



THE CITY OF AUGUSTA

WILLIAM R. BRIDGEO
CITY MANAGER

TO: Mayor and City Council
FROM: City Manager Bill Bridgeo
RE: Administrative Report
DATE: April 21, 2015

Meetings:

The City Council will meet on Thursday, April 23, 2015 for a Special Meeting to be followed by an Informational Meeting and then the scheduled budget review session – to begin at 6:30 p.m. in Council Chambers. Agendas are enclosed in your packets.

Other Items:

Item number one on Thursday's agenda is a brief presentation regarding the prevalence of substance abuse in our community. Neill Minor, an expert who heads the local agency charged with combatting this serious problem, has agreed to come and speak to the issue (he met with Mayor Rollins and Councilor Bilodeau and me last week on the issue). Thursday's discussion is intended to help set the stage for our upcoming police budget discussion regarding the proposed increased drug enforcement resources. I recommend holding off on discussing the particulars of our policing strategies until the budget review.

There are four items that the REO committee will be bringing forward at Thursday evening's informational meeting. Please refer to the committee's enclosed meeting minutes of March 26th and April 15th regarding the committee's recommendations. I have spoken with Augusta Housing Authority Director Amanda Bartlett and she has indicated that the authority would be interested in acquiring the three-unit property at 9 Patterson Street (and not interested in the two-unit at 110 Northern Avenue). Hopefully, that facilitates your discussion on those two REO items.

As we discussed in last-week's pre-meeting, the donation from the estate of Elsie Viles of \$250,000 does not require any new money to be appropriated from the City. The reference to a "match" goes back to when Mrs. Viles first pledged her generous donation to the Alumni Field project a couple of years ago. That match requirement was more than achieved by the money reprogrammed from the Cony Pride funds that were privately donated during the time of the construction of the new high school, residual money remaining from the construction project local share, and funds from CIP funds allocated by Council in past budgets. Please refer to the June 7, 2012 Council order authorizing the project and its expenditures. Shortly thereafter, Then-Councilor Rollins, acting on behalf of the Cony Boosters Association was instrumental in securing the Viles donation. The intent is to use these funds to finish planned improvements to the Alumni Field athletic complex (which includes the field and surrounding amenities). In addition to accepting these funds by formal order, Council will also have to appropriate them for specific purposes when the Alumni Committee has identified specific improvements. (For a breakdown of this project's funding sources and expenditures-to-date please see the enclosed letter from Mayor Rollins to Attorney Warren Winslow)

Please note the inclusion of recommended changes to the ordinance that establishes the Airport Advisory Committee. In essence the committee (now chaired by Councilor Munson) has recommended scrapping the
Turn page over →

existing ordinance and substituting new language. The original and draft languages are both enclosed for you. Councilor Munson will explain the rationale behind the proposed change.

Also enclosed with the packet you will find a memo from DPW Director Lesley Jones summarizing the upcoming events and activities related to recycling and special waste disposal. In that vein, I expect the third single-stream recycling container to be installed in the lower City Hall parking lot later this week (and I plan to be among the first users as our home container is quickly filling up).

There is a lot of behind-the-scenes work taking place regarding the final design and bid work associated with the Lithgow Library project. Daily, I am engaged with the architects, contractor, Owner's Representative and Woodward and Curran Consultant. Final project cost estimates are expected within the next ten days and (assuming all goes to plan) I should be able to sign an agreement setting the guaranteed maximum price (GMP) shortly thereafter. The groundbreaking ceremony is still scheduled for the afternoon of May 7th. The preliminary estimates are above what is currently available for funding but I am not concerned at this point. If need be, there are value engineering opportunities (type of roofing materials, etc.), negotiations to be held with the contractor and most importantly additional funding contributions anticipated from the Friends fund-raising team. I am scheduling a meeting of the building advisory committee (Mayor Rollins, Councilor Paradis, Fundraising Chair Wick Johnson and Trustees' Vice-Chair Andrew Silsby and myself) as well as the other leaders of the fund-raising effort and the project team (builder, architect, owner's representative and City staffers) to address any budget concerns prior to executing any GNP agreement. Rest assured of two things: this project will proceed forthwith in the quality manner we all expect and it will be accomplished within the budgetary authorization already approved by Council.

