

2018 AUGUSTA CITY COUNCIL GOALS AND ACTIONS

(February 23 2018)

INTRODUCTION

On Saturday, January 20, 2018, members of the Augusta City Council, staff, and partner organizations met in the Augusta Civic Center for a 6-hour goal-setting session. Following a write-up of the session by staff, the Council met in several workshops before approving the goals and actions for the coming year.



BACKGROUND

2017 was a very successful year in the City of Augusta. New residential development at subdivisions like Fieldstone Place, and new businesses openings such as Cushnoc Brewing Co. in the downtown, have picked up to the point that the Development Department is being forced to reorganize itself to deal with all of the permitting. City government has earned plaudits from area observers in recent weeks for the quality of city services related to street plowing, flood preparation, and drug crime prevention. The unemployment rate for the City of Augusta was 2.4% in December, 2017, below both the state and national level.

But good times also bring new problems. City department heads report that it is difficult to attract and retain qualified staff for both part-time and full-time work. As in all of Maine's economy, the public administration sector of Kennebec County's workforce is aging (see chart below). The largest cohort is the 55-64 age group, people who are heading toward retirement in the next ten years. The need to be able to recruit and retain talented replacements is critical for the quality of future City services.

Both municipal government and the school department have experienced staff leaving for nearby communities where the pay is better. The City is renegotiating several public employee contracts this year, and creating a more competitive work environment will be a major goal of those negotiations.

But pay raises will create fiscal challenges. There are positives for City revenues in 2018: more school funding from state government, more new development on the tax rolls. There are also negatives: excise tax revenues from car sales are expected to drop off, and quirks in the school funding formula may diminish how much Augusta actually gains from the increase in state spending. There are also expenditure-side challenges in meeting future capital needs for items such as a new or renovated police station and Civic Center upgrades; for maintaining the current high level of snow plowing quality; and for providing adequate fire staffing.

With this as background, here are the City's goals for 2018.

GOAL A: PROMOTING HIGH-QUALITY DEVELOPMENT

The City of Augusta's population has been stagnant for many years, even as Kennebec County was growing. In the near future, Kennebec County is not projected to grow – so the challenge for Augusta to attract new families will be even harder.

However, the appeal of urban living is much greater now than it has been for many decades. The two major forces in the coming housing market – downsizing baby boomers and young millennials – both have similar interests. They want low-maintenance housing, open floor plans, energy efficiency, walkability, high-speed internet access, and access to night life and cultural activities. One difference is that millennials are interested in smaller spaces, including “tiny homes,” and are open to walk-up living – where downsizing boomers want more space, and mostly first-floor living

The City of Augusta has *land* available for development that meets these needs. But much of its *existing old housing stock* is not that attractive to these two groups. Therefore, new housing construction is an important part of the City's strategy.

NEW INITIATIVES

Action A1. Accelerate infrastructure development of Kennebec Locke.



Kennebec Locke has the potential to serve both millennials and downsizing baby boomers. It is near to downtown, near to trails, near to jobs and services, and on the water. It is an absolutely unique site in central Maine. The new project proposed by the Augusta Housing Authority (see photo) is a first step.

What it lacks is necessary infrastructure: a good access road, utilities, and possibly the transformation of the piers or trestle into a biking/walking link to downtown. A master developer could provide this, but to date the City has not been able to attract such an entity. City government may need to provide this itself if it wishes to open the site up to smaller developers.

Action A2. Focus on redevelopment of northern end of Augusta downtown.

With the leadership of the Downtown Alliance and critical City support like the Tipping Point program, Water Street is becoming transformed. Now the goal is to move the new investment north towards the train trestle and Mill Park. Fundraising for the proposed Colonial Theater renovation, possible transformation of the trestle into a walking bridge, a possible UMA tech center, are all possible anchor investments for a rejuvenated neighborhood.

Action A3. Promote new housing development – especially market-rate, workforce, and millennial housing.

Kennebec Locke is one opportunity, but there are other sites in the city where new residential development can take place. While the City's role in promoting market-rate residential development is

limited, reviewing current ordinances and making sure that the City can market itself as “open to innovative residential development” is a first step.

