

**Town Council Special Meeting and Workshop
Minutes
April 13, 2009**

Falmouth Town Hall
Council Chambers - 5:30 PM

The meeting opened at 5:31 pm.

Roll Call

Councilors present and answering roll call: Breen, Payne, Rodden, Armitage, Pierce, and Libby.

Councilor Wrobleski arrived at 5:39:

Item 1 Order to go into Executive Session.

Item 2 Order to authorize the Town Manager to execute several agreements regarding Hat Trick Drive.

Town Attorney Bill Plouffe summarized the changes and what is needed to go forward with the construction on Hat Trick Drive. Town Manger Nathan Poore stated that this deal will never get any better due to the present economy.

Councilor Libby moved to approve the order to authorize the Town Manager to execute the agreements regarding Hat Trick Drive; Councilor Wrobleski seconded. Motion carried 7-0.

Item 3 Order to go into Executive Session to discuss a hardship abatement of taxes pursuant to 36 M.R.S.A. 841 (2) (E).

Councilor Pierce moved to go into Executive Session. Councilor Libby seconded. Motion carried 7-0.

Item 4 A resolution to recognize Benjamin Boudreau.

Councilor Rodden read the resolution to recognize Benjamin Boudreau for his outstanding achievements.

Councilor Rodden moved to accept the resolution; Councilor Wrobleski seconded. Motion carried 7-0.

Item 5 A resolution to recognize Ms. Ellen Merrill and her assistance to the police in a matter of public safety.

Chief Tolan thanked Ellen Merrill for going above and beyond to help another citizen and the Falmouth Police Department to resolve a difficult situation end peacefully.

Councilor Armitage read the resolution.

Councilor Libby moved the resolution; Councilor Libby seconded. Motion carried 7-0

Item 6 Order to form an ad-hoc committee, known as the “One Falmouth Committee”.

Councilor Armitage stated that there were two versions of the order. The school board is in agreement to create this committee and have appointed Analiese Larson and Beth Franklin as its representatives.

Councilor Breen moved to adopt a joint resolution, an order establishing an ad hoc committee on One Falmouth; Councilor Wroblewski seconded.

Councilor Libby moved to amend the order to appoint Councilors Pierce and Armitage on the Town Council side and Analiese Larson and Beth Franklin on the School Board side; Councilor Breen seconded. Motion carried 7-0.

Motion to approve the amended order carried 7-0.

Councilor Armitage clarified that the order would be sent to the School Board for ratification and adoption.

Item 7 Public Hearing of the School Department Budget and the Municipal Budget.

Superintendent George Entwistle presented the updated School Budget. There have been changes in the state funding since the last budget was presented on March 26, resulting in a FY10 revenue gap of \$290,000. Superintendent Entwistle explained that they were able to adjust the budget and maintain the commitment not to raise the property tax.

Councilor Armitage opened the Public Hearing.

There was no public comment.

Councilor Armitage closed the Public Hearing.

Town Manager Nathan Poore presented a shortened version of the Municipal Budget., stating that it is unchanged since it was presented on March 26.

Councilor Armitage opened the Public Hearing

Councilor Libby requested Councilor Wroblewski make a statement concerning the resolution he would be presenting on April 27.

Councilor Wroblewski explained that he is proposing to keep the Pleasant Hill Fire Station open for another year.

Councilor Libby said he would like to make an amendment to the resolution that there be an ad hoc committee to help the manager and the Fire Chief; the Committee would be made up of two citizens and two Councilors.

Resident Sally Barrows of 71 Ledgewood Road wanted to introduce Mr. Freeman Cleaves. Mr. Cleaves came up the ranks to become a leader, but first he was a volunteer.

Freeman Cleaves thanked everyone for being at the meeting. He spoke of how Engine 3 was like a security blanket to the Pleasant Hill Neighborhood. Mr. Freeman also commented on the superb job Falmouth Fire Chief Howard Rice had done with his report. He stated that numbers might not be as accurate as we think they are and he had been by Portland Ladder two times

today and they were out both times. Freeman Cleaves wanted everyone to remember all the Public Relations work Engine 3 has done.

