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Fund for the Efficient Delivery of Local and Regional Services

2009 Annual Report

Presented to

The Joint Standing Committee on State and Local Government

November 2009

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Introduction

This report is prepared for the Legislature's State and Local Government Committee in accordance with Title 30-A MRSA §6210.

The Fund for the Efficient Delivery of Local and Regional Services provides grants to encourage and support cooperation among municipalities and regional governments with the goal of reducing property taxes and, ultimately, lowering Maine's tax burden. Funding for this grant program was established as part of the School Finance Act of 2003, the citizens' initiative known as Question 1A and *Public Law 2005, c. 2*, commonly referred to as LD 1. Chapter 2 created the Fund for the Efficient Delivery of Local and Regional Services, a non-lapsing account, which was originally intended to be capitalized by a transfer of 2% of municipal revenue sharing.

The fund supports two types of grants: planning grants and cooperative services (implementation) grants. Planning grants are intended to help regions assess opportunities for and feasibility of joint ventures. Cooperative services grants are for implementing projects that consolidate local services.

To date, the Fund has supported 40 projects totaling \$1.5 million. The grants have achieved much by way of exploring many innovative and creative ideas in communities across the state. With the grant money as incentive, municipalities, counties and regional government subdivisions are studying and talking about joint ventures for the delivery of services that will lower property tax savings. Nevertheless, only ten of the 40 projects have implemented some form of shared delivery of service.

Contents of this Report

This report provides a history of the fund, an overview of how the grant program has been administered, a discussion about the ability to achieve property tax savings as a result of the grant work, an evaluation of the success of the program to date, and considerations for the future administration of the program. It also includes update on the status of the grants awarded in 2007 that were not completed in time for inclusion in the department's 2008 report. Finally, the report itemizes the disbursements from the fund for FY 07.

This and previous annual reports on this grant program can be found on-line at: <http://www.maine.gov/dafs/fundreports.htm>

History and Background

Governor Baldacci included \$1 million for regional competitive grants as part of his FY 05-06 budget prior to the LD 1's passage. The source of these grant funds was municipal revenue sharing. The department used the funds to pilot the regional efficiency grant program. The pilot funded 26 projects comprising 121 municipalities.

Based on the experience from the pilot program, the department submitted legislation that laid out the grant program guidelines. With the Legislature's passage of *Public Law 2005, c. 266*, the process for administering the grants was codified in Title 30-A Section 6201, et seq.

The full program for FY 06 was anticipated to start on November 1, 2005 with the first round of grants through this funding process awarded in early 2006. In June 2005, however, funding for the grant program was suspended for FY 06-07. Partial funding was restored for FY 07 in the amount of \$500,000 through the Supplemental Budget. In October 2006, fourteen projects comprising 70 municipalities were funded.

Subsequent legislation, *Public Law 2007, c. 240 § NNN*, limited the program funding to \$500,000 of the 2% of revenue sharing for each fiscal year.

The statute establishing the process for distributing grant funds was further amended in *Public Law 2007, c. 662 §4 and §5*, to limit the amount of funds awarded for planning grants to 10% of the value of grant funds available during any year and to require that an eligible applicant provide matching funds for a planning grant in an amount not less than the total grant award requested.

During budget deliberations for FY 08-09, the funding for the regional efficiency grant program was reallocated.

During the First Regular Session of the 124th Legislature, a number of bills addressed the Fund for the Efficient Delivery of Local and Regional Services. These included:

| BILL | TITLE | SUMMARY | DISPOSITION |
|--------|---|---|-------------|
| LD 279 | An Act To Amend the Laws Governing the Fund for the Efficient Delivery of Local and Regional Services | This bill removes language that requires any amounts transferred to the Fund for the Efficient Delivery of Local and Regional Services in excess of \$500,000 in any fiscal year to be transferred to General Fund undedicated revenue. | Dead |
| LD 761 | An Act To Abolish the Fund for the Efficient Delivery of Local and Regional Services | This bill abolishes the Fund for the Efficient Delivery of Local and Regional Services. Money that otherwise would have been deposited in this fund will be distributed pursuant to the laws governing state-municipal revenue sharing. | Dead |

| | | | |
|---------|---|--|----------------------------------|
| LD 808 | An Act To Capitalize the Municipal Investment Trust Fund with Municipal Revenue-sharing Resources | Current law dedicates 2% of municipal revenue-sharing resources to the Fund for the Efficient Delivery of Local and Regional Services. This bill abolishes the Fund for the Efficient Delivery of Local and Regional Services and dedicates that 2% to the Municipal Investment Trust Fund beginning October 1, 2009. | Died on adjournment |
| LD 1064 | An Act To Increase Efficiency through Regionalization | This bill allows appropriations of municipalities to be exempt from the property tax levy and appropriations of counties to be exempt from the county assessment limit if the appropriations are to study, initiate or consolidate a regional service for up to 10 years if the Department of Administrative and Financial Services determines that the services are needed and will be more efficient than present services, will save taxpayers money and will be paid for through the savings of consolidation or fees for the service. | Dead |
| LD 1220 | An Act To Create Incentives for the Consolidation of Municipal Services | This bill creates a challenge grant to be awarded by the Department of Administrative and Financial Services from the Fund for the Efficient Delivery of Local and Regional Services for the start-up costs and first 3 years of the integration of public works services of 3 or more municipalities or 6 years if the municipalities comprise over 60% of the population of the county in which the municipalities are located and the county administers the integrated services. | Dead |
| LD 353 | PART PP Language Gov. Budget | <p>This Part establishes municipal service administration as a specific purpose of cooperative agreements among municipalities and regional school units. Municipal service administration is the centralized provision of personnel, payroll, accounting, contracting, purchasing and any other financial management and human resources services and related functions.</p> <p>It continues the diversion of broad-based tax revenues into a fund for efficient delivery of municipal services, but brings the focus to delivery of administration services.</p> | Language Removed in Final Budget |

