

FINANCE COMMITTEE AGENDA

April 6, 2015

(Immediately Following Government Operations Committee)

1. Consent Agenda

- a. Report of Bids Awarded by Staff – March 2015

2. Bids/Purchasing

- a. Curbside Rubbish Collection Contract Renewal – Public Works - Casella
- b. Request to Waive Bid - Self Inspection System – Airport – ProDIGIO - \$15,630
- c. Request to Sole Source Fire Engine Doors – Minuteman - \$11,099 and Appropriate \$30,000 for Overall Repairs (including doors)

3. Taxpayer Request – 71 & 79 Pier Street

4. Taxpayer Request – 146 Ohio Street

5. Appropriation of Sale of Baler Proceeds

6. Local Option Sales Tax

7. Executive Session – 1 MRSA Section 405 (6)(c) – Sale of Property
(Information to be Provided at Meeting)

City of Bangor
Report of Bids Awarded by Staff
For Month of March 2015

1. Backflow Preventer Testing Services – City Wide – Maine Fire Protection Systems



530 MAINE AVE.
BANGOR, MAINE 04401
TEL: 207/992-4501

PUBLIC SERVICES DEPARTMENT – OPERATION and MAINTENANCE
Dana R. Wardwell, Director

To: Finance Committee
From: Dana Wardwell
Subject: Curbside Rubbish Collection Contract Extension
Date: April 6, 2015

Our 5 year curbside rubbish collection contract with Casella Waste expires on June 30, 2015. Casella has offered to extend this contract for four years to align the curbside rubbish and recycling collection contracts so they expire on the same date. The proposed cost increase for this extension is:

<u>Fiscal Year</u>	<u>Per cent</u>	<u>Increase</u>	<u>Total cost</u>
FY 16	3.5%	\$18,375	\$543,375
FY 17	4.0%	\$21,375	\$565,110
FY 18	4.5%	\$25,430	\$590,540
FY 19	5.0%	\$29,527	\$620,527

In FY 18 & FY 19 the contract allows for an annual adjustment in the wage portion of the contract amount based on the annual CPI-W. Staff recommends extending the curbside rubbish collection contract with Casella Waste.



Interoffice Memorandum

To: Finance Committee

From: Robbie Beaton, Superintendent of Operations

CC: Cathy Conlow, City Manager
Debbie Cyr, City Finance Director
Tony Caruso, Airport Director

Re: Sole Source Purchase - Airfield Inspection

Date: March 18, 2015

The airport is required by the FAA, Part 139 to perform two (2) inspections per day of the airfield and various other critical movement areas. Currently, the inspections are accomplished by a manual paper system, which includes a manual work order system. Records are required to be kept for twelve (12) consecutive months which results in many labor hours and paper.

For the past two years, the airport has been researching an automated computer-based system that would make our inspections more efficient, timely, and reduce our paper consumption and improve our reporting performance. Identifying the best system is critical and needs to have the approval of our FAA inspectors. These types of systems must also be customized for each individual airport. The airport has found a company in California, ProDIGIQ that has been working with us to customize a technological system that will meet our needs. This system also has the ability to do winter operations and airfield condition reporting that will speed up our process of notifications. This would definitely be a major improvement in our winter snow removal operations as the Snow Boss would be able to issue airfield condition reports directly from the runway drastically improving communications.

The airport is respectfully requesting to sole source the system software program from ProDIGIQ in the amount of \$15,630. We contacted several reference checks with other airports in the Northeast who are using ProDIGIQ and have heard very positive comments with the product and customer service. The City Council previously approved this capital purchase for FY 2015.

I will be available at the Finance Committee meeting to address any questions or concerns.

TO: Debbie Cyr, Finance Director

FR: Tom Higgins, Fire Chief

DT: April 1, 2015

RE: Fire Engine 1 Repairs

Engine 1 is a 2005 pumper truck with significant body corrosion problems. The truck has reached service half-life and the repairs are a good investment to extend the serviceability of the vehicle. Attached is the cost for new stainless steel body doors for \$11,099.30. These factory replacement doors are painted, striped, and ready for installation. Also attached is a quote from F.E. Hoyt Auto Body for body and paint work totaling \$2608.00.