Action A4. Enhance code enforcement capability.

In recent years, City government has passed ordinances to protect historic character and ensure housing maintenance. Now additional effort is needed to enforce these codes, particularly in the city’s older neighborhoods. In addition, a new housing code should be considered – a boarding house code, that would charge a fee that would pay for City code staff to inspect these properties and ensure that they are up to standard.

Action A5. Evaluate downtown and Winthrop Street parking options

The Augusta Parking District has performed an important function in managing and providing parking for downtown. Yet challenges still remain. Long-term (2+ hour) parking options for customers are not easily provided. The topography of downtown, from the river to the parking garage at the top of the hill, can be difficult for pedestrians to navigate. Meanwhile, on Winthrop Street, the line differentiating publicly-owned space and privately-owned space is unclear, and parking practices vary by block. This is an appropriate time for the City and Parking District to review parking practices and availability as downtown continues to grow.

ONGOING ACTIVITY

In addition to the new initiatives above, the City will continue its current policies of:

- Supporting and working with the **Downtown Alliance**.
- Trying to redevelop the **Arsenal property** in a way consistent with the original plan for the site
- Extending utilities to **Riggs Brook**
- Monitoring and remaining open to the possibility of **passenger rail service** to Augusta

GOAL B: MARKET THE AUGUSTA BRAND

Part of attracting new people to live and work in Augusta is improving the image and brand of the city.

NEW INITIATIVES

Action B1. Step up online Augusta presence – social media, web site, an app.

If the goal is to attract millennials, then the communication needs to be electronic. This needs to be an ongoing effort, not a one-time fix. Social media, a usable phone app, an actively updated web site, are all part of the answer.



Action B2. Try to attract a sports team to Augusta.

Sports teams build city identity and pride. Augusta supported semi-pro baseball in the (distant) past. The potential for a minor-league level team in any sport – from soccer to baseball to basketball – should be explored anew.

Action B3. Improve landscaping and physical appearance of Augusta at gateway streets.

The first impression of visitors to Augusta is made by the roadways into the city from I-95. Better landscaping would be helpful – but it will cost money, and fiscal limitations are what has prevented it from happening in the past. This item should be considered again in the 2018 budget.

GOAL C: IMPROVE THE QUALITY OF LIFE OF AUGUSTA RESIDENTS

By virtue of its location, history, and major institutions – state government, Maine General Hospital, and the University of Maine at Augusta – the city of Augusta has unique opportunities to develop attractive amenities that can serve its existing – and prospective – residents.

NEW INITIATIVES

Action C1. Explore ways to provide city-owned or sponsored high speed broadband service.

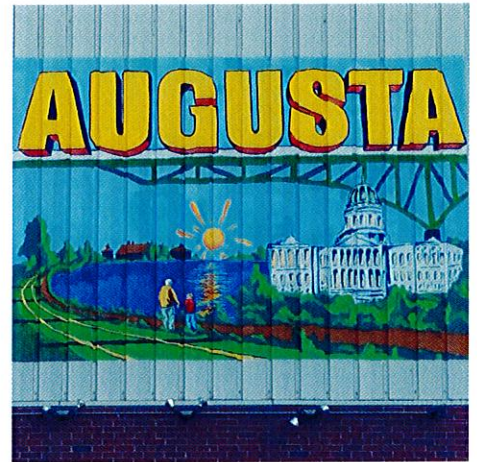
Chattanooga, Tennessee has a municipally-owned utility that provides resident households with 100 Mbps service for \$58/month; 1,000 Mbps for \$70/month; and 10 GIG service at \$300/month. This has transformed the city economy. One visiting journalist observed:

When I first started visiting the city, in 2010, months after EPB had deployed its fiber-optic technology to home networks, the downtown area was still filled with empty factory buildings. In 2016, an incredibly vibrant tech community has filled many of those vacant buildings with open-office spaces for start-ups. The music and film communities are vital, too, and there is a real downtown nightlife with bars and restaurants open late and filled with hipsters.¹

This is a complex issue, but Augusta should explore its options.