John Hobson of 26 Pleasant Hill Road spoke of his heightened interest in response time and fire safety because he had an older home built in 1825 with a garage built shortly after. Equally important is that the Fire Station is a symbol of the neighborhood. The Fire Station has brought in volunteers and drawn people in for many community efforts. The countless volunteers have saved this town an uncountable amount of tax money. Mr. Hobson supports keeping Pleasant Hill open if only for a year.

Carol Pickering of 47 Allen Avenue Extension asked to consider the significant history of the building and also agreed with Mr. Hobson to keep the station open for another year. She said she strongly opposes the Fire Station as a commercial business.

Ken Snowden of 18 Cleaves Farm Road, a resident of Falmouth for 14 years and a member of the Pleasant Hill Fire Station spoke of how the Fire Station can be a bridge connection with the community. The Pleasant Hill Fire Station is a good outlet.

David Halligan of 12 Oakland Road said he has been a member for 54 years. David Halligan pointed out the many volunteers and Town Officials through the years had first started at the Pleasant Hill Station and the Officer of the year was from Pleasant Hill. Mr. Halligan expressed concern about the volunteers not wanting to go to another station and the possibility of them not being accepted.

Dave Murray of 69 Allen Avenue Extension noted the value that is created from volunteerism is not reflected on a balance sheet. Dave Murray asked the Council to consider some of the factors such as: will the savings be seen in the first year, the possible deed restrictions, the actual plan for the property in the future if it is not a fire station and the cost, Portland's new budget constraints, as well as response time. It would be money well spent to wait another year. Dave Murray emphasized that if you really wanted to show Falmouth citizens that you cared then take 500,000 – 1,000,000 out of the allocated surplus and really drop the mil rate down.

Mary Farnum of 55 Pleasant Hill Road moved here in her twenties and she feels a great comfort having the Fire Station so near by after having a close call with leaking gas when she first moved in.

Fred Bopp of 6 Mayflower Road reminded the Council that he was also present on March 9 where he saw a very detailed and presentation from Chief Rice. Mr. Bopp questioned if it was the first time it had been presented to the public. Mr. Bopp informed the Council that he had been working with Karen Lucas to attempt to find out how their neighbors in the Pleasant Hill, Stapleford and Mayflower neighborhoods felt. They asked if they supported Councilor Wrobleski's resolution. They did not get any negative responses, and the support would be overwhelming. Because of the safety concerns Mr. Bopp supports the ad hoc committee Councilor Libby recommends as well as the finalization of the cross trained person at Engine 2 and the agreement with Portland. Mr. Bopp questioned as a tax payer why the allocations for capital improvements were not put into Pleasant Hill over the years to upgrade it. In conclusion Fred Bopp said to weigh an expenditure of 10,000 against what could be very serious consequence if the assumptions about safety do not come true, would be a very small cost in the grand scheme of things to make sure we get things right.

Dana Hutchins of 92 Allen Avenue Extension said that he is also in favor of the resolution to keep the station open. Mr. Hutchins spoke of the increase in recreational activity in the area which leads to a greater need for services.

Jay Patch of 20 Sherwood Drive spoke of how his ninety degree driveway made it difficult for fire equipment to reach his home. Mr. Patch said his home had been saved two times by Ladder 3 and he could feel confident of the safety of his home when he was away. Mr. Patch questioned how the station came to be in such a state of disarray.

Scott Richardson of 111 Ledgewood said he has been a firefighter for thirteen years. He complimented Chief Rice on the excellent changes he has made in the department as well as his presentation. Scott Richardson expressed his concern about the amount of man power that would be responding from Portland as well as the amount available from Falmouth if they there was a call on the interstate or turnpike. Mr. Richardson questioned why the heating system at all the other stations had been upgraded, but Pleasant Hills had not. Scott Richardson believes keeping the station open an additional year would be an asset.

Item 8 Update on the Woods Road Workforce Housing Project.