In addition, we propose to add air conditioning to the truck at a cost of approximately \$5000.

During the week of March 23rd the truck experienced a serious mechanical failure in the driveline transfer case. The transfer case shifts the engine power from the wheels to the fire pump. The cost for the case rebuild is estimated at \$8500.

We are requesting to sole source purchase the doors from Minuteman to obtain the manufacturer's specific doors and appropriate \$30,000 from the Fire equipment reserve. Replacement cost for this truck is approximately \$500,000.

Minuteman Trucks Inc
 2181 Providence Hwy
 Walpole, Ma, 02081
 Tel: 508-668-3112 Fax: 508-668-3043
 tking@minutemantrucks.com

<i>Estimate</i>

Estimate Prepared by: Tom King
 Accident Date:
 Date of Loss:
 Arrival Date:
 Type of Loss:
 Policy Number:
 Claim Number:

Appraised for:
 Date: 6/6/2013
 Estimate#: 16525

Insured:

Company: BANGOR FIRE DEPARTMENT
 Contact: CONTACT // LT DAVID DOW
 Address: 289 MAIN STREET
 City, State, Zip Code: BANGOR, ME 04401

Year	Make	Model	Color	Trim
2005	PIERCE	ARROW -XT PUMPER	RED	
Unit Number	License Plate #	Mileage	Serial#/VIN#	
JOB# 16525			4P1CA01FX5A005227	

Sup	Seq	Labor Type	Labor Op	Description	Part Type	Part Number	Dollar Amount	Labor Units
	1	Body	Rem/Rep	10 REPLACEMENT DOORS (ORIGINALS WERE STEEL GALV// REPLACE WITH STAINLESS STEEL /PRE PAINTED #90 RED CLEAR COAT) 10 EACH @ 1215.18// WITH PIERCE POLICY ADJUSTMENT -\$4000.00 = \$8151.80	New		\$8,151.80	10.0*
	2	Body	Rem/Rep	HANDLE GASKETS AND HINGE TAPE	New		\$150.00	*
	3	Body	Rem/Rep	SHIPPING AND CRATE CHARGE EST/	New		\$350.00	*
	4	Body	Rem/Rep	REFLECTIVE DECALS / GOLD STRIPE AND PIN STRIPE	Sublet		\$1,187.50	2.0*

Sup	Seq	Labor Type	Labor Op	Description	Part Type	Part Number	Dollar Amount	Labor Units
	5			NOTE*** IF THE ORIGINAL DOORS ON TRUCK NOW HAVE STAINLESS STEEL INSIDE TRIM PANELS THERE WOULD BE AN ADDITIONAL LABOR CHARGE TO TRANSFER AND MOUNT ONTO THE NEW DOORS .				*

* - Judgement Item
- Labor Note Applies

Labor

Body	12.0	Hrs @	\$105.00	\$1,260.00
Labor Total				<u>\$1,260.00</u>

Parts

Parts Subtotal	\$9,839.30
Less Adjustments	
Parts Total	<u>\$9,839.30</u>

Additional Costs and Operations

Addl. Costs/Ops Total	\$0.00
-----------------------	--------

Tax

Totals

Sub Total:	<u>\$11,099.30</u>
Customer Resp.	<u>\$0.00</u>

Net Total \$11,099.30

The above is an estimate based on our inspection and does not cover any additional parts or labor which may be required after the work has started. Occasionally, worn or damaged parts are discovered which may not be evident on the first inspection. Because of this, the above prices are not guaranteed. Quotations on parts and labor are current and subject to change.

TruckEst does not automatically include items required by many business repair partners. This application allows the author to manually enter line items such as overlap deductions.

2005 PIERCE ARROW -XT PUMPER

F.E.Hoyt Truck and Auto Body

Federal Tax ID: 57-1196539 fe bc INC

499 hammond st.