Action C2. Create a Public Art Commission designed to promote public art in the downtown, in the gateways, and in other locations in the city.

This past summer the Kennebec Leadership Institute, the University of Maine at Augusta, and the Downtown Alliance coordinated a successful effort to create murals on downtown buildings. The City should look to institutionalize this kind of effort with an ongoing public art strategy to be created by a new Public Art Commission.



Action C3. Create a walking tour that goes from the Maine State Museum to Fort Western.

This summer a new fire museum will open at the renovated Hartford Fire Station in downtown. In addition, a First Amendment Museum will open soon at the historic Gannett House next to the Blaine House. This creates the potential for a walking tour of museums in Augusta – from the State Museum to the First Amendment Museum to the Hartford Fire Station Museum to Old Fort Western. The potential should be actively marketed online and through brochures, etc.

¹ See <https://www.thedailybeast.com/chattanooga-has-its-own-broadbandwhy-doesnt-every-city>

ONGOING ACTIVITY

In addition to the new initiatives above, the City will continue its current effort to publish a **trails** map and to create events related to the trails.

GOAL D: SOCIAL SERVICES

Augusta is a service center, with a general hospital and a mental health hospital, and many social service agencies. As such, it has many people in the general population in need of housing and support services. In addition, in recent years Catholic Charities and other relief agencies have located refugees and immigrants here because the area has low crime, low-cost housing, and a good service network. Finally, the opiate crisis continues to grip the state; Augusta has dealt fairly effectively with the criminal justice aspects of the problem, but people continue to die from drug overdoses in Augusta. Better services for drug users are needed.

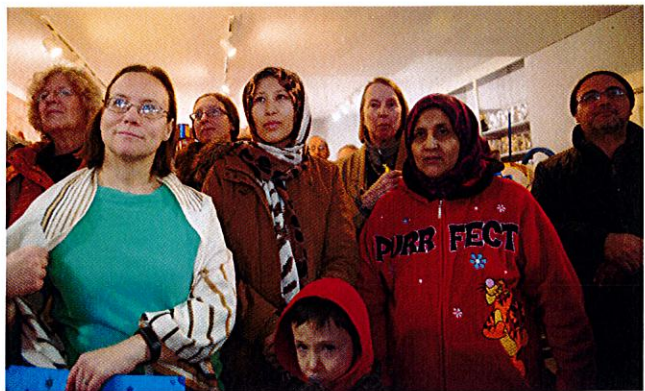
NEW INITIATIVES

Action D1. Support the establishment of substance abuse treatment programs and facilities in the city.

On average, one person dies every day in Maine from a drug overdose. About 1 in 5 of Maine people in need of substance abuse treatment receives care. This situation has led the Veterans Services at Togus to send Maine veterans to Connecticut and other out-of-state locations for residential treatment. Currently, Maine General provides some treatment beds, and there is a proposal from a private entity to develop residential treatment beds in Augusta. This kind of project will require careful consideration with regard to scale, design, neighborhood impact, safety, and fiscal impact.

Action D2. Expand immigrant focused-programs.

In recent years, the Capital Area New Mainers Project has helped to welcome refugees and immigrants to Augusta from places such as Syria, Afghanistan, and Iraq. New Mainers are part of the long-term answer to the workforce shortage in central Maine. But in the short term, they need help with English as a second language, transportation, school integration, job training and placement, and social support. The idea of a welcome center to Augusta has been floated and discussed; it deserves further study.



Action D3. Explore alternatives to increase municipal control over the siting and operations of services for the homeless. The Bread of Life Ministries had 509 calls for people looking for a bed at night in 2016. The Bread of Life has a 26-bed family shelter and a 12-bed veterans shelter, and the beds are mostly full. The issues of the needs of homeless people, and where the best place is to provide homeless services, have been a subject of ongoing discussion in Augusta. City government should explore its options to play a more direct role in the siting and operations of services to the homeless.

