

FINANCE COMMITTEE
February 3, 2014 at 5:40PM

MINUTES

Council Members: Baldacci, Gallant, Sprague, Graham, Durgin, Civiello, Nealley, Blanchette

Staff Members: Cyr, Birch, Conlow, Willette, Heitmann, Morgan, Bird

1. Consent Agenda

- a. Bids Awarded by Staff – January 2014

Finance Director Cyr stated the only bid awarded in the month of January was Uniform Rentals for Fleet Maintenance and the Community Connector in the amount of \$10,218.

Councilor Baldacci moved consent agenda, Councilor Durgin seconded, so approved.

2. Bids/Purchasing

- a. Sound Study – Engineering – HMMH - \$17,500

Director Cyr stated that all are aware that there is need for a sound study to monitor the sound levels in respect to the Waterfront Concerts Series. There are only a certain number of qualified consultants on the MDEP approved list. We contacted all 3 firms and received no responses. We followed up with each of the 3 firms to find out why there was no response. One firm didn't have sufficient time to pull an RFP together, one firm didn't have experience with this type of work, and the 3rd is an out of state firm that wrongly assumed they wouldn't be considered. They did submit an RFP and it is staff recommendation to award to Harris Miller Miller & Hanson (HMMH) in the amount not to exceed \$17,500.

Councilor Durgin moved, Councilor Graham seconded.

Councilor Blanchette asked if this firm has been researched with their past projects, references, etc. City Engineer Art Morgan explained that they were looked into and they are on the approved MDEP list.

Councilor Blanchette does not vote to approve this firm due to her being uncomfortable with choosing the firm because this is a time sensitive matter and they were the only one who submitted an RFP.

Councilor Civiello asked why the report from Acentech was not utilized and now we are contracting another firm for the same study. Director Cyr stated that Acentech was not on the approved MDEP list and as part of our permit; the firm must be on the approved list.

Councilor Nealley inquired about the WFC Series reimbursing us for some of this cost. Director Cyr explained that they would be responsible for the cost of equipment and set up, but this was our cost for the consulting services for the sound study. Councilor Nealley agreed that the WFC Series need to be at arm's length so it doesn't look biased but glad to know they will be paying for the equipment, installation, etc.

Councilor Gallant asked if we could do a quick reference check on HMMH just to be sure there is no glaring problems that arise.

- b. Request to Waive Bid Process – Sewer Maintenance – Software – IT Pipes - \$11,120

Finance Director Cyr explained about the software equipment the Sewer Department uses for video inspections and for sewer maintenance. In the last few months we have purchases another CCCV Van that is used for these inspections and monitoring and this bid is to purchase another software license.

Councilor Nealley moved, Councilor Blanchette seconded, so approved.

- c. Request to Waive Bid Process – Downtown Signage Project – Light Poles – Gilman Electric - \$25,600

Director Cyr explained that we have gone out to bid on this twice already and both times the prices came in high. We asked the sign companies what the issue was. Basically it came down to asking the sign companies to do more then they typically do. So we went back and have broken it up into 3 pieces. Our hope is that the sign piece will come in under \$10,000. This request is just for the light poles and staff recommendation is to award to Gilman Electric in the amount of \$25,600. This entire project will be funded by the Community & Economic Development grant funds.

Councilor Durgin moved, Councilor Graham, so approved.

3. Overview of Payments in Lieu of Taxes (PILOTS)

Finance Director Cyr was asked by the Chair of the Finance Committee to give an overview of PILOTS.

Payments in lieu of taxes (PILOTS) are payments made by a property tax-exempt organization to a municipality to help cover the cost of municipal services.

According to the City's most recent Municipal Valuation Return there is \$947.3 million of property within Bangor that is exempt from taxation. This exempt total includes \$57.2 million in homestead and veteran exemptions, \$484.4 million in federal, state and municipally owned properties. The balance is made up of properties owned or leased by benevolent and charitable institutions, veteran, religious and fraternal organizations, and the water district. It is important to note, that this exempt value does not include any personal property value, but there are many instances where properties owned by typically exempt organizations are assessed taxes. Whether or not taxes are assessed is based upon the underlying use of the property.

Nonprofits provide important services in and for our communities as well as employment opportunity and other economic benefits. Many of these services, if not provided, would fall to the responsibility of the government. Historically, nonprofits have been exempt from paying property taxes because they in essence relieve a burden of the government, by providing certain services. However, it has been noted that there can be a geographic mismatch between the benefits provided by tax-exempt nonprofits and the cost of the exemption. Benefits are typically broadly dispersed throughout a geographic area, but the cost of the property tax exemption is concentrated in a small number of municipalities, especially service centers and college towns.

In Maine municipalities have the ability to request a PILOT, but there is no State Statute that requires non profits to contribute a PILOT. To address the only properties over which the City has the ability to implement PILOTS, it adopted "Guidelines for Leasing and Disposition of Land Owned by the City of Bangor" on May 29, 2013 (a copy of which follows). Section V, Land Disposition Guidelines, (4), the City indicates its intent to include a PILOT on all nonprofit projects that are completed on City owned property. This practice has been adhered to since its adoption.

4. Assessors Update

City Assessor Ben Birch updated the Committee on 2 specific items including the Personal Property Declaration Form which property owners receive at the beginning of January. If residents have questions on certain parts of the form, we try to update the form for the next year to help cut down on confusion and to save time. Assessor Birch went over the form in detail. Assessor Birch also went into detail about the business assessment forms. There is a 65% return rate for the business forms.

We have worked with 5 very delinquent accounts and have been able to work with them to bring them back to either current or working on becoming current.

Council discussion on what the City is doing and able to do in bringing accounts to current.

5. Executive Session – 36 MRSA Section 841(2) – Hardship Abatements (a), (b) and (c)

Councilor Baldacci moved, Councilor Blanchette seconded, so moved to go into Executive Session.

6. Open Session – Hardship Abatement Decisions (a), (b) and (c)

Moved, seconded and approved staff recommendation.

Adjourned at 7:20PM