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REGIONAL OPPORTUNITIES FOR THE TOWN OF COOPER

Report to the Joint Standing Committee on State and Local Government

**Prepared by the Maine State Planning Office
with the assistance of
Washington County Council of Governments**

February 1, 2006

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Role of the State Planning Office

In May 2005, the Legislature's State and Local Government Committee considered LD 1626, An Act to Authorize the Deorganization of the Town of Cooper. Instead of approving the deorganization bill, the committee directed the town to initiate cooperative efforts with adjacent towns to share services to address vacancy issues. It further directed the State Planning Office to assist Cooper with its regionalization efforts. (Resolve, PL 2005, ch 78).

This report does not evaluate Cooper's decision to deorganize nor does it offer recommendations about the local process to deorganize. The citizens of Cooper have spent hundreds of hours researching this question. The benefits and drawbacks to the community have been debated locally and the citizens can make their decision.

A State Perspective on Deorganization

Deorganization from the state's perspective is another matter. When a community chooses to deorganize, the state and counties' responsibilities for administering the unorganized territory expand. A greater number of communities successfully deorganizing presents a trend that could have a significant impact on state and county governments.

Maine has lost four towns and plantations since 1987 (Benedicta, Greenfield, Madrid, and Centerville),¹ In recent years Atkinson, Carroll Plantation, Grand Isle, Hammond Plantation, and Whitneyville, among others, have looked into deorganization. And the process is not restricted to very small towns and plantations. Alna (pop. 675), Milo (pop. 2,382), and Sherman (pop. 937) have also considered the question of deorganization. In all, 15 Maine towns have contemplated deorganization.

As communities deorganize, there are more people, more buildings, more roads, etc, that become part of the unorganized territory, which need fire protection, maintenance, and care. All of this infrastructure is not what the system of unorganized territory, which historically comprised largely tote roads and timberland, was created to manage. When a community deorganizes, the state faces several issues:

- ❖ What are the implications for state departments responsible for providing services in unorganized territories, such as administrative oversight, land use planning and regulation, tax collection, budget development, auditing, assessing, general assistance administration, and fire protection?
- ❖ Counties also provide municipal services in unorganized territories. Often, counties will contract with the surrounding communities to provide service to a deorganized community. With additional responsibilities caused by deorganization, are all the costs to provide services recuperated by the county or organized town providing them?
- ❖ The cost of providing services to the unorganized territory is paid for by a property tax assessed on the real estate within the unorganized territory.

¹ Downeast, *Organized Territory*, October 2005.

When a community deorganizes the cost of their services is spread over a larger number of property owners in the unorganized territory (often times, these are timber companies or paper mills), hence the property taxes for the newly deorganized community may be lower. As more towns deorganize, do other property taxpayers inadvertently subsidize services in the deorganized community?

These questions have vexed lawmakers for a number of years. Last year, the Legislature appointed the Commission to Study the Cost of Providing Certain Services in the Unorganized Territories. The 17-member commission is tasked with: studying the capacity of the state to administer services in unorganized territory such as fire protection, land use planning, and education; studying the cost and reimbursement for services provided in the unorganized territories; and recommending whether adjustments in the level or method of funding should be made for services provided in the unorganized territories. A report will be presented to the Legislature in July 2006.

Regionalization

The growing interest in deorganization parallels local regionalization efforts. Over the past 10 years, municipalities have increasingly chosen to join together to deliver local services. These joint efforts range from simple emergency response mutual aid agreements to the wholesale consolidation of municipal departments between communities.

The state has several initiatives to encourage regionalization, as one way to lower the property tax burden on Maine residents:

Efficient Delivery of Local and Regional Services

Grant funding for the Efficient Delivery of Local and Regional Services 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. The purpose of this fund is to provide grants to municipalities and other regional government entities to help implement joint service ventures as well as to conduct feasibility studies to develop regional solutions.

To be eligible, two or more municipalities, counties, or regional governments must collaborate. Grants are evaluated on, among other criteria, the estimated amount of property tax savings to the region over time and the ability for other regions to duplicate such savings.

In 2003, the Legislature appropriated \$1 million to pilot the grant program. Proposals for pilot projects were solicited in November 2004 and the funds were distributed to 121 municipalities in March 2005.

LD 1, which was enacted in March 2005, included a \$2 million annual set-aside to continue the grant program for consolidating local services. The program was anticipated to start on November 1, 2005, with the first round of grants awarded in early 2006. In June 2005, however, funding for the grant program was suspended for the FY 06-07 biennium.

At the time of this writing, two bills are being considered that would restore funding for the regional efficiency grants. LD 1712 would restore \$2.4 million for FY 07. The bill was reported out of committee *ought to pass*. LD 1968, the Governor's supplemental budget bill, includes \$1 million for the grant fund.

Efficient Delivery of Educational Services

Similar to the regional efficiency grants for municipal services, LD 1 also created a Fund for the Efficient Delivery of Educational Services to provide a financial incentive for voluntarily collaboration among municipal and school administrative units to reduce the costs of delivering educational services. Allocations to this fund were also suspended for FY 06 and FY 07, but the Governor's FY 07 supplemental budget similarly proposes to reinstate \$1 million into the education grant fund.

Regional Challenge Grants

The State Planning Office administers a small grant program to support promising regional initiatives. It is designed primarily to stimulate regional land use planning, but also funds projects to help integrate transportation, economic development, natural resource protection, and land use more effectively and consistent with smart growth principles. Applications are open and the process is not competitive. A 100% local match is required.

Intergovernmental Advisory Commission

The 19-member Intergovernmental Advisory Commission was created to find ways to improve efficiencies within and among various levels of government (state, county, regional, and municipal) and to provide state assistance to encourage regionalization and cost effective service delivery. Specifically, the committee is to develop incentives for and remove barriers to intergovernmental cooperation. It meets six times per year and reports annually to the Governor and Legislature. It also has authority to report out legislation.