Such options include City ownership or sponsorship of homeless shelters and services; additional City ordinances addressing siting and operations issues; City partnerships with nonprofit organizations to provide services.

ONGOING ACTIVITY

In addition to the new initiatives above, the City will continue its current efforts to support the **Age-Friendly initiative** in Augusta, with a current emphasis on expanding transportation services.

GOAL E. GOVERNANCE

As is mentioned in the background piece, Augusta faces long-term fiscal challenges. This leads to the first recommendation below.

NEW INITIATIVE

Action E1. Create a 5-year budget and capital improvements program that shows a path for tax rate stability in the future.

Every year there seems to be a new fiscal issue, brought on by a recession or state government cuts or major capital needs. Nothing can prevent new crises from arising in the future. But what would help councilors this year would be to see a draft fiscal plan for the coming five years that would show how – based on current fiscal practices and trends – the city could maintain a stable tax rate and still meet its capital needs over that period.



ONGOING ACTIVITY

In addition to the above, the City will continue to:

- **work closely with the school system** on a variety of issues, including new immigrants, food security, and the location of a possible new elementary school (if approved by the state)
- pursue its **Comprehensive Plan**. That plan is leaving the data collection stage, which took place last year, and will be entering its phase of public input and policy development.
- carry out a planned **charter review**.



MEMORANDUM

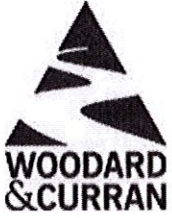
TO: Lesley Jones, PE, Public Works Director
CC: Ralph St. Pierre, Asst. City Manager, Megan McDevitt, P.E. Project Manager
FROM: Randy Tome
DATE: February 26, 2018
RE: Executive Summary for Hatch Hill Landfill Gas to Energy Project (LFGTE)

Following is a Financial summary of the Competitive Energy Services (C.E.S) Hatch Hill including changes and assumptions to the proposed project since their previous May 2016 report;

1. Project size has increased from a 350 kW generation system to a 550 kW system. Due to a more detailed review of Net Metering demands AND the installation of additional landfill gas wells in Expansion III to support this increase, project revenue is expected to increase approximately 40% from the 2016 estimate. We have conservatively assumed only an 80% runtime for the generator to achieve this level of revenue.
2. Project costs have gone up commensurately, from an approximate \$2 million total project to an approximate \$3 million total project. However only 75% to 80% of the project costs are directly attributable to the LFGTE project and the remainder is attributable to landfill operations. Items such as new Operations Building with employee break room, additional parking, subsurface disposal system are some of the items included for Landfill operations
3. In summary, the CES report states that there will be an eleven-year simple payback period for the project with over \$1 million in Net Present Value. This is for an estimated project lifespan of 17 years. Gas is expected to be generated at the landfill long after 17 years but at diminishing rates and so the economics of a longer project may be possible but are not included in the analysis.
4. The Operations & Maintenance budget has been estimated at \$122,000/year, with an escalation of 3% per year, which we believe will be a conservative figure and the actual contract may be less once the service contract is Bid.
5. A 15% contingency has been included on everything except the Equipment (for which actual Bid numbers already exist).
6. In addition to the Net Metering revenue, a portion of the revenue comes from the selling of Renewable Energy Credits (REC's) to the Market.