Finally, somewhat related to the library project, we just received an updated bond rating from Standard and Poors Rating Services. I'm happy to report that there's been a subtle uptick in our rating. Because of a variety of factors described in the enclosed S&P summary report we have maintained our "AA" rating and they have revised our outlook from "stable" to "positive". That may not mean a lot to the average citizen (although the contributing factors cited in the report certainly should) but it does to municipal finance experts and bond buyers. Ralph St. Pierre continues to do a terrific job handling our relationships with the rating agencies. This rating was secured as we prepare to go into the market next month for \$11.19 million in funds, which includes: the library (\$8 million); TIF funded road improvements like Bond Brook Road and Townsend Road and Northern Avenue (\$1.6 million); TIF funded Civic Center energy efficiency improvements (\$850,000); and the 2015 Council bond projects (\$750,000). Given the current bond market and our strong rating, we can expect to do well when we sell.

C: Department and Bureau Directors
Augusta Legislative Delegation



THE CITY OF AUGUSTA

DAVID M. ROLLINS, MAYOR

CITY COUNCIL
JEFFREY M. BILODEAU DALE McCORMICK
ANNA D. BLODGETT CECIL E. MUNSON
LINDA J. CONTI PATRICK E. PARADIS
DAREK M. GRANT

WILLIAM R. BRIDGEO
CITY MANAGER

March 25, 2015

Mr. Warren Winslow
PO Box 319
Augusta ME 04332-0319

Dear Warren,

As requested, the following information provides the scope of work and funds expended from various fund sources for project work completed to date at the Alumni complex. The funds raised and expended for Alumni project work are intended to provide the one-to-one match up to the \$250,000.00 from the Viles Foundation. Additionally, there are funds set aside for future work to be done once an updated plan has been developed by the Alumni Committee and presented to City Council for their consideration and approval.

Project work completed:

1. Athletic field lighting has been replaced with the latest in lighting technology.
2. Bleachers – The existing industry non-compliant bleachers were replaced with new state of the art bleachers and placed upon a concrete slab that previously did not exist.
3. Electrical Upgrades – Numerous needed electrical upgrades and lighting enhancements were completed.
4. Public Address System-The barely functioning analog audio public address system was replaced with a digital system including receiver, transmitter, speakers and microphones.
5. Storage Building – A storage building was erected and is used to store equipment that is essential for the operation of the Alumni complex.
6. Restrooms- Public restrooms with running water, sinks and flush toilets for men and women were added.
7. Concession Stand – A coed compliant concession stand was built for use by the Cony All-Sports Boosters club to generate funds for the support of all school athletic programs.
8. Fencing and entrance archway – Ornamental fencing and an entrance archway were installed. Chain link fencing was also installed in areas needing to be secured for the safety and welfare of the public.

9. Scoreboard – A brand new scoreboard will be installed in 2015 to replaced the existing 20 plus year old scoreboard that is outdated and has experienced numerous breakdowns. Parts are no longer available necessitating the need to replace the scoreboard with digital and LED technology.

Funds raised and expended:

Fiscal Year 2013	\$267,970.00
Fiscal Year 2014	\$ 45,000.00
Fiscal Year 2015	\$ 30,000.00
In-Kind contribution	\$ 50,000.00
Funds set aside for future project work	<u>\$156,000.00</u>
<u>TOTAL FUNDS DEDICATED TO ALUMNI</u>	<u>\$548,970.00</u>

Sincerely,



David M. Rollins

DMR/led



*City Council
of the
City of Augusta, Maine*

June 7, 2012

Title: CIP – \$12,000 for Alumni Field Improvements and Bleachers

WHEREAS, the Alumni Field Study Committee has during the course of the past year, met in excess of 20 times to study and formulate recommendations for improvement to Alumni Field at the Cony High School complex, and;

