

Memo

To: Hallowell City Council members

From: George D. Lapointe

cc: Nate Rudy, City Manager

Date: 13 February 2017

Re: Update on bonding issues

This is an update on issues regarding bonding issues before the Council.

1) What is included in the bond package?

The elements of the bond package are as follows:

Description	Cost
Water Street Reconstruction	\$585,000
Central Street parking acquisition, some site work	\$300,000
Reclamation of Vaughan Road, Outlet Road, Town Farm Road	\$535,000
Stevens Commons road, conservation land	\$600,000
City Hall maintenance	\$80,000
Water street reconstruction, 4 additional streetlights	\$40,000
Fire station wood component stabilization, foundation	\$220,000
TOTAL	\$2,360,000

2) Single Bond

As discussed and re-affirmed at the last Council meeting, a single bond will be put before the voters, including all of the elements listed above. This single bond package provides a suite of investments that, taken together, provides comprehensive approach to infrastructure development throughout the City; on Water Street, Central Street parking, outer Hallowell road reclamation, and development of Stevens Commons, and in city owned properties.

3) Timing of special election on bond package

If the Council votes to approve the third reading of the bond package on 13 February, a special election will be scheduled for Tuesday, 11 April.

The timing of the election is based on the need to pave outer Hallowell roads prior to the 2018 construction on Water Street and to have the municipal match funds needed for Water Street construction.

4) Bond payments / offset with TIF funds

Annual debt payments for the \$2,360,000 bond will be \$154,580 per year. The Finance Committee recommends that the City use \$100,000 of TIF funds annually to ease the cost of bond payments on Hallowell residents. This would reduce new annual debt payments to \$54,580 annually.

The City currently has two other sources debt payment. The first is an annual payment of \$182,494 for the current city bond; this bond cannot be paid off early until FY20.

The City also has a loan from the Cemetery Fund which has a \$100,000 payment in FY18. The Finance Committee plans to pay off the Cemetery loan as part of the FY18 municipal budget.

The Finance Committee will work with the City Manager to determine the most cost effective way of addressing the two bond packages through combining the two bonds or early payoff of the current bond.

5) Stevens Commons and TIF funds

At the 26 January Council meeting, there was some discussion of the Stevens Commons plan receiving TIF benefits. The City's proposed road construction and land acquisition activity on the Stevens School campus does not include any credit enhancement agreement (CEA) benefits to the developer.

It is important to note that there is a TIF component to Stevens Commons because the property is in the TIF district and will therefore get the benefits of TIF programs from tax revenue from the property.

6) Central Street parking and Dummer House

There has been some confusion about what the Central Street parking concept means in terms of the Dummer House. My understanding of the current proposal being discussed, which has not been finalized, is:

- Pending successful negotiations, City acquires 3(4?) lots for appraised value.
- Maine preservation acquires Dummer House with historic preservation easement
- Dummer House gets moved to Second Street location adjacent to Dr. Hubbard office
 - Funds from sale of lots to city will be used to pay for moving Dummer House and the residual will be put into a trust for monitoring the historic easement in perpetuity
- Private party owns and restores Dummer House
- City has three lots to use for parking, can also further developed in the future