Finally, again, during budget deliberations for FY 10-11, the funding for the regional efficiency grant program was reallocated. There are currently no funds to support the grant program.

Grant Administration

The Department of Administrative and Financial Services administers the grant funds in cooperation with the State Planning Office. The department handles the grant RFP process, administers the Fund, and manages the grant contracts. The State Planning Office assists applicants with grant proposals and provides materials and contacts on existing cooperative services efforts that grantees might use to facilitate their proposals. Two types of grants have been established—Cooperative Services and Planning grants. Cooperative Services grants support the implementation of intergovernmental projects that reduce property taxes. Planning grants support technical assistance and facilitate the development of a regionalization project.

Application forms and instructions are posted at <http://www.maine.gov/dafs/fund.htm>.

Review Panel

Pursuant to statute, a state-local review panel, appointed by the Governor, evaluates and ranks the grant proposals. The panel consists of:

- The Director of the Maine State Planning Office, or designee;
- The Commissioner of the Department of Administrative and Financial Services, or designee;
- A representative of the Department of Economic and Community Development, appointed by the Governor;
- One (1) representative of a county or regional government subdivision recommended by a statewide organization representing county or regional service providers, appointed by the Governor;
- Two (2) representatives of municipal government recommended by the Maine Municipal Association who have served or currently serve as municipal officers or chief administrative officials of municipalities. One shall represent rural communities with a population of less than 4,000 and one shall represent suburban communities with a population of 4,000 or more, both representatives will be appointed by the Governor; and
- One representative of a service center community recommended by the Maine Service Centers Coalition or its successor organization, appointed by the Governor.

The panel provides input on the department's grant guidelines and evaluation criteria. They also determine which proposals to fund and the level of funding.

Grant Evaluation Criteria

With input from the Review Panel, the department establishes criteria consistent with 30-A MRSA, Chapter 231 for each grant cycle.

The statute directs the department to consider the aggregate reduction in the demand for property tax revenue in the geographical region covered by the proposal, the chance of success of the project, the ability to replicate the efficiency achieved by the project in other regions; and other related factors determined by the department.

In FY 07, the review criteria and point values were as follows:

| Criterion | Point Value |
|---|--------------------|
| Extent and quality of cooperation among governmental entities | 20 |
| Estimated amount of property tax savings to the region over time as a percentage of budget(s) and/or the ability for communities in other regions to duplicate such savings | 35 |
| Degree/likelihood of success in implementing and sustaining a new intergovernmental arrangement | 20 |
| Extent to which the project can be replicated by other regions in future cooperative endeavors | 15 |
| Extent to which the project incorporates innovative and unique solutions or ideas | 10 |

Reporting

Funds are distributed in three equal installments. The payments are spread over an 18-month period. Grant recipients receive the initial payment upon signing their contract and payments two and three are contingent upon the submission of interim and final reports, respectively. All grant recipients are required to provide interim and final reports, prior to receipt of each installment of grant funds.

At the half-way point of the cooperative services grant project, grantees submit an interim progress report that provides:

- ✓ A brief description of the grant project;
- ✓ A description of accomplishments to date;
- ✓ A detailed accounting of how much grant funding was spent so far and what it was spent on;
- ✓ An assessment of cost savings projections and whether they appear to be accurate;
- ✓ A discussion of any obstacles encountered while implementing the grant project;
- ✓ An assessment of the likelihood of the project continuing to completion;
- ✓ An assessment of the progress the project is foreseen to make over the next 9 months.

At the completion of the cooperative services grant project, but no later than 18 months following the execution of the grant contract, a final report is required that describes:

- ✓ A brief description of the grant project;
- ✓ A description of accomplishments made;
- ✓ An assessment of how accomplishments align with the original vision of the project;
- ✓ A detailed accounting of grant monies spent and what the monies were spent on;
- ✓ A description of specific actions taken as a result of the grant project that will result in cost savings and a description of how those cost savings will translate into property tax relief;
- ✓ An assessment of the likelihood of the project continuing after completion of the grant project;
- ✓ An assessment of continued property tax savings for three years after the completion of the grant project
- ✓ An assessment of lessons learned from which other municipalities can learn
- ✓ A discussion of how this project can be replicated by others

Grantees for planning grants must also submit interim and final reports that provide a description of accomplishments, an accounting of grant funding, an assessment of the potential that the project will be pursued, an assessment of property tax savings that are likely to result from the project's development, and an assessment of lessons from which other eligible applicants can learn.