WHEREAS, sufficient funds exist to enable said improvements and;

WHEREAS, said improvements are expected to leverage additional private contributions that will fund further enhancements to the Alumni Field Complex;

NOW THEREFORE, BE IT ORDERED, That the following capital improvements are hereby authorized and are to be funded as described:

- A) Replacements of main bleachers for a cost not to exceed \$120,000 funding to come from residual Cony High School construction funding.
- B) Additional Alumni Field improvements to include but not limited to remedial sod work, goal post replacement, lighting upgrades, electrical upgrades and construction of concessions to be funded with \$140,755 of remaining team Cony private funds to be matched by in-kind private donations of materials and labor with an estimated full value of \$260,000.

BE IT FURTHER ORDERED, That the remaining \$154,800 of residual Cony High School bond construction money shall be held in reserve, pending further City Council review and authorization.

12-087

Introduced by:

Moved By: Sec'd By:

12-087
CITY COUNCIL
City of Augusta, Maine

Yea		Nay	
Byron			
Grant			
Paradis			
O'Brien			
*Rollins			
*Bilodeau			
*Emery			
*Munson			
Mayor	-	-	
Total			

Yea		Nay	
Byron	x		
Grant	x		
Paradis	x		
O'Brien	x		
*Rollins	x		
*Bilodeau	x		
*Emery	x		
*Munson	x		
Mayor	-	-	
Total	8	0	

Title: CIP - \$120,000 for Alumini Field Improvements & Bleachers

Read and Passed

Date: June 7, 2012

Moved by: Byron Yeas: 8
 Sec'd. By: Rollins Nays: 0

ATTEST:

CITY CLERK

Yea		Nay	
Byron			
Grant			
Paradis			
O'Brien			
*Rollins			
*Bilodeau			
*Emery			
*Munson			
Mayor	-	-	
Total			

Yea		Nay	
Byron			
Grant			
Paradis			
O'Brien			
*Rollins			
*Bilodeau			
*Emery			
*Munson			
Mayor	-	-	
Total			

Yea		Nay	
Byron			
Grant			
Paradis			
O'Brien			
*Rollins			
*Bilodeau			
*Emery			
*Munson			
Mayor	-	-	
Total			

SECOND READING

Date:

-

Moved By: - Yeas:
 Sec'd. By: - Nays:

ATTEST:

CITY CLERK

*Council At-Large

Yea		Nay	
Byron			
Grant			
Paradis			
O'Brien			
*Rollins			
*Bilodeau			
*Emery			
*Munson			
Mayor	-	-	
Total			

April 17, 2015

Memo to: William Bridgeo, City Manager
From: Lesley Jones, Public Works Director
RE: Upcoming Rubbish related drop-off events

As you are aware, there are a variety of drop-off events for disposal of several special items scheduled this spring that the City of Augusta is participating in or supporting. In an effort to try and provide information on all these great events, I have provided the following summary:

- **Wednesday, April 22 from 2:00 pm to 5:00 pm Ecomaine Earth Day Event at Cony Circle Hannaford:**
Ecomaine provided the following: "Please swing by the Cony St. Hannaford on Earth Day, Wednesday April 22nd from 2 pm to 5 pm to talk Single Sort Recycling with ecomaine! The new Drop -Off Single Sort program is almost 2 months old and is going great! But if you're still not sure about what can and can't be recycled, come on over to ask questions and pick up a free Do/Don't list for your fridge!"
- **Saturday, April 25 from 10 am to 2 pm Drug take Back Day**
Drop-off unused and unwanted drugs and medications, no questions asked. Drop-off location includes the Augusta Police Department, 16 Union Street, Augusta and other local law enforcement agencies.
- **Saturday, May 2 from 9 am to 3 pm E-waste and confidential paper shredding event**
Drop-off for electronic waste (donation requested) and confidential paper shredding (\$20 for up to 5 boxes of documents) at the Augusta Civic Center Lower parking lot - sponsored by the United Way of Kennebec Valley. Donations used to heat the local Warming Center!
- **Saturday, May 16 from 9 am to noon Household Hazardous Waste collection along with E-waste and medication collection**
Drop-off for household hazardous waste, electronic waste and unwanted or unused medications at Augusta Public Works, 55 North St. Sponsored by KVCOG and many local businesses and communities. Pre-registration is required for the HHHW but not for the e-waste or medication drop-off.