Bangor, ME 04401

Phone #: (207) 947-4783

Fax #: (207) 947-4784

E-Mail: fehoyt@midmaine.com

Customer No: 3894

Report No: 2889

Claim #:

Assign No:

Estimate

3/19/2015

Vehicle Information

2006 Chev-GMC Truck Van
 Style:
 Color:
 Color Code:
 Production Date: / 0
 License: State: ME
 VIN: 1GTGG29V461246492
 Miles In: 0
 Miles Out: 0
 Condition:
 Estimator: floyd
 Date Assigned: 2/11/2015

Owner - 1242 Frost garage

p o box 74
 Hampden, ME 04444
 Home Phone: (207) -
 Work Phone: (207) -
 Fax #: (207) -
Insured -
 Home Phone: (207) -
 Work Phone: (207) -
 Fax #: (207) -
 Date of Loss: 2/11/2015

Accident Location

Phone #1: -
 Phone #2: -
Claimant -
 Home Phone: (207) -
 Work Phone: (207) -
 Fax #: (207) -
 Date of Inspection: 2/11/2015

Description of Work	Part Number	Price	Labor	Paint	Other
* Repair left lower side panel			12.0* body*		
* Repair left frt rocker sill			4.0* body*		
* Repair rear left side panel lower			3.0* body*		
* Repair right frt rocker sill			4.0* body*		
* Repair right side frt door lower			1.0* body*		
* Repair right side rear door			4.0* body*		
* Repair right side panel lower			6.0* body*		
* Refinish lower both sides				12.0*	
shop supplies					\$250.00* nontaxed
Sub Totals			34.0	12.0	

IN BUSINESS SINCE '79
 **thank you for letting us serve you

	Hours	Rate	Total
Body Labor	34.0hrs	\$45.00/hr	\$1,530.00
Paint Labor	12.0hrs	\$45.00/hr	\$540.00
Paint Supplies	12.0hrs	\$24.00/hr	\$288.00
Misc Non-Taxed			\$250.00
Tax	Non-Taxed		
Grand Total			\$2,608.00

Estimate based on MOTOR CRASH ESTIMATING GUIDE. Unless otherwise noted all items are derived from the Guide. NAGS Part Numbers and Benchmark Prices are provided by National Auto Glass Specifications. Labor operation times listed on the line with the NAGS information are MOTOR suggested labor operation times. NAGS labor operation times are not included. Guide used is (DR1GB03). 12/14

* Indicates Estimator's Judgment
 T Indicates Taxed Item



73 Harlow Street
Bangor, Maine 04401

Treasury Department
David W. Little
Tax Collector/Deputy Treasurer

Tel: (207) 992-4290
Fax: (207) 945-4422
Email: david.little@bangormaine.gov

To: Members of the Finance Committee
From: David Little, Tax Collector/Deputy Treasurer
Date: April 6, 2015
Re: Payment Settlement – 71 & 79 Pier Street – Richard Russell

Mr. Russell would like to propose to the Committee a reduced settlement payment for the amounts due to the City in relation to 71 & 79 Pier Street. Mr. Russell is the husband of Lisa Russell, the daughter of the former owner Jacqueline Hughes, who is deceased.

Over the past three years the Russell's have been under workout agreements with the City to pay the outstanding taxes. The initial workout agreement in 2012 included past due balances for taxes for tax years 2004 through 2012. The Russell's have paid six of those years in full as well as paying the 2013, 2014 and 2015 tax years. In total they have paid the City \$17,670.89 in principal and \$4,948.64 in interest and fees.

Including the outstanding sewer and stormwater charges which were not included in the workout agreements there is a total balance remaining of \$13,283.00. Of this balance \$4,782.10 represents interest and fees.

Mr. Russell is requesting that City waive the remaining interest and fees for an immediate payment in full of the principal balances, \$8,500.90.

In light of the Russell's efforts over the past three years to resolve the outstanding balances and the City's desire to clean up old accounts staff recommends approval and deeding the properties to the Russell's. Based on their past history they should have no issue with staying current on future taxes.

Pc: Debbie Cyr, Finance Director



73 Harlow Street
Bangor, Maine 04401

Treasury Department
David W. Little
Tax Collector/Deputy Treasurer

Tel: (207) 992-4290
Fax: (207) 945-4422
Email: david.little@bangormaine.gov

To: Members of the Finance Committee
From: David Little, Tax Collector/Deputy Treasurer
Date: April 6, 2015
Re: Payment Settlement - 146 Ohio Street – Asset Data Solutions – Greg Done

Mr. Done, representing Asset Data Solutions, would like to propose to the Committee a reduced settlement payment for the amounts due to the City in relation to 146 Ohio Street. The prior owner of 146 Ohio was foreclosed on by their mortgage company and Asset Data Solutions purchased the property from the Bank in March of 2014 although the deed was not filed at the Registry until July.