Kevin Bunker, Jim Hatch and Richard Berman from Developers Collaborative, Josh Cushman of Portland Builders and Richard Lowe and Phil Kaplan from Kaplan Thompson Architects gave an update on their responses to the Council's questions from the February 9 workshop:

- **Who will this project help?**

Households in the 33,000– 70,000 income range. The Buyers must have a stable enough credit and income history to qualify for a mortgage and fall within the AMI (area median income, Greater Portland) guidelines adjusted for household size.

- **What will it look like?**

Phil Kaplan stated that they tried to make it look like the other buildings seen around town. The project will have an agricultural feel to it, using traditional materials, gable roofs, 12 pitch, metal roofs and large solar thermal windows.

- **What will it cost the town?**

Getting to 80% Area Median Income (AMI) affordability requires significant subsidy. The market will support something close to 120% AMI. To get to 80% AMI requires 70,000/unit in subsidy. 14 units at 80% = \$980,000 required.

They made a conservative estimate of the infrastructure costs due to the likely presence of significant ledge and the need to treat storm water from the police station as well as the need for lengthy road/utilities.

- **How will you ensure it stays affordable?**

TIF or Tax Increment Financing is a municipal economic development tool used to “capture” increased tax dollars due to new development. A TIF holds the Town harmless from 3 negative effects of increased valuation: decreased State aid to education; increased County taxes and decreased Municipal revenue sharing. The TIF allows captured revenue to be used for

infrastructure improvements, recreational and child care facilities, capital costs, operating costs and costs to mitigate “impacts on the community, including costs to local schools”.

Jim Damicis of Policy One Research, Inc. said analysis found that out of every new tax dollar generated in Falmouth today, 65% flows outside the Town; 35% stays. A 30-year average might be 55%/45%.

Over 30 years, absent a TIF, this means:

- Total taxes generated: \$6.5 million.
- Taxes retained: \$2.9 million.
- Taxes lost: \$3.6 million.
- Estimates indicate all or nearly all of revenue proposed to be dedicated to the project would be lost to the Town anyway without a TIF.

TIF Proposal:

- The Town shelters 100% of new valuation from state/county impacts.
- The Town retains sufficient new revenue to offset costs of service to development (\$35,000/yr).
- The remainder is available to enhance affordability to those at 80% AMI by bonding for infrastructure.
- Any excess can be put toward school budget (this is unique to the Affordable Housing TIF).

The benefits of the TIF are that it allows new revenue to be generated. There is \$0 in tax revenue today on the site and due to the site constraints it would likely remain \$0. Also the project will generate revenue long after the TIF expires. The TIF is necessary for the project to go forward. Workforce housing is a stated policy goal of the Town and the TIF will help achieve this goal. It is a long-term investment in the community and its people. Most or all of the TIF proceeds would flow outside Falmouth even if it were financially feasible without a TIF.

- **How do we ensure it stays affordable?**

Example: Permanent Affordability at 80% AMI

The teacher decides to sell her townhouse 5 years later.

The Area Median Income has risen 10%.

The unit can only be sold to those making at or below 80% of the new AMI.

Seller's gain limited to growth in AMI.

	<u>2010</u>	<u>2015</u>
Affordable Price	110,000	121,000
Soft Second Mortgage	70,000	77,000
Sale (Market) Price	180,000	198,000
Return to Seller		11,000

Example: Shared Appreciation at 120% AMI

The family decides move up to a larger home.

The housing market has risen 15%.

The unit can be sold:

- to those making up to 120% new AMI (no penalty);
- to others (Soft second must be repaid to Town).

Seller's gain limited to growth in housing market.

	<u>2010</u>	<u>2015</u>
Affordable Price	230,000	264,500
Soft Second Mortgage	20,000	23,000
Sale (Market) Price	250,000	287,500
Return to Seller		34,500

- **Are we setting any new precedents with zoning/land use concessions?**

Our approach has been to meet the Town's goals as stated in the RFP, not to comply with the existing zoning. We have proposed a project that fits very closely within the existing conservation subdivision framework. It fits the basic intent and the two most important metrics: density (up to 66 units allowed; 48 proposed) and common open space (10.5 acres required, 11 proposed).