The Department uses these reports to ensure the grant receipts are eligible for payment in accordance with the grant requirements. It also attempts to document property tax savings from the information reported in order to assess the effectiveness of the grant program. The department also compiles lessons learned from these reports and will make that information available to future grantees.

Status of Grant Cycles

FY 05 Pilot Program

All 26 projects funded with the pilot grant funds have been completed. The grantees have provided final reports and the grant funds have been distributed. This round of grants has been completed.

For more information, please see the department's previous annual reports available on-line at: <http://www.maine.gov/dafs/fundreports.htm>.

In addition, the Maine Development Foundation, which administered the initial grants, evaluated the FY 05 pilot program in October 2007 and provided a final report that offers an analysis of the program and lessons learned. A copy of its report may be found on-line at: www.mdf.org.

FY 06 Grant Program

No funds were available.

FY 07 Grant Program

The FY 07 grant cycle is complete. A full list of FY 07 projects funded can be found in Appendix A.

Thirteen of the 14 grants have finished their work and submitted a final report. Five projects were completed and reported on last year. (See the department's 2008 annual report available on-line at: <http://www.maine.gov/dafs/fundreports.htm>.) Eight additional projects were completed during FY 09. One grantee did not complete its project. A brief summary of each of these projects and their accomplishments is provided in Appendix B.

Summary of FY 07 Disbursements

To date, \$442,299.39 has been distributed to the FY 07 grantees from the Fund. (A complete list of funds dispersed is included in Appendix C.)

FY 08 Grant Program

No grant funds were available.

FY 09 Grant Program

No grant funds were available.

Likelihood of Property Tax Savings

The goal of the Fund for the Efficient Delivery of Local and Regional Service is to reduce property taxes in Maine. To this end, the department awards grants based in part on projected property tax savings.

A detailed analysis conducted by the Maine Development Foundation found that, for the original pilot projects funded:

“The investment in regionalization is working and is already paying dividends: A rough calculation of the return on the \$1 million investment shows that roughly 2/3s of the projects that were completed in this first round of grants generated efficiencies and savings that were equal to or exceeded the State’s investment. Of the 24 projects that were completed, 8 generated savings that were roughly equivalent to the grant award and 7 saved amounts that were significantly in excess of the initial investment. Even the projects that did not achieve savings during the grant period have laid an important foundation of collaboration on which future savings can be built.”

Based on this evaluation, the department believes that there are savings to be had from investing in regionalization. In a few cases there is evidence of direct and immediate cost savings.

“The Cooperative Services Grant awarded to [the Bangor Area Stormwater Group (BASWG)] in FY 07 funded twelve regionalization projects. At the end of the grant period, the BASWG had spent \$74,993.00 and realized a minimum of \$245,952 in savings, \$17,840.00 in additional savings over those projected in the initial grant application.”
(Veazie Project)

Nevertheless, property tax savings are difficult to quantify through this self reporting model. Municipalities may not have cost data broken down in such a way as to know what it costs for a given service (or portion of a service). The savings in staff costs, for example, may be only part of position’s responsibilities and consolidation does not result in the elimination of a position, rather allows that position to be deployed differently.

Moreover, savings may be realized in different ways and over a longer time horizon. Based on the grants to date, the department has learned that:

1. Savings may not be realized because of outside influences.

“The projected savings outlined in our application were to be found in reducing the cost of delivering goods and services...[by] establishing and implementing a joint purchasing system that would purchase...materials in volume, allowing the communities to enjoy the savings. The greatest savings were projected [for] fuel purchases. However...Despite nearly unanimous participation among the member communities ... Rising prices for gasoline, number 2 heating oil and diesel [negated any projected savings].” (Midcoast Council for Business and Development Planning)

2. Savings may not be realized until several years out.

“Tax savings will result and increase over time ... [over the] long-term, the sharing of personnel and capital costs...will significantly reduce the cost to the individual communities involved...”
(Scarborough, Cape Elizabeth and South Portland)

3. An initial investment may be required before savings are realized.

“Total spent annually on assessing *after startup costs* could be reduced from \$3,393,632 to \$1,658,157 annually.” (Cumberland County)

4. There may not be direct reductions in property taxes, rather efficiencies that improve service.

“Specific property tax relief, as a result of specific actions is nearly impossible to quantify. [However], these investments are creating efficient new infrastructure and will replace time spent, duplicative efforts, and miles driven by government, nonprofit, business, and individuals.” (Washington County)

5. Savings may be in the form of avoiding future costs.

“Intermediate steps such as using other local processing facilities and looking at some financial incentives for the users of Hatch Hill to encourage recycling will be investigated and implemented where possible. Recycling results in cost avoidance as it is generally less expensive to recycle than to send waste to a landfill or incinerator. Reuse of resources saves raw material and are generally cheaper and “cleaner” to process into consumer goods than raw materials harvested from the Earth.” (Hatch Hill Landfill – Augusta Area)

The bulk of the grants awarded in the two grant cycles were planning grants. Planning grants allow regions to assess the likelihood of savings. In these cases, there are no savings to report or the region may determine that a project is not feasible.