RatingsDirect®

Summary:

Augusta, Maine; General Obligation

Primary Credit Analyst:

Christina Marin, Boston 617-530-8312; christina.marin@standardandpoors.com

Secondary Contact:

Ruth S Ducret, Boston (1) 212-438-1410; ruth.ducret@standardandpoors.com

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Rationale

Outlook

Related Criteria And Research

Summary:

Augusta, Maine; General Obligation

Credit Profile

US\$11.19 mil GO bnds ser 2015 due 05/01/2035

Long Term Rating AA/Positive New

Augusta pension oblig rfdg bnds ser 2014 due 07/30/2034

Long Term Rating AA/Positive Affirmed

Augusta GO bnds

Long Term Rating AA/Positive Affirmed

Augusta GO bnds dtd 02/01/2003 due 10/01/2003-2013 2017

Unenhanced Rating AA(SPUR)/Positive Affirmed

Augusta GO (MBIA) (SEC MKT) (MBIA of Illinois)

Unenhanced Rating AA(SPUR)/Positive Affirmed

Augusta GO

Unenhanced Rating AA(SPUR)/Positive Affirmed

Many issues are enhanced by bond insurance.

Rationale

Standard & Poor's Ratings Services revised its outlook to positive from stable on Augusta, Maine's general obligation (GO) bonds based on strong debt levels that it expects to remain favorable as the city assumes new debt, combined with existing strong credit factors. At the same time, Standard & Poor's assigned its 'AA' rating and positive outlook to the city's series 2015 general obligation (GO) bonds and affirmed its 'AA' rating on the city's GO debt outstanding.

The city's full faith and credit pledge secures the bonds. We understand that officials will use bond proceeds to renovate and expand the library and make improvements to streets and energy systems.

The ratings reflect our view of Augusta's:

- Strong economy due to the city's role as the state capital and regional economic center;
- Strong management conditions, with "good" financial management practices under our Financial Management Assessment (FMA) methodology;
- Very strong budgetary flexibility, with fiscal 2014 audited available reserves in excess of 20% of expenditures;
- Very strong liquidity, providing very strong cash to cover debt service and expenditures;
- Strong budgetary performance and consistently balanced operations;
- Strong debt and contingent liability profile, bolstered by low debt-to-market value ratios and aggressive amortization; and
- Strong institutional framework score.

Strong economy

As the seat of state government, Augusta has a strong economy rooted in governmental services, retail, and real estate. The city is spread across 57.35 square miles, and has approximately 18,560 residents, with a projected per capita effective buying income of 87% of the national level. Both the offices of the state government, which employs 5,575, and Maine General Health, which recently opened a new \$312 million hospital in Augusta, cater to the regional economy and serve as stabilizing institutions. The University of Maine-Augusta, with an enrollment of 5,652, also anchors the city's economy. As a land-locked capital, however, Augusta is removed from tourism and seaport enterprises, and is not tied to any broad and diverse metropolitan area. Unemployment in Kennebec County has been stable at 6.3% as of 2013.

Market value in Augusta has stabilized following modest decreases during the recession. Year-over-year total market value for fiscal 2014 is up to \$1.7 billion, or approximately \$88,563 per capita. We believe market value per capita may be slightly understated due to a large amount of state and hospital-owned property, which is tax-exempt and not included in the assessed value. If the \$536 million in tax-exempt property were included in the tax base, market value per capita would rise to \$114,000, a level we consider strong. Based on our regional forecasts, we expect modest economic growth compared with that of the nation. Recent data indicate that median home prices are improving in the broader New England region, and that housing starts are gaining traction. However, we note economic growth in Maine has traditionally lagged that of both its regional and national peers.