At the time of the sale the City was due a Code Enforcement lien, three sewer liens and several thousands of dollars in unliened past due sewer. Mr. Done has indicated that the title company only provided information on the three sewer liens. It should be noted that the City did not receive any payments at the time of the closing. All balances, even those provided by the title company remain outstanding.

When Mr. Done started receiving sewer bills under the City's new utility software they reflected all the unpaid balances. Mr. Done contacted the City and indicated that he felt that they should only be responsible for the amounts known at the time of the closing. I explained that the lack of information provided at the closing did not negate the balances due. In addition, several new bills had been assessed as well as the real estate taxes.

In February of 2015 I sent Mr. Done a detailed listing of the balance due and as a measure of good faith I set the interest due back to November of 2014, to reflect the first contact I had with Mr. Done contesting these charges. The total balance due was \$6,960.52. The amount did not include the \$1,088.91 March installment of the real estate taxes. No payment was received and Mr. Done responded with a payoff proposal. His proposal calculated the amounts due to be the lien principal amounts and only the interest that has accrued since they purchased the property, 50% of the non-liened past due sewer and the principal only of the September installment of real estate taxes. His calculations resulted in a total due of approximately \$4,800 which he then proposed a payment of \$4,000 as payment in full. His proposal does not include the March installment of the real estate taxes or two sewer bills and four stormwater bills which have been assessed since the property was purchased; most of which are past due.

The full amount due to bring the accounts current would be \$8,273.60, of which \$1,120.34 is interest and fees.

Staff does not recommend accepting the \$4,000 proposal. In an effort to clean up the accounts, particularly the old sewer charges carried over from the prior system, staff would recommend waiving the \$1,120.34 in interest if Mr. Done pays the \$8,273.60 principal balance within 30 days. If payment is not received all balances will be due in full.

Pc: Debbie Cyr, Finance Director



530 MAINE AVE.
BANGOR, MAINE 04401
TEL: 207/992-4501

PUBLIC SERVICES DEPARTMENT – OPERATION and MAINTENANCE
Dana R. Wardwell, Director

To: Finance Committee
From: Dana Wardwell
Subject: Sale of Recycling Baler
Date: April 6, 2015

The City's move to single stream recycling July 1, 2014 resulted in the City having no use for the recycling baler. We advertised for RFP's to purchasing the baler and we received no offers. After several months of wondering what we will do with the baler, John Greene, the person that sold us the baler in 2003 made us an offer of \$25,000 which we accepted.

The recycling building (building #286) will be used by Community Connector, Public Works and Sewer Maintenance for vehicle storage. Building #286 is in need of maintenance, specifically cleaning, roof work and exhaust fans and staff recommends appropriating the \$25,000 to maintenance of building #286.

Memo – Local Option Sales Tax Discussion

To: *Bangor City Council, Bangor City Manager Cathy Conlow, Finance Director Debbie Cyr*

From: *Ben Sprague, Bangor City Councilor, Finance Committee Chair*

Background

The continual shift of state expenses to the municipal level of government combined with the ongoing expropriation of municipal revenue by the state government presents us with significant budgetary challenges. The possibility of taxing non-profits creates a false choice of revenue streams, pits municipalities against organizations that provide services that might otherwise have to be paid for by government, and seems unlikely to have much legislative traction anyway.

It is time for us to consider in earnest whether to advocate for a change in state law to allow for a local option sales tax. Revenue Sharing, the current method of keeping a portion of sales tax revenue in the community where it was generated, has already been cut by over 60% from its statutorily required amount, and it is likely to be cut further if not entirely eliminated under the governor's proposals.

I estimate that even a small local option sales tax for Bangor would have a significant positive budgetary impact on the City of Bangor and contribute greatly to the easing of the property tax burden on residents and businesses. Bangor generates approximately \$1.6 billion in taxable sales per year, which is more than any other community in the state. We have invested in the Cross Insurance Center, the Bangor Waterfront, the Downtown Area, and in other parts of the city in order to generate economic activity, yet very few of the tax dollars that are generated in the community stay here. A local option sales tax would change that.