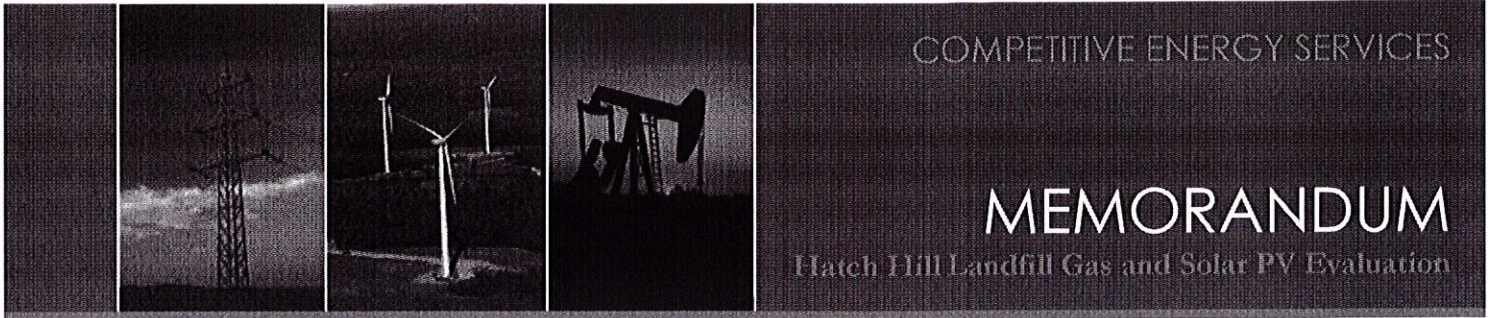
With respect to the remainder of the project, we are on schedule with the following highlights;

1. Working with CMP to bring 3-phase power to Hatch Hill along South Belfast Avenue
2. Installing new gas wells in Expansion III to insure there is sufficient gas to fuel the generator
3. Redesigning the electrical routing on the Hatch Hill site to connect to the new 3 phase power that will improve efficiency on the existing equipment that currently uses single phase power.
4. We have responded to the DEP Solid Waste staff with comments on the Solid Waste license amendment. Based on our meeting last week we expect this license to be approved shortly after we provide a written response to their comments.
5. We have an approved Air Bureau license
6. We obtained City Planning Board approval at the February meeting.



7. We opened bids to pre-procure the generation equipment due to the lead time necessary to get these units built and delivered to Hatch Hill.

Looking ahead, once we receive City Council approval to construct the project, we will award the generation equipment and bid the building and gas line extension in March 2018 in anticipation of having the project operational and producing electricity (and saving money) for the City by December of 2018.



TO: City of Augusta

FROM: Competitive Energy Services

DATE: February 26, 2018

RE: **Hatch Hill Landfill Gas and Solar PV Evaluation – Memorandum Addendum**

In 2016, the City of Augusta (“the City”) retained Competitive Energy Services (“CES”) to evaluate a landfill gas-to-energy (“LGTE”) proposal and solar photovoltaic (“PV”) development opportunities at the Hatch Hill Landfill. On December 21, 2016, CES submitted a memorandum to the City presenting findings on the economic feasibility of the two prospective projects. CES’ analysis was based on initial system designs and cost estimates prepared by New England Energy Solutions.

In 2017, the City retained Woodard and Curran, Inc. to solicit LGTE system proposals and to complete engineering for the LGTE system. Woodard and Curran subcontracted CES to update the 2016 memorandum’s findings based on revised system pricing and performance assumptions tied to Woodard and Curran’s solicitation efforts. The following memorandum addendum to CES’ 2016 “Hatch Hill Landfill Gas and Solar PV Evaluation” presents updated findings on the economic feasibility of a municipally-owned LGTE system at the Hatch Hill Landfill.

Analysis Assumptions

Woodard and Curran informed CES that the City is proposing to install a 550 kW LGTE system at the Hatch Hill Landfill. CES’ 2016 memorandum evaluated a 350 kW LGTE system using preliminary design input from New England Energy Solutions. Based on system purchase proposals received during its solicitation process, Woodard and Curran projects \$2.95 million will be required to complete proposed upgrades at the Hatch Hill Landfill, which includes the LGTE system, new employee space, a septic system, and parking. In CES’ analysis, \$2.255 million is attributed to the LGTE system project, which includes system design, permitting, installation, and commissioning. As in the 2016 memorandum, CES’s analysis assumes that the interconnection costs necessary to deliver electricity from the LGTE system to the CMP grid are zero. The City indicated that the cost to extend electric service from CMP’s local distribution feeder to the Hatch Hill Landfill should not be included in the economic feasibility analysis for the LGTE system.