The commission has been studying a number of governance issues that raise barriers to regionalization. It is also examining municipal mandates that pose inefficiencies and hopes to find incentives to foster collaboration. It is working on a blueprint to strengthen and streamline regional government.

Efforts to Deorganize Cooper

In February 2005, Cooper residents voted 32-21 to submit its deorganization plan to the Legislature. Escalating property taxes and an inability to fill municipal posts prompted residents to pursue deorganization. Loss of local control is cited by those who want to remain a self-governing town.

This is Cooper's third effort to deorganize. The first occurred in 1995; the second in 1997. The second attempt was unsuccessful, largely around school choice issues. For unorganized territories, the state determines (based on cost efficiencies) where children will go to school. In 1997, the state designated the state-run elementary school in Edmunds, a 32-mile trip, rather than the Alexander Elementary School (a

5-mile trip), for its elementary-age youngsters. Many in Cooper were leery about giving up their say over their children's education.

There are no easy answers.

About Cooper

Cooper was incorporated on February 6, 1822. In 1838, it set off land to Alexander and, in 1841, to form part of Meddybemps. The main village fronts on Cathance Lake. Cooper's major road is Route 191 that begins in Baring to the northeast, makes a sharp turn to the south in the middle of the town and drops southward to East Machias. Its population is 145. It is 33 square miles and has a population density of five people per square mile.²

Its closest neighboring towns are: Alexander, Crawford, Dennysville, East Machias, Meddybemps, Perry, and Whiting.

Cooper has a selectmen-town meeting form of government.

Cooper's Municipal Services

While Cooper residents are afforded most essential municipal services, the town itself provides very little of them. Police services are provided by the county sheriff when they are available. The sole constable, until recently a retired law enforcement officer, is paid a nominal sum of \$200 per year.

Ambulance services are provided by Alexander. Cooper has a volunteer fire department, but their firefighters are not certified to enter structure fires. Cooper currently relies on the Alexander Fire Department for everything except outdoor fires. The Cooper Volunteer Fire Department, as well as the Cooper Free Public Library, are separate entities from the town government.

The Cooper School Department provides for the education of pupils in the town of Cooper, but it does not operate any schools. Children are tuitioned to schools in nearby towns. As of October 1, 2004, Cooper's pupils were tuitioned as follows:

² State of Maine Web site, Local Government Resources, <http://www.maine.gov/local/washington/cooper/>

Table 1: Distribution of Cooper's Students in 2004³

Tuitioned To	Grades	Number of Pupils
Alexander School Department	K-8	7
Baileyville School Department	K-8	3
Calais School Department	K-8	3
Machias School Department	K-8	2
MSAD 77	K-8	1
Baileyville School Department	9-12	5
Washington Academy	9-12	8

As far as anyone knows, there has never been an Animal Control Officer in Cooper. The First Selectman handles the approximately one animal control call per year. Cooper's solid waste is managed by the Marion Transfer Station in nearby Marion Township. Residents contract for or transport their own waste to the transfer station. The town contracts for snow plowing services.

Cooper's Cooperative Efforts

Cooper has entered into an agreement with the town of Alexander to perform tax collection and treasurer functions. There are mixed perceptions of the success of the arrangement. Cooper officials feel that the cost is higher than it was before, but the hours of service are expanded. Others feel that it is inconvenient to drive to Alexander, but still others indicate that people combine trips and wait for service until the next time they go to Alexander. Even so, town records still reside in Cooper and the Alexander tax collector/treasurer must call upon the Cooper town clerk for information to provide the service in Alexander.

Cooper also contracts with one code enforcement officer, based out of Vanceboro, who also serves six other towns.

Vacancies

Recently, the town's only constable gave up the position. In addition to the constable, vacancies exist or soon will exist in the following positions: 2nd Selectman, 1st Assessor, treasurer/tax collector (which is now performed by Alexander), road commissioner, health officer, and animal control officer. Also, officials tell us that there is a shortage of volunteer firefighters in Cooper.

The lack of individuals to perform these duties is one of the reasons some residents of Cooper desire to reorganize. Nevertheless, some in Cooper are reporting that there are residents who are willing to step forward and assume the vacant positions.

³ Cooper School Department, Educational Profile,
http://portalx.bisoex.state.me.us/pls/doe/eddev.profiles.msau_profile?v_msau_name=Cooper+School+Department

Collaborating to provide local services is a viable option to help fill municipal vacancies. The Washington County Council of Governments has offered to help coordinate the sharing of personnel by area towns. However, the council needs resources to provide this assistance, particularly to towns such as Cooper who are not dues-paying members of the council.

Rising Taxes and Property Values

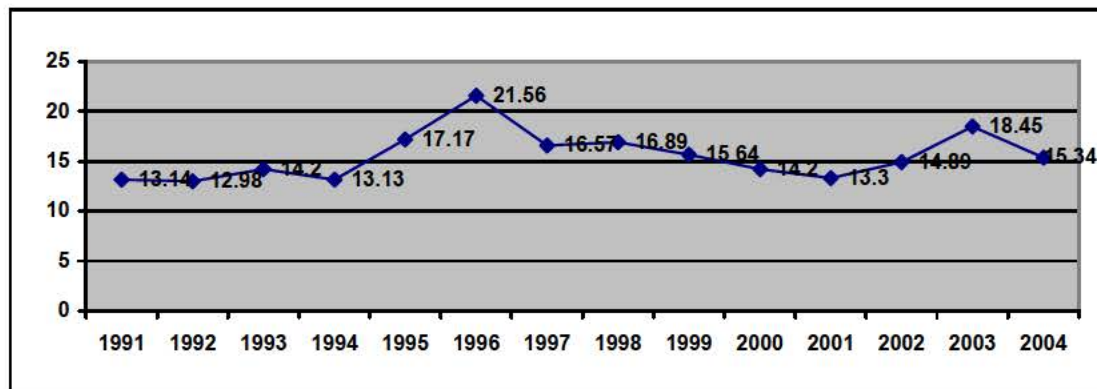
Cooper's equalized, full-value tax rate⁴ is the highest, when compared to four neighboring towns: Alexander, Crawford, Northfield, and Meddybemps. It also has one of the highest tax commitments (amount raised in property taxes to pay for local services).