If the state were to allow a local option sales tax, it could also proceed to eliminate the Revenue Sharing program or alter it to provide more benefit to rural communities who would not benefit from a local option sales tax to the same degree as service centers like Bangor. The urgency of taxing non-profits would also be lessened and the collective time and energy that is spent debating both Revenue Sharing and non-profit taxation could be focused on more important discussions like how to make government at all levels more efficient and how to grow the overall economy.

It is important to keep in mind that a municipality cannot simply enact its own local option sales tax; the State of Maine does not allow it. The ability to create a local option sales tax would only be possible with a change in state law.

Calculations

By my calculations (see addendum for more detailed information):

- A local option sales tax of 0.25% would generate approximately \$4 million in tax revenue, which is less than the amount of Revenue Sharing dollars we are owed under statute, but almost double the amount we actually receive.
- A local option sales tax of 0.50% would generate approximately \$8 million in tax revenue, which would lower property taxes in Bangor by 14.44%.
- A local option sales tax of 1.00% would generate approximately \$16 million in tax revenue, which would lower property taxes in Bangor by 28.87%.
- To equal the amount of Revenue Sharing dollars that Bangor should receive under state statute, a local option sales tax would need to be approximately 0.31%.

Note: I would also be open to having a cap on the tax to exempt purchases over a certain amount, for example \$5,000. Otherwise this proposal would adversely impact car dealerships and companies that sell or manufacture heavy equipment. Having a cap would change the above calculations.

Benefits

Bangor is a retail and service center. Hundreds of thousands of people come to Bangor each year and use municipal services, but contribute nothing to the expense of those services. Public Safety and Public Works/Infrastructure, for example, are paid for entirely by Bangor property taxpayers even though the beneficiaries of those services are not all Bangor taxpayers. The property tax from development itself (e.g. Bangor Mall, Hollywood Casino, etc.) comes nowhere close to covering the true costs of being a retail and service center). In effect, Bangor property taxpayers are subsidizing services used by people from other communities. Revenue Sharing is a program that has long recognized this reality by keeping a portion of tax dollars in the community where they are generated to offset the costs of services, but since the gubernatorial and legislative intent appears to be elimination of this program, we must look elsewhere.

Challenges

Past attempts to change state law to allow for a local option sales tax have failed primarily because of the political belief that any new tax is unnecessary. This is an argument that I have been emphatic towards in the past. But cities and towns are now being hit simultaneously by a variety of unfunded state and federal mandates while the state is pulling away the much needed revenue that is used to pay for basic services. Property taxpayers, many of whom are already struggling with taxes that are already too high, cannot afford further increases.

Conclusion

Increasing the sales tax at the local level is not an ideal solution to our budgetary challenges, but it may be the best one. Allowing cities and towns to enact their own local option sales tax would give communities the autonomy to make important budget decisions at the local level irrespective of the

political winds in Augusta. It would also diversify the municipal tax base, which is greatly dependent on the highly regressive and somewhat inflexible property tax. We should have a public discussion about whether having a local option sales tax makes sense for the state and its municipalities.

Addendum

Annual taxable sales in Bangor: \$1.6 billion (approximate)

0.25% tax on above amount: ($\$1.6 \text{ billion} \times 0.25\% = \4 million)

0.50% tax on above amount: ($\$1.6 \text{ billion} \times 0.50\% = \8 million)

1.00% tax on above amount: ($1.6 \text{ billion} \times 1.00\% = \16 million)

Current amount owed under state statute for Revenue Sharing: \$5 million (approximate)

Amount actually received: \$2 million (approximate)

Local option sales tax required to equal intended amount: ($\$5 \text{ million} / \$1.6 \text{ billion} = 0.31\%$)

Current taxpayer share of municipal budget: \$53,417,773

If Revenue Sharing were eliminated, taxpayer share would be: \$55,417,773 (approximate)

Impact of \$8 million from local option sales tax = 14.44% ($\$8 \text{ million} / \$55,417,773 = 14.44\%$)

Impact of \$16 million from local option sales tax = 28.87% ($\$16 \text{ million} / \$55,417,773 = 28.87\%$)