Yet, planning grants can set the stage for future savings. They allow municipalities to develop working relationships, establish trust and gain experience in collaboration. For example, the department awarded a pilot planning grant to seven small towns in the Wayne-Manchester-Readfield area. The grant facilitated joint strategy planning sessions for selectmen, town managers, and school committee members to explore shared service opportunities. The final report documented moderate savings largely through joint purchasing of fuel oil, photocopiers, and engineering services. Yet, the final report stated,

“The joint public works study may result in significant long-term savings among participating municipalities, if acted upon. This is still a study in progress...that will go beyond the grant timeline, and it is fully recognized that political considerations could delay implementation...” (Wayne Region Report)

In 2009, four years after the grant award, the *Kennebec Journal* reported that the towns had succeeded in consolidating their public works services. (Kennebec Journal, February 25, 2009, “Readfield Regional Public Works is a ‘Go’”)

Finally, it is important to note that each grantee, in their final report, self reports anticipated property tax savings as a result of the project. Thus, the estimates of potential tax savings are not independently verified.

Evaluation of Program Success

The Fund for the Efficient Delivery of Local and Regional Services has funded 40 projects in total. Of those, 24 were for planning purposes and 16 were for implementation. While the program has generated some noted successes, it has not achieved the broad property tax reduction goal that policymakers had envisioned. This is, in part, because of reduced funding levels in the grant program and a lack of local resources to explore consolidation options. It is also due to the difficulty of undertaking such a process, and in some cases, a reluctance to relinquish and/or share control among local officials and communities.

Planning Grants

The purpose of planning grants is to bring municipalities together to examine cooperative efforts that will achieve property tax savings. The planning grants are intended to encourage dialogue, study feasibility of projects, or analyze methods of collaboration. The planning grants are designed to develop plans to apply for a future cooperative services grant.

Of the 24 planning grants awarded in FY05 and FY07, only six received cooperative services grants to implement the projects they studied.

A number of planning grants have stimulated dialogues and regular joint meetings between community boards, but, so far, few have led to joint delivery of services.

Implementation Grants

The cooperative services grants are intended to implement a collaborative effort. Of the 16 cooperative services grants awarded in FY05 and FY07, ten were implemented.

Reasons for Success

1. Municipalities that are already working together are more successful in expanding those relationships.
 - Pittsfield expanded its existing regional recycling program.
 - The towns of Mapleton, Chapman, and Castle Hill, who already share a town manager, consolidated their financial accounting systems.
2. Municipalities that are responding to federal mandates have an incentive to work together.
 - Dozens of communities in both the Bangor and Windham areas responded jointly to address federal regional storm water management requirements.
3. Purchasing equipment jointly and sharing its use appears to be easier than consolidating staff.
 - Madison purchased a hot patcher truck shared on a rotating schedule among four communities.
4. Implementing joint purchasing programs is a manner of cooperation that municipalities have been doing for years.

- The towns in the Lake Region of Wayne have established over a dozen joint purchasing initiatives together.
- A study from the five-town region in Farmington identifying ways to provide more efficient and cost-effective fire protection services. As a result, the towns created a joint web site for information-sharing, conducted joint purchases of equipment, and implemented common standard operating guidelines.

All of these successes are laudable. Nevertheless the intent of the grant program was not to fund what municipalities are already doing separately, but to stimulate new efforts, including consolidation of services, that would result in cost-savings and property tax relief.

Reasons for Breakdown

Municipalities, with every intention of collaborating, change their minds or drop out. Proposals that are submitted by town managers do not get the support of elected officials. Citizens or employees oppose the plans. Leaders change. Negotiations between communities fail.

- Dexter area towns proposed to consolidate municipal assessing operations. Instead, they developed a common RFP for assessing services, so area towns would not have to develop their own specifications each time.
- Waterville-Winslow received grant money to consolidate their police and fire departments. The report of the Steering Committee for the Waterville-Winslow Public Safety Consolidation recommended merging the two community's police and fire departments. The communities decided not to pursue consolidation.
- Citizen commission's reports in Lewiston and Auburn produced recommendations for merging some functions across the two cities, with proposed savings of \$2 million per year. The cities have not implemented any of the recommendations and the City of Auburn voted to withdraw from the citizen's commission.
- The towns of Camden and Rockport began a study on the feasibility of consolidating their police departments. Their consultant carefully examined the costs associated with combining the departments and found that consolidation would result in a modest savings of \$8,000 per year. The select boards, police departments, and police unions of both communities actively participated in a serious dialogue on the advantages and disadvantages of consolidation and have not yet decided whether to continue their talks.

Regionalizing local services is difficult and time-consuming. Politics can get in the way. Communities struggle over turf as well as legitimate issues of finding ways to share resources equitably, meet citizens' needs, and treat employees fairly.

Perhaps it is best stated in the Lewiston Auburn final report, "Change is difficult. Change proposed by non-elected Commission members is more difficult. The promise of improved municipal services at lower cost may be no match for city employee resistance to consolidation, municipal pride on both sides of the river, political tensions between the two Cities, and the feeling by some elected officials of a loss of autonomy and political control."

Financial incentives can stimulate collaboration, but it will take a consistent infusion of resources and will take longer to achieve than the cycle of an 18-month grant contract. And, in the last analysis, there will be failure. The question for policy-makers is whether public resources should be spent to foster efficiencies and tax savings, knowing that some of those efforts will not be fruitful. Do the successes outweigh the failures?