Table 2: Cooper Comparison with Neighboring Municipalities⁵

2003	Cooper	Crawford	Northfield	Meddybemps	Alexander
Population	142	108	129	153	508
Total Valuation	\$12,149,060	7,709,613	16,410,433	12,434,700	21,419,925
Full Value Mil Rate	18.45	11.54	8.13	15.96	14.12
Annual Commitment	\$269,709	95,599	184,470	218,134	411,690
Per Capita Taxes Raised	\$1,900	885	1,430	1,425	810

Historical Trend Cooper Full Value Mil Rate⁶

Cooper's full value mil rate has gone up steadily since 2001, with a downturn in 2004, the last year for which data is available. Its 2004 rate was 15.34, compared with a 14-year average of 15.53.

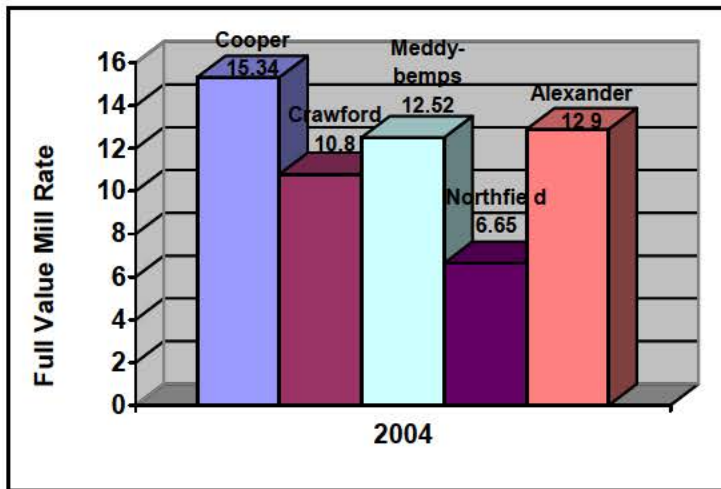


⁴ Because property values fluctuate with the market over time, state law requires a municipality to re-evaluate property when its value slips below 70% of market value. At any one time, property values in different towns may be a different percentage of market value. In order to compare different towns at different levels of valuation, we have to use equalized, full-value rates. Maine Revenue Services calculates what every town's mil rate would be if they were all at 100% of market value.

⁵ Maine Revenue Services Municipal Statistical Summary, Maine Revenue Services Estimated Full Value Tax Rates, and Department of Education school budget annual comparison reports

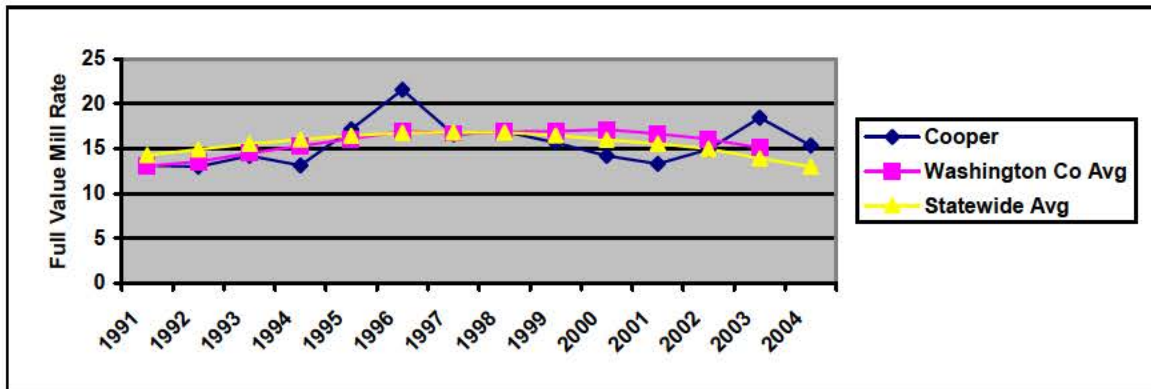
Cooper Full Value Mil Rate Comparisons⁷

Cooper's mil rate was the highest of the five towns in our sample in 2004.



Cooper Full Rate Mil Rate Comparison to County and State Averages⁸

Cooper's mil rate saw a spike in 2003 compared to the rest of the county and state. In 2004, it is slightly higher than the county and state.



Property Values

The mil rate is only part of the equation. Property values and budgets are the other parts.

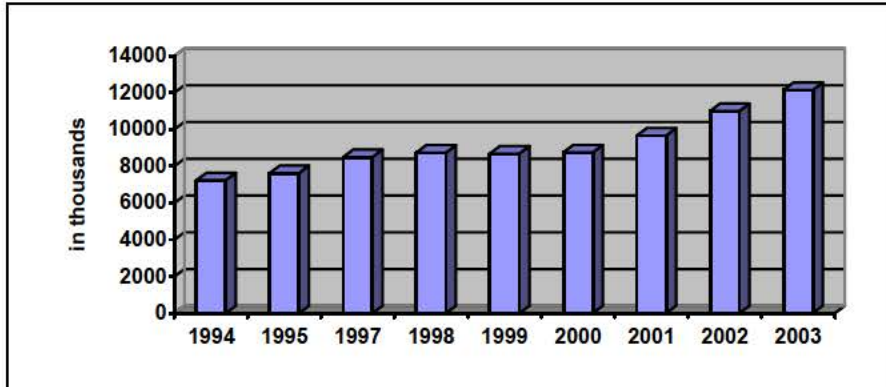
Property values in Cooper have risen 68% in 10 years; the second highest rate of growth in our sample (values in Meddybemps rose 106% during the same period).

