to be given based upon challenges to assessed values based upon market values or just simple misunderstanding of the size and scope of the property.

Belfast Assessed Property Values are holding very well even though there is a perception that all property values are down. There is often a difference between true market value and assessed value and in general- assessed value is lower than market value. I note that Belfast like all Maine communities is seeing more people questioning their assessments and making challenges to assessed values. Much of this is rooted more in perception rather than fact. That does not mean that we do not lower assessed values when information indicates it should be lowered. That actually happens and we give a financial abatement (money) back to the owner when we do so.

The other reason I do not recommend pushing down to the lowest possible mil rate is our history. We have cut and trimmed, made changes and innovations, made some hopeful estimates of some revenues and held financial lines for three straight years. There is not much wiggle room left and it is only a matter of time before utility cost, health care cost, insurance cost, materials cost etc. will push our net

expenses higher. I do not support sudden high spiky increase in taxes. It throws people and their businesses off their reasonable expectations. Slow and steady change is very good financial advice.

I congratulate the Council on their efforts. Few get to see the grit that is applied to achieve this result. Our job now is to constantly watch our spending so that we have enough to cover our responsibilities and hopefully have some left at the end.

I whole heartedly recommend the Council adopt the Mil Rate of \$18.10 per thousand to keep this years taxes the same as last year.

Finally, I also note that we had originally set October 13th, as the date taxes would be due. I would support the date to be extended to the 19th or the 20th to give folks a little extra time to pay their tax bill.

10.J Consideration and possible acceptance of a proposal to develop a new City Web Site.

City Economic Development Director Thomas Kittredge is heading up the effort to develop a new Web site for the City. A great municipal web site is crucial to free access to local information, economic development and coordination with all other local resources and activities. In today's world it is more and more our primary welcome to the Cities statement.

The City put out a RFP request for proposals seeking companies with specific municipal experience so that we would benefit from their expertise in meeting the unique web needs of municipalities. Two Council members worked with Thomas in reviewing the proposals and they are now prepared to come forward and recommend a particular vendor with whom, if approved, we will move immediately to negotiate a contract.

10K Discussion and action on carrying forward certain budget monies from the 2009-2010 Fiscal Year to this 2010-2011 Fiscal year.

We do not always spend everything we budget for. If we don't spend it then the money would otherwise be added to Undesignated Fund Balance or Surplus.

If the unspent money from one fiscal year was for something we are likely to need in the next fiscal year then we have the opportunity to redirect that money away from surplus and back into the same purpose for which it was raised in the first place. The benefit of "carrying forward" this unspent money is that we do not ask the taxpayer to raise it again.

In effect it helps keep the property tax bill down and debatable increases to already healthy surplus to a minimum.

This Council is pouring through every budget line in the City identified a number of areas of unspent money from last fiscal year that should be carried forward to this fiscal year to keep taxes down. The total is \$102,667.

A list of these items that we want to carry forward is attached in the packet. We ask for motion and approval to carry forward this list of accounts and their amounts from last fiscal year to this one.

10.I Further discussion and possible action regarding the Belfast Soup Kitchen.

Two weeks ago we learned of the financial plight of the Belfast Soup Kitchen. In your packet is a copy of newspaper information regarding this matter. I note with pride that a local Belfast business, Aaron's rental on Starrett Drive, has sponsor public service announcements in other counties and in many other municipalities asking them to donate money to support the soup kitchen here.

We will have a representative of the Soup Kitchen at the meeting who can talk about their financial situation for your consideration.

10.M Request from the Parks and Recreation Commission to change the hours of operation in City Park.

We need to respond to vandalism in City Park and one way is to control the hours of operation where we can more effectively do this. We seek to close the park to vehicles and the playground areas dusk to dawn. The City Park would otherwise be closed 11:00 p.m. to 6:00 a.m. The proposed ordinance amendment language is attached in your packets.

10.N First Reading on a Property Assessed Clean Energy (PACE) Ordinance for Belfast.

The Federal Government has established a \$20,000,000 revolving loan fund accessible to homeowners. These monies will fund insulating, air sealing and heating system upgrades in conjunction with rebates offered through Efficiency Maine's Home Energy Savings Program.

The unique feature of the Federal money is that the loan for investment in energy savings today runs with the property and so an owner who is hesitant to make an investment in home energy savings because they may not get the full use of those savings over time would now want to use this program because they only have to pay the loan back during their period of ownership. The new owner simply picks up the payments when they acquire the energy efficient home. This has the effect of bringing immediate energy savings without having to absorb all of the long-term cost.

To participate Belfast must have an Ordinance, which allows Efficiency Maine to run this program for the City. A copy of the proposed is in your packet.

10.O Discussion on Manager's request to apply for grant funds for two purposes:

- First to secure money to help restore the Town Clock above the First Church.
- Secondly, to ask the EPA for money to do pollution assessments (Brownfield Assessments)

We may be eligible for Historic Preservation Funding from The Belvedere Trust and the Maine Community Foundation to rebuild the Town Clock

The Brownfield Assessment Program is a federally funded opportunity to do environmental assessments on either public or private property to answer the question whether these properties need environmental clean up. There are two primary benefits to securing such knowledge. First it will help these properties redevelop because there will be no question about environmental issues for prospective buyers- a clear impingement to resale. Secondly if the assessment identifies environmental problems it enables the owner to qualify for funds to remediate the problem. We would not do an environmental assessment on any property without the owner's specific approval. This is an economic development tool to free up uncertainty about available property and to find outside revenues to make that property more attractive as a development site. As a practice banks usually won't fund a project without such assessments.

If we were to secure EPA funds we could put together a committee and a list of possible sites- with owner support and approval. We would then hire professional consultants to do the assessments.

10.P Appointment of an Administrative Assistant to the City Manager.

We have an exceptional candidate. I will provide you particulars at the Council meeting.

10.Q Discussion of Committee Appointments and Term Limits.

This came about last meeting and it was a request to put this out for further discussion at this meeting.

That's it for now. Labor Day weekend everyone. Enjoy, be safe and buy local.