Future Administration of the Program

Grantees for cooperative services grants must document actions taken as a result of the grant project that result in cost savings and how those cost savings translate into property tax relief. Grantees must also project anticipated savings expected for three years following implementation of the grant project. Grant applicants are required to submit progress reports and final reports along with copies of invoices that document allowable expenditures.

The reporting requirements for planning grants are logically less stringent. Because these grants are designed to explore the feasibility of regional partnerships, there often are no savings to document, rather projected future savings. Grantees for planning grants must also submit an accounting of how the grant funding was spent; an assessment of the potential that the project will be pursued; an assessment of property tax savings that are likely to result from the project's development; and lessons from which other regions can learn.

As stated previously, property tax savings are difficult to determine. If policymakers want a better accounting of actual savings versus projected savings for grant projects, the department would need to implement a method to follow-up with grants 3-5 years after the grant completion to evaluate or audit savings. Current resources do not allow for this type of analysis.

One way to address this issue may be to restructure the grant program in a way that reimburses communities for projects after they are implemented. This way, communities will have made a full commitment to a consolidation of services and will be less likely to back out. The funds would still provide an incentive, although communities would have to bear the upfront planning and transition costs. Department and State Planning Office discussions with the Maine Municipal Association while informative have not resulted in any agreement on changes to the program that would facilitate the type of collaboration of local and regional services that were envisioned when the grant program was developed.

Conclusion

As indicated in the beginning of this report, there were several bills submitted in the First Regular Session of the 124th Legislature to make changes to the grant program, abolish the program or transfer the funding. The immediate future of the program finds it without funding until the next biennium, as it is unlikely funding will be restored in the next legislative session for FY 2011. The long term future is less clear.

Prior reports have documented local and regional governments finding ways to collaborate on a variety of initiatives and to have success in planning for future implementation. These are all to be lauded. Yet, the grant program has been unable to obtain significant results in implementation of cooperative services grants, the actual consolidation of local and regional services that would result in property tax reductions. As articulated in the statute, projects were envisioned that would "achieve significant and sustainable savings in the cost of delivering local and regional governmental services that reduces the demand for

property tax revenues through collaborative approaches to service delivery, enhanced regional delivery systems, consolidated administrative services, broad-based purchasing alliances and inter-local agreements.” (Title 30-A, Section 6201(8)) This vision has yet to be fully realized.

As noted, the hurdles to success are many, and the process has been more time consuming than anticipated. Any discussions about the future of the Fund for the Efficient Delivery of Local and Regional Services should re-evaluate the goal of the grants in providing incentives for collaboration and consolidation at the local and regional levels.

Appendix A: Grant Award Recipients – FY 07

| Grant Award Recipients - FY 07 Grant Program | | | | | |
|---|---|---|---|-------------------|-----------------------------|
| Project Title | Lead Applicant | Participating Entities | Project Description | Grant Type | Total Amount Awarded |
| Bangor Area Storm Water Group Implementation | Veazie Project Manager: Allan Thomas, Tax Assessor/Code Enforcement Officer 947-2781 arthomas@veazie.net | Bangor, Brewer, Hamden, Milford, Old Town, Orono, Veazie, University of Maine, Maine Air National Guard at Bangor, University College of Bangor | Seeks funding to implement portions of an existing regional storm water management strategic plan | C | \$ 75,459.00 |
| Camden-Rockport Police Consolidation Study | Rockport Project Manager: Robert A. Peabody, Jr., Town Manager 236-0806 townmanager@town.rockport.me.us | Camden, Rockport | Seeks funding to conduct a feasibility study and produce an action plan for consolidation of the Camden-Rockport police forces | P | \$ 17,500.00 |
| Cumberland County Shared Assessing Feasibility Study | Cumberland County Government Project Manager: Elizabeth Trice, Grants and Special Projects. Coordinator 871-8380 trice@cumberlandcounty.org | Cumberland County | Seeks funding to explore the creation of a shared property assessment program for Cumberland County municipalities. | P | \$ 10,000.00 |
| Franklin County-Regional Public Safety Communications | Franklin County Commissioners Project Manager: Stephan M Bunker, Selectman, Town of Farmington 877-8068 stephan.bunker@maine.gov | Franklin County, Farmington, Wilton, Jay, Franklin Memorial Hospital, University of Maine Farmington, Franklin County Emergency Management Office | Seeks funding for the planning services related to the creation of a consolidated county emergency management office, joint operations center, and joint county and local law enforcement offices | P | \$ 5,500.00 |