⁶ Maine Revenue Services Estimated Full Value Tax Rates, 2004

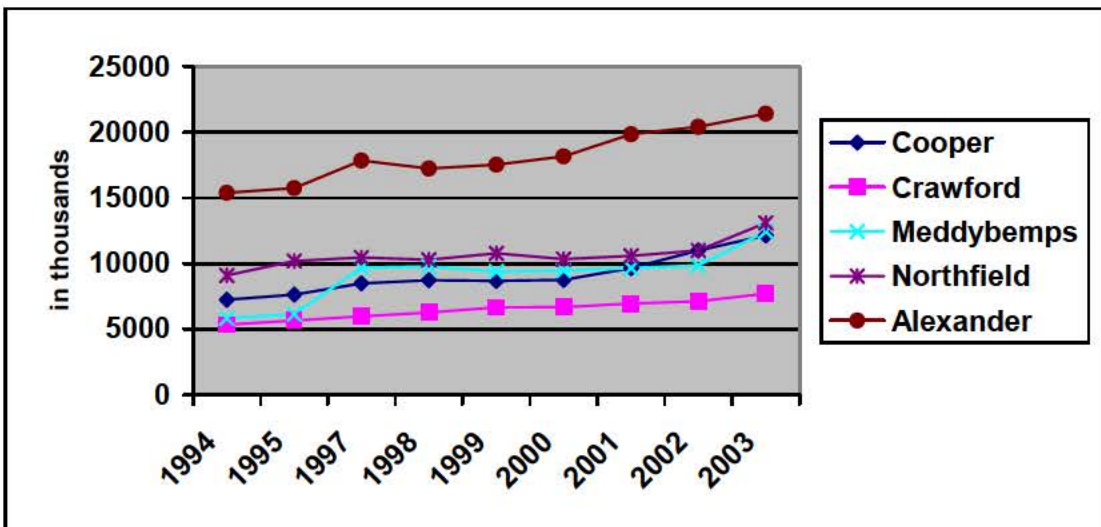
⁷ Maine Revenue Services, Estimated Full Value Tax Rates, 2004

⁸ Maine Revenue Services, Estimated Full Value Tax Rates, 2004

Cooper Property Valuation Trend⁹



Cooper Property Valuation Comparison¹⁰



Cooper Property Valuation Comparisons, Percent Change, 1994-2003¹¹

Municipality	1994 Total Valuation	2003 Total Valuation	% Change
Cooper	7,236,369	12,149,060	+ 68%
Crawford	5,329,826	7,709,613	+ 45%
Meddybemps	5,838,650	12,434,700	+ 106%
Northfield	9,106,826	13,099,329	+ 44%
Alexander	15,398,407	21,419,925	+ 39%

⁹ Maine Revenue Services Municipal Statistical Summary

¹⁰ Maine Revenue Services Municipal Statistical Summary

¹¹ Maine Revenue Services Municipal Statistical Summary

Seasonal/Recreational Homes in Cooper

While we were unable to look at individual tax parcels in Cooper, the rise in property values is likely related to the increase in value of waterfront property generally. The trend that started in southern and coastal Maine, where land values have experienced double-digit annual increases, can reasonably be expected to make its way Downeast. Pristine Cathance Lake, in Cooper, is a draw for vacation rental and seasonal homes. Sixty-five percent of Cooper's 160 total housing units is classified as vacation/recreation homes. There was a 180% growth in seasonal/recreational housing in Cooper from 1990.¹²

Cooper's Municipal Budget

In 2003, Cooper raised \$269,709 in property taxes to support its municipal budget. Of this, 74% was for education.¹³

The remaining one-quarter of their budget pays to maintain roads, manage solid waste, provide for public safety, pay for county services, and administer codes and finances (i.e. tax collection, treasury, clerk, code enforcement, assessing).

Because the municipal budget in Cooper is so overwhelmingly education-related and the cost to provide the remaining services is minimal, it is unlikely that regionalization will save the town a lot of money. For example, contracting with Alexander for the collection of taxes, according to the first selectman, used to cost \$6,500 when done by Cooper. Now it costs \$10,000 for Alexander to do it.¹⁴ This cost increase is likely because the part-time Cooper tax collector/treasurer operated out of her business during the hours that the business was open, avoiding the fixed costs of space, heat, utilities, etc. Alexander operates out of a municipal building with full-time hours. Sharing services with other communities may not save costs, but the level of services may be improved.

Cooperative efforts that nibble around the edge of Cooper's municipal services may not significantly reduce costs, but an across-the-board merger might. There would need to be more analysis to better understand the degree of savings from such an option.

Road Maintenance

Another large expense is maintaining local roads, particularly Rte 191 from Rte 1 in East Machais north to Rte 1 in Baring, which is a total distance of 34.38 miles. The Legislature directed the Maine Department of Transportation to assist Cooper with developing a plan for winter road maintenance. A copy of MaineDOT's response is included in this report as an appendix.