Based on operations and maintenance proposals received during its solicitation process, Woodard and Curran have estimated that the City will pay \$122,640 in operations and maintenance costs during the first year of operations, with costs escalating at three percent per year over the system’s 17-year expected useful life. This produces an estimated operations and maintenance cost of \$196,801 in the seventeenth year of operations, and cumulative operations and maintenance costs of \$2.67 million paid by the City



over the next 17 years. CES did not review a proposed warranty or maintenance service agreement to independently validate the assumption that the LGTE system will likely achieve a 17-year useful life based on the estimated operations and maintenance costs.

Woodard and Curran directed CES to assume the 550 kW LGTE system will achieve an 80 percent annual uptime during operations. Under this assumption, CES has estimated the system will produce 3,833 MWh per year following commissioning in each of the next 17 years. CES is not aware of an annual production guarantee being proposed to the City that would ensure this estimated production is achieved over the 17-year operations period. Based on the upfront system cost, estimated operations and maintenance costs, and the projected energy production, CES estimates the effective cost of energy produced by the LGTE system to be \$0.076 per kWh over the project's 17-year operations term.

Analysis Results

Based on the system cost and performance assumptions provided by Woodard and Curran, CES estimates the City will achieve a simple payback during the LGTE system's eleventh year of operations. Using a discount rate of 2.25 percent, as directed by the City, CES projects the City will see a 17-year net present value of \$1,008,628 for the project. CES' payback and net present value analysis compares the cost of owning and operating the LGTE system to the cost the City would otherwise pay for electricity bought in the market and delivered by Central Maine Power Company ("CMP"). To do this, we compute the projected value of the LGTE system's generation output under CMP's Net Energy Billing ("NEB") program.

Based on the NEB program rules and expected revenues from the City selling the project's Renewable Energy Credits ("RECs") into the Massachusetts compliance REC market, CES estimates the effective value of energy produced by the LGTE system to be \$0.102 per kWh over the project's 17-year operations term. This value assumes the City allocates NEB credits produced by the LGTE facility to its nine Intermediate General Service ("IGS") and Medium General Service ("MGS") electric accounts with the largest annual usage.¹ These nine accounts had a cumulative usage of 4,203 MWh between November 2016 and October 2017. Comparing this cumulative usage to Woodard and Curran's projected annual LGTE energy production of 3,833 MWh, the City appears to have approximately 10 percent "head room" in utilizing NEB credits from the LGTE system. If the LGTE system's nettable energy exceeds the cumulative usage of the City's nine selected accounts during a billing period, excess NEB credits may be carried forward to the next billing period, for up to 12 months, at which time any remaining NEB credits are granted to the utility with no compensation for the City.

As discussed in the 2016 memorandum, the Maine Public Utilities Commission ("MPUC") has proposed rules phasing out compensation of CMP's delivery components in the NEB program. The proposed rule changes were issued in September 2016, and the MPUC's current effective date for implementation is March 16, 2018. The new rules would grandfather current NEB incentive levels for 15 years for generation systems installed before March 16, 2018. For new generation systems installed after the

¹ The nine accounts include the City's CMP accounts 2110567816001, 2110193865011, 2110373645011, 2110355277012, 2110323474011, 2110337156011, 2110373133012, 2110344944012, and 2110044673011.



effective date, the new rules would cut compensation on the CMP delivery rate components by 10 percent per year through 2028.

The 11-year payback, \$1,008,628 net present value, and \$0.102 per kWh effective value of energy estimated by CES reflect MPUC's new rules phasing out compensation of CMP's delivery components in the NEB program. In 2017, a coalition of energy users and advocacy groups filed a lawsuit against MPUC that contests the implementation of the proposed rules. The lawsuit is currently being administered in Maine Supreme Judicial Court; oral arguments were held in December 2017. If the Court rules against MPUC and the current NEB program rules are upheld, CES estimates the City will achieve a simple payback during the LGTE system's eleventh year of operations, and will see an estimated 17-year net present value of \$1,036,900 for the project. The small difference in estimated savings between each scenario, \$34,663 in net present value, reflect the relatively low value (less than \$0.01 per kWh) the City's selected MGS and IGS CMP accounts are expected to receive from NEB credits' delivery components.