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|--|--|---|--|---|---------------|
| Freeport-Yarmouth Regional Dispatch Center | Freeport Project Manager: Dale Olmstead, Jr., Town Manager 865-4743 dolmstead@freeportmaine.com | Freeport, Pownal, Durham, Yarmouth, Cumberland, North Yarmouth | Seeks funds to conduct a consolidation study of the existing Freeport and Yarmouth dispatch centers | P | \$ 35,000.00 |
| Hatch Hill Solid Waste Disposal and Recycling Facility | Augusta - Solid Waste Bureau Project Manager: Lesley Jones, P.E. Director of Solid Waste 626-2435 lesley@ci.augusta.me.us | Augusta, Manchester, Gardiner, Hallowell and Chelsea | Seeks funding to conduct studies of an existing recycling program serving the Augusta region and investigate potential improvements and expansion | P | \$ 20,000.00 |
| Knox/Waldo Regional Economic Development Project | Belfast Project Manager: Terry St. Peter, City Manager 338-3870 tstpeter@cityofbelfast.org | Belfast, Rockland, Camden | Seeks funding to explore possible efficiencies generated by establishing a regional economic development system | P | \$ 30,000.00 |
| Lewiston and Auburn Service Consolidation Program | Lewiston-Auburn Economic Growth Council Project Manager: Lucien B. Gosselin, President, LAEGC 784-0161 lgosselin@economicgrowth.org | Lewiston, Auburn and Lewiston-Auburn Economic Growth Council | Seeks funding to implement consolidation of municipal services for code enforcement, planning, public works, public services, recreation, information technology, police, fire, procurement and joint purchasing | C | \$ 152,916.00 |
| MidCoast Council for Business Development and Planning Economic Efficiencies Program | Midcoast Council for Business Development and Planning Project Manager: Jeffrey R. Sneddon, Executive Director 443-5790 mcbdp@mcbdp.org | Bath, Bowdoinham, Brunswick, Harpswell, Richmond, Topsham, West Bath, MidCoast Council for Business Development and Planning | Seeks funding to implement a joint purchasing system, develop interlocal agreements and develop a marketing profile and delivery system for the region | C | \$ 37,375.00 |

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|---|---|--|---|---|--------------|
| Northern Aroostook Regional Airport Economic Development Planning Grant | St. Agatha Project Manager: Ryan D. Pelletier, Town Manager 543-7305 townmanager@adelphia.net | St. Agatha, Frenchville, Madawaska, Fort Kent | Seeks funding to conduct a feasibility study and develop a business plan for enhancement of an economic and property tax revenue sharing program at the municipally owned airport | P | \$ 15,000.00 |
| Skowhegan Area Regional Recycling Project | KVCOG Project Manager: Kenneth C. Young, Jr., Executive Director 453-4258 x12 kyoung@kvcog.org | Kennebec County Council of Governments and Town of Skowhegan | Seeks funding for an analysis of the benefits of a shared recycling center for Skowhegan and surrounding municipalities | P | \$ 18,250.00 |
| Southern Maine Regional Industrial Park Feasibility Study | South Berwick Project Manager: Jeffrey Grossman, Town Manager 384-3300 jgrossman@sberwick.us | Berwick, Eliot, North Berwick, South Berwick, Kittery and Wells | Seeks funding to conduct an initial feasibility study for the creation of a regional industrial park | P | \$ 15,000.00 |
| Washington County: One Community! | Washington County Commissioners Project Manager (Interim): Christopher Gardner, County Commissioner 255-3127 cgardner26@hotmail.com | Washington County | Seeks funding to prioritize strategic investments, explore efficiencies and reduce overall spending at municipal, SAD and county levels. | P | \$ 20,000.00 |
| Windham Area Interlocal Stormwater Working Group | Windham Project Manager: Anthony T. Plante, Town Manager 892-1907 atplante@windham.me.us | Biddeford, Cape Elizabeth, Cumberland, Falmouth, Freeport, Gorham, Portland, Saco, Scarborough, South Portland, Westbrook, Windham, Yarmouth, Cumberland County Soil and Water Conservation District | Seeks funding to build Interlocal Stormwater Working Group (ISWG) capacity through joint public education and to obtain a facilitator to manage core collaborative function of the ISWG | C | \$ 48,000.00 |

C = Cooperative Services Grant

P = Planning Grant

Appendix B: Project Updates – FY 07

Note: This summary provides updates on the nine projects that remained since the last report on this grant program. To see a summary of the five projects completed in the previous year, see the department's 2008 annual report available on-line at: <http://www.maine.gov/dafs/fundreports.htm>.