Education

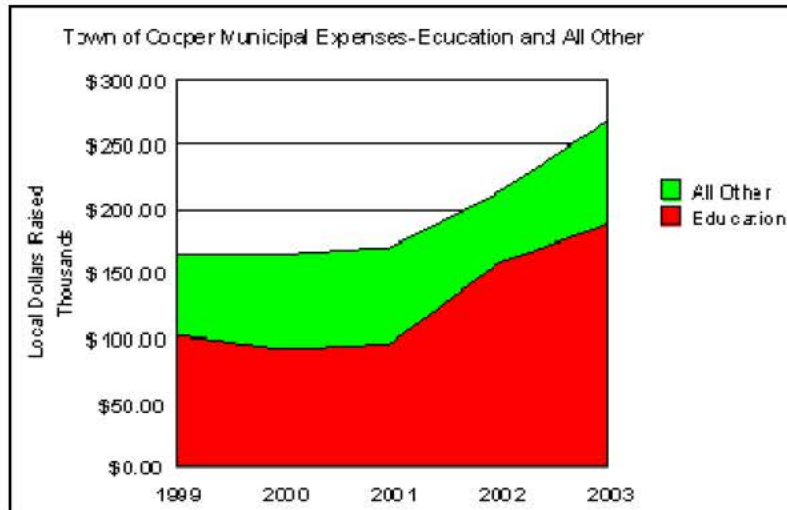
The cost of education is the driving force in Cooper's budget. Local education spending in Cooper has gone up 104% since 2001 while total local spending has not; even cut in 2002.

¹² US Census Bureau, 2000

¹³ Department of Education school budget annual comparison reports

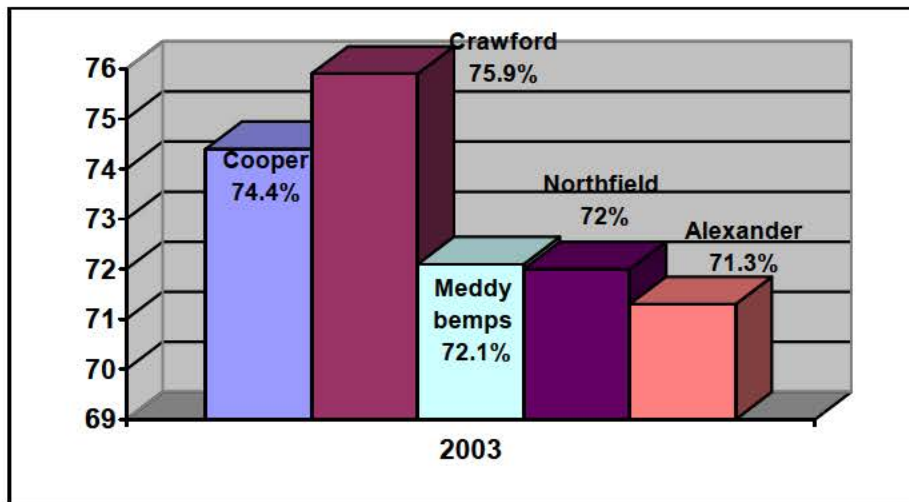
¹⁴ *Bangor Daily News*, *Cooper resolves to continue deorganization*, January 18, 2006

Town of Cooper Municipal Expenses, Education vs. All Other¹⁵



In 2001, 56% of Cooper's budget was for education as compared to 74.4% in 2003. The other four towns also spent over 70% of their budget on education.

Percent of Local Budget Spent for Education in 2003¹⁶

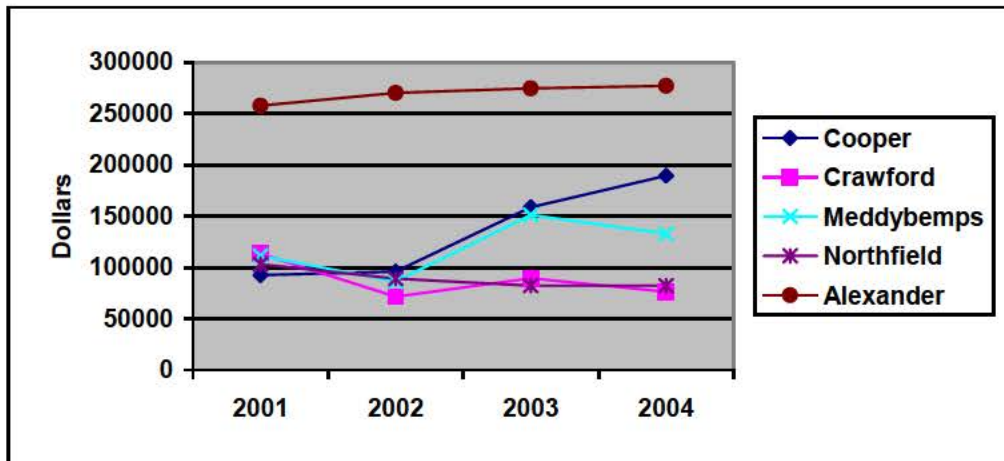


Cooper's local share of education has been one of the fastest increasing of the towns in the sample. Cooper went from raising 45% of their local share of school costs in 2001 to raising 73% in 2003. Of the four other towns in our comparison, three went up, but not by as much, and the percentage of education raised locally went down in one.