However, a "Planned Development District" will be needed to accommodate some of the goals expressed in the RFP: mix of housing types, sustainable, transit/pedestrian-friendly development and preservation of maximum undeveloped area. The proposed road width came out of a discussion with staff. We proposed a 24' road and Planning staff (Amanda Stearns, Ethan Croce, and Tony Hayes) suggested that 22' was appropriate for several reasons: Reduce environmental impact; easier to maintain; respect natural setting; calm traffic; and enhance affordability.

In conclusion we can only move forward by spending significant sums on more in-depth investigations and we are prepared to move forward with this in order to validate the project budget and prepare for re-zoning/site plan review. But, before proceeding with these expenditures, we need assurances from the Town Council that they join the Commission in their support of the concept plan.

To proceed, we need to have an agreement with the Town outlining the public/private partnership to be undertaken. This agreement should outline basic responsibilities of each party. We feel that a TIF is essential to achieve the project's goal of providing workforce housing in Falmouth.

Councilor Armitage asked Ward Graffam from the Workforce Housing Committee to join the discussion. Councilor Armitage questioned if the Committee was on board with the presentation given tonight.

Ward Graffam affirmed that the Commission was on board and supportive.

Councilor Libby stated he had been involved in this process for four years and there has been 100% effort by the people involved and he would like to get some answers and move forward see a vote before the Council as soon as possible.

Councilor Wroblewski asked for clarification: they were asking the Town to Bond for the cost of the infrastructure and recoup the money through the TIF.

Kevin Bunker said possibly; that was something that still needed to be worked out.

Councilor Rodden inquired about the 14 units at 80% AMI; she thought that it was to be 20 units. After speaking to Theo Holtwijk today she learned that Habitat for Humanity was to build the additional six. Councilor Rodden questioned how that would work, who would be responsible and accountable and would the designs be the same.

Jim Hatch stated he had worked with Habitat for Humanity for several years and they would probably want to do this over several years. Habitat uses materials that have been donated and volunteer labor but their recent projects have been LEED certified. The details will have to be worked out.

Councilor Rodden inquired about transit plans and how close the bus stop would be as well as where the turn around would be.

Councilor Payne questioned if a non profit housing authority would be used for the soft second mortgage. He also inquired about the road widths and sidewalks and paving.

Jim Hatch reiterated that this was another detail that would need to be worked out. By state statutes it would need to be the municipality or a non profit. There is also a possibility of using Westbrook Housing. The road widths and sidewalks will need to be finalized.

Councilor Breen explained that she was excited about the possibility of meeting the long term goal and the LEEDS aspect of the plan, but concerned about the ledge and the sustainability of the single family homes and their staying affordable over time. Her understanding is that they will empower the Town Manager to enter into an agreement and proceed from there. Councilor Breen remarked that she would like to know what the next three steps would be.

Kevin Bunker volunteered to give his opinion on what the next three steps would be.

1. Identifying what the impact of the Natural Resource Ordinance amendments would be.
2. Infrastructure Costs; test pits.
3. A professional Market Study.

It was concluded that the cost for the next three steps would potentially be around \$20,000 and the details would need to be discussed at a later date.

Jim Damicis of Policy One Research presented a Tax Increment Financing (TIF) analysis for the Council. He stated that to understand how a TIF works you have to look at the property value and fiscal formulas. Property valuation impacts the dollar amount municipalities receive in state aid for education, municipal revenue sharing and county taxes. Formulas for these programs are based in part on property valuation with the premise that the higher the amount of property valuation, the wealthier the community and therefore the less it should receive from the state and the more it should pay to the county. Tax Increment Financing allows municipalities to "shelter" increases in valuation resulting from economic development and affordable housing projects from state valuation increases for up to 30 years. This allows municipalities to avoid losses due to the state and county fiscal formulas. However, revenues from "sheltered" valuation under the TIF program cannot be used for General Fund purposes and must be used for specified purposes related to the project. These are determined at the time the TIF agreement is developed and approved. If the Town wishes to support workforce housing as a matter of policy, then the TIF offers an opportunity to significantly reduce revenue losses due to state and county fiscal formulas.

Councilor Armitage complimented Jim Damicis on his presentation and inquired about the percentage of space and land and does the housing TIF go towards the Municipal Assessment limitations.