Final Reports

- **Augusta** (\$20,000.00) – The City of Augusta received grant funds to develop a plan to increase recycling for residents in the Hatch Hill region. The plan includes recommendations, an implementation schedule, and estimated costs. The study recognizes that financing a processing facility and providing drop-off containers or curbside recycling will require further regional cooperation and a funding source. Intermediate steps such as using other local processing facilities and looking at some financial incentives for the users of Hatch Hill to encourage recycling will be investigated and implemented where possible. Recycling results in cost avoidance as it is generally less expensive to recycle than to send waste to a landfill or incinerator. Reuse of resources saves raw material and are generally cheaper and “cleaner” to process into consumer goods than raw materials harvested for the Earth. (COMPLETED)
- **Belfast** – (\$30,000) – Belfast, Rockland, and Camden received funds to evaluate and implement regional economic development systems. Funds were to be used to explore regional TIF structure, regional business property tax sharing mechanisms, regional business park concepts, expansion of Pine Tree Zone opportunities, construction of a regional database of business information, regional business attraction/marketing strategy, regional business incubators, and regional “opportunity zones.” The cities formed the Knox Waldo Regional Economic Development Council (KWREDC) that has begun to work on these initiatives. The cities estimate that had they developed four separate economic development offices in the two counties, the cost would have been well in excess of \$400,000 in annual property taxes, but instead they have worked regionally in a collaborative fashion at an annual cost of \$52,500. (INCOMPLETE – Final reporting and accounting were not satisfactorily completed as of the date of this report and the final \$20,100 on the grant has not been paid.)
- **Franklin County Commissioners** (\$5,500.00) – Franklin County Commissioners used their planning grant for architectural and planning services to expand regional public safety services through the joint construction and co-location of the county sheriff's office and municipal law enforcement in a shared public safety building in the county seat. The project will continue beyond the scope of the grant to include developing detailed facilities' planning, funding options and timetables, as well as public informational strategies and to assist the municipal officials as they consider constructing a joint facility. Property taxes have been saved in the use of a joint planning effort and use of a single architectural planning firm. Property tax savings will be realized if the municipality and county agree to a joint public safety facility. (COMPLETED)
- **Freeport** (\$35,000) Freeport and Yarmouth used their planning grant funds to study options for consolidating the existing regional Freeport and Yarmouth dispatch center. During the time since the grant was approved in 2006 until the project's completion, Yarmouth residents have voted not to consolidate (by citizen's petition and subsequent referendum), Freeport explored alternatives including joining the consolidated Cumberland County Regional Communication Center (CCRCC). The Freeport Town Council is at the end of its discussions on consolidating with the CCRCC in Windham. This would save approximately \$75,000 in the first full year of consolidation. Staff expects a decision on this consolidation in fall 2009. If the town Council votes to accept consolidation with the CCRCC, the

Town will save \$75,000 in the first year, and \$520,000 over five years. This savings would provide direct property tax relief. (COMPLETED)

- **Lewiston – Auburn** (\$129,393.71) – The cities of Lewiston and Auburn received grant funds to consolidate local services including code enforcement and planning, public works, recreation, information technology, police, fire, and procurement and joint purchasing as recommended by a joint citizens commission appointed by the city councils. This grant followed a \$45,000 planning grant in FY 2005 where the cities examined the feasibility and potential cost savings of consolidating city services. The cities hired a joint services coordinator who met with department heads and key staff in both cities to form teams tasked with developing consolidation plans. The teams met on average every other week for nine months discussing policies, procedures, personnel needs, and work load. The department teams developed models of consolidation for public works (including a separate model for the arborist division), information technology, parks and recreation, finance, clerk, assessing, planning and code enforcement, police, and fire services. The department teams identified approximately \$2.7 million in savings within five years of consolidating. In January 2009, the Auburn City Council approved a joint resolution that ended Auburn’s participation with Lewiston on the consolidation work. The citizens commission attributes the failure to consolidate to changes in council membership and political tensions, oversight by a citizens commission too far removed from the political process, and the feeling of loss of autonomy. (COMPLETED – Payments were made consistent with the terms of the grant and for those eligible activities which were completed as part of the grant proposal.)
- **MidCoast Council for Business Development** (\$37,375) – MidCoast Council for Business Development and its partner communities received a cooperative services grant for collaborative economic development efforts in preparation of the closure of Brunswick Naval Air Station (BNAS). Funds were used in conjunction with federal funds for economic development planning, including a cluster based economic development (CBED) strategy and a regional business park. Grant funds also helped the region leverage additional federal funds for a business loan program and regional marketing plan. The success of these initiatives will increase the tax base for the midcoast communities and aid in offsetting the reduction in property values forecast with the closing of BNAS. (COMPLETED)
- **St. Agatha** (\$15,000) - The Town of St. Agatha used grant funds to study the feasibility of a regional economic development site at the municipally-owned airport with a property tax revenue sharing program. The results of the study determined that a hotel located at the airport is justified and the airport may want to consider creating a tax sharing district in the future. Cost savings will translate into property tax relief should the recommendation of the feasibility study be implemented. (COMPLETED)
- **Skowhegan** (\$18,250) – The Town of Skowhegan, and the Kennebec Valley Council of Governments received grant funds to study the existing recycling practices, processes, and facilities in Skowhegan and surrounding communities. Skowhegan has offered to serve the region as a central processor, reducing the burden of solid waste transport and processing fees to the small town surrounding it. Cost savings are directly tied to the quantity of waste received for processing, and the market price of the recyclable commodities. Skowhegan installed higher capacity equipment for processing. Property tax savings are ongoing and will continue for participating towns over the next three years and beyond. Savings are expected to increased should/when commodities markets stabilize and increase. Additional property tax saving will be realized should additional municipalities join the region. (COMPLETED)

- **Veazie** (\$75,459) – In the FY 05-06 pilot program, the Bangor Area Storm Water Group (BASWG) in the greater-Bangor region received a planning grant to formalize and enhance the collaborative management of storm water among seven municipalities, two university campuses and the Maine Air National Guard. The group's goal is to tackle an environmental challenge they all share in a cheaper and more effective manner. With the planning grant, BASWG developed a plan for a number of regional activities.