¹⁵ Maine Revenue Services Municipal Statistical Summary (valuation and tax commitment) and the Dept of Education school budget annual comparison reports

¹⁶ Maine Revenue Services Municipal Statistical Summary (valuation and tax commitment) and the Dept of Education school budget annual comparison reports

Cooper's Local Share of Education, Comparisons¹⁷

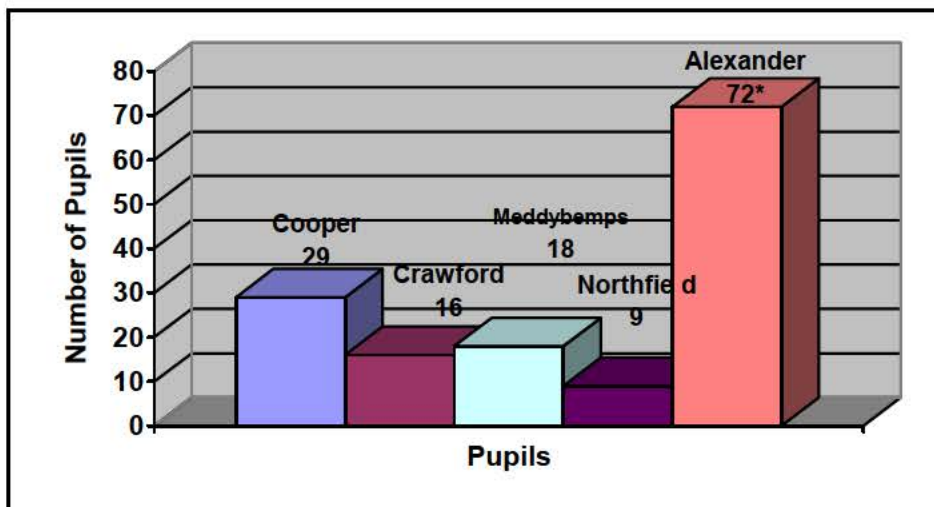


So, why are education costs in Cooper so high?

It may be in part because of declining state subsidies to Cooper between 2001 and 2004. Lower subsidies may be related to rising property valuations; although a cause and effect statistical analysis of property value's affect on state education subsidies goes a bit beyond the scope of this study.

In part, higher costs are due to the number of children. Cooper has more school-aged children than many of the surrounding communities. However, enrollment has not increased in recent years. Cooper's school enrollment figures have remained flat, while the cost to the town has more than doubled since 2001.

Number of Pupils per Town in 2004¹⁸



¹⁷ Maine Revenue Services Municipal Statistical Summary (valuation and tax commitment) and the Dept of Education school budget annual comparison reports

¹⁸ Maine State Government Web site, Town Educational Profiles

* Does not include students tuitioned from other towns to Alexander

Another reason may be that Cooper exercises school choice. As opposed to selecting only one school for K-8 children, residents may choose which of five or six area schools they want their children to attend. Cooper sends some of its students to Baileyville, which, in the years covered by this report (2001-2004), had one of the highest tuition rates in Maine.¹⁹

Lastly the larger trend of declining school enrollment across Maine and in Washington County is likely pushing costs up. In Washington County, with just 5,059 school-aged children countywide, there has been a steady decline in overall numbers. Despite this, the County is still divided into 40 separate school administrative units, or one for every 126 students. The average number of school employees per unit is 34, for a ratio of students to staff of 9:1. These high overheads result in a K-12 per student expenditure of \$9,215, compared to a statewide average of \$7,331 in 2004.²⁰ Washington County is experiencing a painful cycle of increased costs and decreased enrollment.²¹

Editor's Note: Preliminary data for 2006 and 2007 suggest that education costs are changing in Cooper. In 2007, state funding for education is projected to increase to \$116,378, sixty percent over 2006. Part of this increase is due to an increased number of students, but part is due to a slowed growth in Cooper's municipal valuation from 2006 to 2007.²² Secondly the Cooper School Committee changed the school choice option for elementary students; all new K-8 students will go to a single school in Alexander. In addition, for existing students already attending school in Baileyville, their 2006 tuition rate appears to have come down to a rate closer to the other area schools.²³

Related Initiatives

A number of initiatives in recent years have been directed toward reducing property taxes in an attempt to solve problems such as Cooper is experiencing. It is early yet to tell what the impact of these efforts will be.

LD 1 Municipal Spending Cap

Public Law 2005, c. 2 (LD 1) establishes budget caps for the state, municipalities, counties, and schools with a goal of reducing Maine's overall tax burden. While there are provisions that allow local voters to vote to exceed caps, it is still expected that these caps will result in tax relief.

Because Cooper has a fiscal year cycle that began on March 1, 2005, before LD 1 went into affect, the municipal spending cap did not apply to them this year.

¹⁹ 2003 is the most current year for which comparative spending data are available for all schools

²⁰ Maine Dept of Education, 2003-04 Maine Resident Students: Per Pupil Operating Costs, <http://www.maine.gov/education/data/ppcosts/2004/04geninfo.htm>

²¹ Flanagan, David. Report on an Economic Development Strategy for Washington County, November 17, 2005

²² 2006-07 Preliminary Estimates for General Purpose for Local Schools, 2/2/06 and conversation with Jim Rier, ME Department of Education, 2/7/06. The total valuation used to compute the local share of schools was \$14,650,000 in 2006 and \$14,950,000 in 2007. Statewide, valuations averaged a 13% increase over this time. Cooper's increase was only 2%.

²³ Conversation with Richard Moreau, Director of Schools, ME Department of Education, 2/6/06

State Education Funding

The state's share of funding for schools is now calculated on a per-pupil basis through the Essential Programs and Services (EPS) school funding formula. The state target is for schools to be at 100% of EPS. Communities may spend more than 100% of EPS if their legislative body votes to raise the extra money locally.

In 2005, Cooper exceeded its EPS budget by 14%.²⁴

The state is also following through on its commitment to increase its share of local education costs. In total, the state increased education spending by \$99 million this year, to 52.6% of covered EPS costs. The state will add at least another \$37 million next year. These increases will continue until the state share is 55% of total EPS costs in 2009.

Fund for Efficient Delivery of Educational Services

If funds for this effort are restored, there will be grants to assist school units and municipalities to restructure or reconfigure school systems and governance. This could help reduce the high cost of education in Washington County and elsewhere by consolidating school administrative functions.

Regional Efficiency Grant Pilots

Several projects were funded from the 2005 pilot round of regional efficiency grants that hold promise for replication in other regions in Maine.