Theo Holtwijk responded that Housing TIFs are exempt.

Councilor Breen cited a concern which she had heard from people in town who are concerned about this development, a concern that she did not share; that the families who would live in this housing would not be paying an equal amount of taxes for their children to be attending Falmouth's schools. With the TIF in this regard it does provide some relief to the Town with regard to additional children in the schools.

Jim Damicis clarified that those in the TIF district would still be paying property taxes. It just impacts where the money goes and for thirty years whatever portions you decided to shelter would go for the purpose of the project.

Councilor Payne stated that he liked the idea of the TIF and it was a very wise use of the formula. He felt that one of the great challenges we have in the State is keeping young families and young workers; we need affordable housing.

Councilor Rodden asked if there was a downside to the TIF.

Jim Damicis responded that you needed to understand the trade off. Would the project go ahead without any sort of subsidy? Is it possible to have the trade off between the general fund and the TIF purposes? Are you willing to go a while without funding things on an annual basis through the general fund so you can get the longer term trade off? As a tool there is really no downside to a TIF once you decide that what you want to achieve is a good policy, and in this case its affordable housing.

Councilor Wroblewski asked what happens when you have more tax revenue than the needs on the list of items that you are limited to by the statutes.

Jim Damicis stated that if the Town decided to go with the TIF then they would do some fiscal planning to decide exactly on what to spend the revenues. If this does happen then you would decide to spend it on things that still fit in the TIF purposes or you amend the TIF through the state process; or if you wanted to take some as a general fund then it would be taken as simplistic as possible and you would have to pay the formula impacts.

Councilor Armitage asked how the Council would like to proceed.

Councilor Breen suggested the Council instruct the Town Manager Nathan Poore to put together an order to authorize negotiations with various parties on the next steps including: not-to-exceed dollar amounts, going through the ordinance process, site analysis market study and how the responsibility would be shared.

Town Manager Nathan Poore stated that he liked the phased approach, where we commit to a certain amount and see where we are at. He explained that, on the sharing, the developer carries 100% of the cost unless the Town decides they are no longer interested. Then the Town carries 100% of the cost up to a minimum. At this point the developer can not spend any more money without that assurance. If we are going to phase it we need to drill down. Even with the TIF the Town will need to add subsidies of \$35,000 - \$50,000 a year to make it work. An order will have to be done.

Councilor Armitage said the only way we will know how much the TIF will be is by doing some site work.

Councilor Wroblewski suggested doing a resolution on the TIF at this time.

The Councilors agreed to discuss this at the May 11 meeting.

Item 9 Introduction to an amendment to the Coastal Waters Ordinance as proposed by the Harbor Committee.

The public hearing will be on May 11, 2009

Item 10 Introduction to amendments to the Falmouth Zoning Ordinance pertaining to Shoreland Zoning, as proposed by the LPAC.

The public hearing will be on May 11, 2009

Item 11 Discussion and Order for the approval of a consent agreement for the violation of setbacks of the primary residence at 10 Depot Road.

Councilor Wrobleski moved to approve the order of a consent agreement for the violation of setbacks of the primary residence at 10 Depot Road and including the recommended penalty of \$600.00. Councilor Breen seconded. Motion carried 7-0.

Item 12 Introduction to an amendment to the Zoning and Site Plan Review Ordinance to address the types and numbers of temporary signs permitted for new or relocated businesses.

Amanda Stearns confirmed that this is an amendment for additional temporary signs. The public hearing will be scheduled for May 11, 2009.

Item 13 Discussion about a possible amendment to the Falmouth Code of Ordinances Chapter 2, Article III, Division 5.

The Councilors decided to discuss this possible amendment in public instead of at a Governance Committee meeting. Councilor Wrobleski and Town Manager Nathan Poore will work on sorting this out. It was suggested that it be a possible Council Retreat Item.

Item 14 Discussion about future Council Agendas.

There was no discussion on the Agendas

Adjourn

Councilor Payne moved to adjourn; Councilor Breen seconded. Motion carried 7-0

Meeting adjourned at 10:37

Respectfully submitted,

Ellen Planer
Town Clerk