Strong management conditions

Augusta's management conditions are strong, in our view, with evidence of future capital planning, frequent budget reviews, and reserve and liquidity policies to protect against any volatility in revenues or expenditures. City officials undertake periodic reviews of cash flows and report budget variances to the city council regularly. Augusta maintains and updates a three-year forecast and a five-year capital plan, demonstrating a forward-thinking budgeting process. Overall, we consider the city's management practices good under Standard & Poor's FMA methodology, indicating that formal practices exist in most areas, but that governance officials might not formalize or monitor all of them on a regular basis.

Very strong budgetary flexibility

Augusta's budgetary flexibility is very strong, in our view, with available reserves at 20.3% of operating expenditures in fiscal 2014. The city's fund balance has risen in recent years, to \$10.95 million in 2013 from \$8.8 million in 2011, and we believe these balances will likely be sustained at levels greater than 15% over the next two fiscal years. In 2014, management drew down \$600,000 from reserves to minimize a tax rate increase and add to a budget stabilization fund. City management does not expect to continue drawing from reserves and aims to keep the unassigned fund balance above \$5 million. We believe Augusta could raise taxes if necessary, but it has avoided doing so to keep the tax rate stable.

Very strong liquidity

We feel very strong liquidity supports Augusta's finances. With more than \$18.6 million in cash and equivalents, total government available cash is at 30.6% of total governmental fund expenditures and at 3.8x debt service. Furthermore, based on past issuance of debt, we believe that the city has strong access to capital markets to provide for liquidity needs if necessary.

Strong budgetary performance

We feel Augusta's budgetary performance is strong overall, with a 1.2% surplus for the general fund and a 2.2% surplus for the total governmental funds in fiscal 2014. The general fund surplus has averaged 0.8% since 2007, and city officials are expecting similar results in 2015. In our view, there is little evidence that performance will deteriorate. Nevertheless, we see a marginal risk in reduced state aid, which could affect performance as 35% of revenues come from the state. Property taxes account for 58% of revenues. Looking ahead, we expect Augusta's operating performance to remain in line with years past, as long as management remains prudent in managing future costs.

Strong debt and contingent liability

Augusta's debt and contingent liability profile is strong, in our opinion. The city uses a high number of tax-increment financing districts, which have been able to generate sufficient revenue to support its capital budget. Augusta has about \$44 million in total direct debt; of that amount, we calculate about \$3.6 million is self-supporting enterprise debt. Net direct debt to total governmental funds revenue and total governmental funds debt service to total governmental fund expenditures are 65% and 8%, respectively. This issuance represents a bulk of the city's larger anticipated capital projects; however, Augusta expects a smaller issuance for the acquisition of property and construction of a fire station in fiscal 2016. Approximately 77.4% of the existing debt is to be repaid over 10 years and overall net debt is 2.4% of market value, both of which we view as credit strengths.

The city participates in the Maine Public Employees Retirement System. Last year, Augusta contributed 100% of its annual required pension contribution. The city funds its other postemployment benefit (OPEB) liability on a pay-as-you-go basis, and contributed \$1 million in fiscal 2013. The city's unfunded actuarial accrued OPEB liability is \$37.5 million. The combined pension and OPEB contributions represented 3% of the total government expenditures in fiscal 2014, an exposure we consider manageable for Augusta.

Strong institutional framework

We consider the institutional framework score for Maine cities as strong.

Outlook

The positive outlook reflects our expectation that the new debt issued in fiscal years 2015 and 2016 will not cause the city's debt profile to weaken materially and our expectation that the underlying credit factors for Augusta will remain unchanged. We believe the economy will remain stable and at a level enabling Augusta to maintain its strong budgetary performance and very strong budgetary flexibility. We do not expect to lower the rating unless Augusta's budgetary performance and flexibility deteriorate significantly. We could raise the rating if the city sustains its strong financial performance into fiscal years 2015 and 2016 and if new debt issued remains in line with current projections.

Related Criteria And Research

Related Criteria

- USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013

Related Research

- Institutional Framework Overview: Maine Local Governments
- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013

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