Shared Municipal Services: A group of five towns in Androscoggin County is doing the planning and legal work to develop a municipal services group, administered by the council of governments. The council would hire, house, and supervise staff that would then be shared among the participating towns. Services as code enforcement, assessing, planning, engineering, and purchasing could be shared.

Cooperative Purchasing: The Penobscot Valley Council of Governments received a grant to expand its cooperative purchasing program into the rural communities of Penobscot and Piscataquis counties. The applicants hope to share the program, once developed, with Washington and Hancock counties as well.

Regional Accounting Services: Nine municipalities and the County of Aroostook are studying the feasibility of creating a regional financial accounting center that would provide tax assessment and billing services to the region's municipalities. They envision sharing software, computers, computer maintenance, and personnel to reduce individual municipal costs. Again, if this proves feasible, it could be a model to be used by other regions in the state.

Municipal Mergers

Although approached with caution, there are a number of communities in Maine that are exploring merger options, if not of entire municipalities, at least of departments. Historically, mergers have occurred, but they are not common. Dover-Foxcroft is the best, well-known example. The communities of Dover and Foxcroft merged in 1922.

²⁴ Maine Department of Education, 2005-06 School Budgets -- Over/Under 100% EPS, January 20, 2006

In 1992, Mapleton, Castle Hill, and Chapman signed interlocal agreements combining almost all municipal activities into a single town office located in Mapleton. The towns are each governed by their own board of selectmen and share a town manager. According to the manager, the quality and level of service provided to each of the three small towns is at a much higher level than it would be if they operated independently. The consolidation provides each community with a full-time staff, operating hours of five days per week, a municipal office building, a community pool, and more responsive highway and fire departments – all in a more cost effective manner. Evidence of this success is in maintaining lower mil rates than surrounding communities of equal service levels.²⁵

Many Maine communities have villages within their boundaries. In fact, Mapleton, Castle Hill, and Chapman, in a sense, operate like one town with multiple villages. The idea of communities merging to reduce costs, but maintaining their distinct identities, like villages, has appeal. The State Planning Office would like to explore the idea of municipal mergers further both to assist Cooper and for use by other communities considering this option. It would be useful to understand the benefits and drawbacks, whether there are obstacles or statutory limitations that restrict more municipal mergers, and what might be needed to foster these kinds of efficiencies in order to inform the question on a larger, statewide basis.

Findings

1. The state has an interest in the growing trend towards deorganization because of the potential impacts upon state and county government.
2. Regionalization can improve the level and efficiency of local service delivery, but, because of their modest level of municipal services, there may not be significant cost-savings in Cooper.
3. Although not a lot is known about the process, merging municipalities may present opportunities for cost savings for Cooper and other towns.
4. Collaborating to provide local services is a viable option to help fill municipal vacancies in Cooper and elsewhere.
5. A number of state initiatives are underway to lower property taxes for residents in Cooper and in Maine; it is too early to calculate their impact.

Recommendations

1. The Washington County Council of Governments has offered to help facilitate shared municipal positions, such as an animal control officer, for its member towns. We recommend that Cooper take advantage of this and other opportunities, if practical and cost-effective for them, as one way to help fill vacant municipal positions.

²⁵ Edgecomb, John. Panel Discussion, Retreat of the Intergovernmental Advisory Commission, Orono, ME, September 8, 2005.

2. It is hoped that funding for the regional challenge grant program will be restored. If it is, we encourage the County or Washington County Council of Governments to apply for funds to develop cooperative measures, such as shared assessing and joint purchasing, which will assist Cooper and the other communities in the region to reduce costs.
3. There is general consensus among the local officials with whom the State Planning Office and Washington County Council of Governments is working that more information is needed to understand the benefits and drawbacks of a possible merger between Cooper and one or more of the neighboring towns. The State Planning Office also has an interest in this study from a statewide perspective. We recommend that the State Planning Office conduct a municipal merger study and report its findings to the Intergovernmental Advisory Commission.

Appendix A – Resolve, Chapter 78

CHAPTER 78 S.P. 603 - L.D. 1626

Resolve, Regarding the Town of Cooper

Mandate preamble. This measure requires one or more local units of government to expand or modify activities so as to necessitate additional expenditures from local revenues but does not provide funding for at least 90% of those expenditures. Pursuant to the Constitution of Maine, Article IX, Section 21, 2/3 of all of the members elected to each House have determined it necessary to enact this measure.

Sec. 1. Department of Transportation, Town of Cooper and surrounding communities to develop plan for road maintenance. Resolved: That the Department of Transportation, the Town of Cooper and the surrounding communities are directed to develop a plan for winter maintenance for Route 191, including the section of Route 191 that is currently the responsibility of the Town of Cooper. The plan must include fiscal and planning support; and be it further

Sec. 2. State Planning Office and Town of Cooper to develop plan for Municipal Officer position vacancies. Resolved: That the Executive Department, State Planning Office and the Town of Cooper are directed to initiate cooperative efforts with adjacent towns to share town services to address the vacancy issues in municipal officer positions that are being experienced by the Town of Cooper; and be it further

Sec. 3. Report and recommendations. Resolved: That the Department of Transportation, the Executive Department, State Planning Office and the Town of Cooper shall report their plans and recommendations to the Joint Standing Committee on State and Local Government no later than January 15, 2006; and be it further

Sec. 4. Administrative support. Resolved: That the Department of Transportation and the Executive Department, State Planning Office shall provide administrative support for the development of plans, and any costs associated with this study must be absorbed within existing budgeted resources; and be it further

Sec. 5. Authority to report out legislation. Resolved: That the Joint Standing Committee on State and Local Government is authorized to report out legislation that addresses the plans and recommendations in section 3 to the Second Regular Session of the 122nd Legislature, including allowing the Town of Cooper to continue its deorganization process.