The Cooperative Services Grant awarded to BASWG in FY 07 funded twelve regionalization projects. At the end of the grant period, the BASWG had spent \$74,993.00 and realized a minimum of \$245,952.00 in savings, \$17,840.00 in additional savings over those projected in the initial grant application. As a result, certain aspects of storm water management in the Bangor Urbanized Area are now being managed more collaboratively, with higher quality services and support, and at lower cost to tax payers. (COMPLETED)

Appendix C: Dispersed Funds – FY 07

(As of November 13, 2009)

| Project Name | Lead Applicant | Amount Awarded | First Payment | Date Paid | Second Payment | Date Paid | Third Payment | Date Paid | Total Payments | Grant Completed Date |
|--|---|---------------------|---------------------|-----------|---------------------|-----------|--------------------|------------|---------------------|----------------------|
| COOPERATIVE SERVICES | | | | | | | | | | |
| Bangor Area Storm Water Working Group Implementation | Veazie | \$75,459.00 | \$24,901.47 | 5/1/2007 | \$24,901.47 | 2/28/2009 | \$21,014.92 | 11/18/2008 | \$70,817.86 | 11/10/2008 |
| Lewiston Auburn economic Growth Council Consolidation Program | Lewiston-Auburn Economic Growth Council | \$152,916.00 | \$50,462.28 | 5/1/2007 | \$50,462.28 | 5/28/2008 | \$28,469.15 | 11/13/2009 | \$129,393.71 | 10/30/2009 |
| MidCoast Council for Business Development and Planning Economic Efficiencies Program | MidCoast Council for Business Development | \$37,375.00 | \$12,333.75 | 5/1/2007 | \$12,333.75 | 2/21/2009 | \$12,707.50 | 11/13/2009 | \$37,375.00 | 10/30/2009 |
| Windham Area Interlocal Stormwater Working Group | Windham | \$48,000.00 | \$15,840.00 | 5/1/2007 | \$15,840.00 | 5/27/2008 | \$16,320.00 | 10/7/2008 | \$48,000.00 | 9/11/2009 |
| Subtotal | | \$313,750.00 | \$103,537.50 | | \$103,537.50 | | \$78,511.57 | | \$285,586.57 | |

| PLANNING GRANTS | | | | | | | | | | |
|---|-------------------------------|-------------|-------------|----------|-------------|-----------|------------|-----------|-------------|------------|
| Cumberland County Shared Assessing Feasibility Study | Cumberland County Government | \$10,000.00 | \$3,300.00 | 5/1/2007 | \$3,300.00 | 2/28/2008 | \$3,400.00 | 10/7/2008 | \$10,000.00 | 8/21/2008 |
| Camden-Rockport Police Consolidation Study | Rockport | \$17,500.00 | \$5,775.00 | 5/1/2007 | \$5,775.00 | 5/27/2008 | \$4,950.00 | 10/7/2008 | \$16,500.00 | 9/12/2008 |
| Franklin County-Regional Public Safety Communications | Franklin County Commissioners | \$5,500.00 | \$1,815.00 | 5/1/2007 | \$1,815.00 | 1/8/2009 | \$1,870.00 | 1/8/2009 | \$5,500.00 | 12/17/2008 |
| Freeport-Yarmouth Regional Dispatch Center | Freeport | \$35,000.00 | \$11,550.00 | 5/1/2007 | \$11,550.00 | 2/28/2009 | \$5,729.00 | 8/10/2009 | \$28,829.00 | 8/5/2009 |
| Hatch Hill Solid Waste Disposal and Recycling Facility | Augusta-Solid Waste Bureau | \$20,000.00 | \$6,600.00 | 5/1/2007 | \$6,600.00 | 1/8/2009 | \$6,800.00 | 1/8/2009 | \$20,000.00 | 12/26/2008 |
| Knox/Waldo Regional Economic Development Project | Belfast | \$30,000.00 | \$9,900.00 | 5/1/2007 | | | | | \$9,900.00 | |
| Northern Aroostook Regional Airport Economic Development Planning Grant | St. Agatha | \$15,000.00 | \$4,950.00 | 5/1/2007 | \$4,950.00 | 1/8/2009 | \$5,100.00 | 1/8/2009 | \$15,000.00 | 12/18/2008 |
| Skowhegan Area Regional Recycling Project | KVCOG | \$18,250.00 | \$6,022.50 | 5/1/2007 | \$6,022.50 | 10/7/2008 | \$4,126.32 | 6/25/2009 | \$16,171.32 | 6/24/2009 |

| | | | | | | | | | | |
|---|---------------------|---------------------|---------------------|----------|---------------------|------------|---------------------|------------|---------------------|-----------|
| Southern Maine Regional Industrial Park Feasibility Study | South Berwick | \$15,000.00 | \$4,950.00 | 5/1/2007 | \$4,950.00 | 5/6/2008 | \$4,912.50 | 10/7/2008 | \$14,812.50 | 8/21/2008 |
| Washington County: One Community! | Windham | \$20,000.00 | \$6,600.00 | 5/1/2007 | \$6,600.00 | 10/17/2008 | \$6,800.00 | 10/17/2008 | \$20,000.00 | 10/7/2008 |
| Subtotal | | \$186,250.00 | \$61,462.50 | | \$51,562.50 | | \$43,687.82 | | \$156,712.82 | |
| Total | | \$500,000.00 | \$165,000.00 | | \$155,100.00 | | \$122,199.39 | | \$442,299.39 | |
| Total Paid to Date | \$442,299.39 | | | | | | | | | |