Effective September 17, 2005.

Appendix B – Town of Cooper Report to the Legislature

Town of Cooper Report to State and Local Government Committee

Pursuant to LD 1626

Prepared by Jon Reisman, 1st Selectman

January 6, 2006

Since LD 1626 passed last spring, the following relevant events have occurred:

- Special Town Meetings in both Alexander and Cooper approved an arrangement whereby the Town of Alexander and Alexander's Treasurer/Tax Collector provide Treasurer and Tax Collector services out of the Alexander Town Office for the Town of Cooper. This arrangement went into effect September 1, 2005 and continues through Cooper's next Town meeting in March 2006. **This regionalization arrangement is providing Treasurer and Tax Collector services at approximately twice the previous cost.**
- The Town met with representatives of the Maine Department of Transportation and other Towns along Rt. 191 in late fall. The DOT informed the Towns that Rt. 191 did not qualify as a major arterial for winter maintenance assistance, **and no financial assistance would be available.** The DOT suggested that regional contracts would make sense, but offered no financial assistance.
- The mil rate climbed to 20.6 from 19.5. Cooper is predicted to lose additional GPA funds in the years to come; my analysis suggests the mil rate is likely to climb to 25 over the next 3-5 years.
- Cooper proceeded with capital road projects by drawing down surplus, consistent with possible deorganization.
- Cooper has current vacancies in the following areas: Road Commissioner, Animal Control Officer. The 1st Assessor has indicated he will not serve another term, as has the 2nd Selectman.
- A majority of Town residents (60+ %) has supported deorganization plans and efforts. A minority opposed to deorganization has reportedly organized to offer a potential slate of municipal officers to take over Town governance at the Town meeting in 2006. That minority has also reportedly organized to lobby the legislature not to allow the Town to vote on deorganization. Deorganization proponents have vowed to restart the deorganization effort if a vote is denied.

As 1st Selectman and speaking for a majority of the Board, we request that the Committee and the Legislature schedule a vote on deorganization for November 2006. It remains unclear whether 2/3 of the voters will approve deorganization, but a clear majority wants a vote on the matter. Denying a vote will likely install a minority government in Cooper and insure that deorganization efforts continue.

There is one other possible option the Town might pursue, a merger with the Town of Alexander. That path is a long and difficult one which, in my opinion, cannot be successfully pursued until and unless a deorganization vote of greater than 50% but less than 67% occurs.

Appendix C – Cooper Regionalization Forum Invitation

TO: MUNICIPAL, COUNTY AND STATE OFFICIALS
FROM: Judy East
DATE: February 8, 2006
RE: COOPER DEORGANIZATION – DISCUSSION WITH
NEIGHBORS

A Legislative Resolve (attached) directed the State Planning Office (SPO) and the Town of Cooper to develop a plan for Municipal Officer vacancies. Specifically SPO and the Town of Cooper are to initiate cooperative efforts with adjacent towns to share town services.

The Town of Cooper has already contracted with the Town of Alexander to obtain the services of a Treasurer and Tax Collector.

SPO has requested my assistance to organize a meeting to complete the discussions required by the resolve so that a report to the legislature can be prepared. After consulting with several of you before Christmas the best time for most concerned was in the evening of January 18th. The Meddybemps Community Center is available and light refreshments will be provided.

I have attached the labels list of state, county and municipal officials who will receive this letter. I have tried to include those with an interest and stake in the issue. However, many of you are likely to know of others who should be invited. Therefore please take a look at the labels and feel free to invite others who have an interest in the discussion.

What: Meeting to discuss Municipal Vacancies in Cooper

Where: Meddybemps Community Center

When: Wednesday January 18th 6-8 PM²⁶

Who: See attached invitees

Why: To complete discussions directed by Legislative Resolve and prepare report to the Joint Standing Committee on State and Local Government

How: Facilitated Discussion; SPO to complete final report

²⁶ Due to stormy weather conditions, the meeting was actually postponed and held on January 25

Appendix D – Cooper Regionalization Forum Agenda

AGENDA

COOPER DEORGANIZATION DISCUSSION WITH NEIGHBORS

**Wednesday, January 25, 2006
Meddybemps Community Center**

- 1. Welcome / Introductions**
- 2. Review of Process to Date**
 - a. Legislative hearing / summary of issues presented**
 - b. Legislative Resolve**
 - c. MDOT meeting with municipalities**
- 3. SPO Role – To initiate, with the Town of Cooper, cooperative efforts with adjacent towns to share town services and address municipal office vacancies.**
- 4. Discussion to explore ways in which Cooper and neighboring towns can cooperate.**
 - a. Shared purchasing / services / personnel**
 - 1. Inter-municipal agreement**
 - 2. Through regional entity (e.g. County, regional council)**
 - b. Merger**
 - c. Other**
- 5. Discussion of next steps - Report to legislature now due at end of January**

Appendix E – Cooper Regionalization Forum List of Attendees

COOPER DEORGANIZATION: A DISCUSSION WITH NEIGHBORS
MEDDYBEMPS COMMUNITY CENTER
JANUARY 25, 2006
LIST OF ATTENDEES

<u>NAME</u>	<u>TOWN</u>
Karen Smith	Meddybemps (Selectwoman)
Bucket Davis	East Machias (Selectman)
Jim Davis	Alexander (Selectman)
Roger Holst	“ (Selectman)
Deanne Greenlaw	“ (Clerk, Treasurer/Tax Collector)
Jon Reisman	Cooper (Selectman)
Travis Hull	“ (Selectman)
Jeff Crowe	“ (Selectman)
Kathleen Hull	“ (Treasurer/Tax Collector)
Dan Ackley	“ (Planning Board)
Patricia Green	“ (Planning Board)
Mary Dunn	“ (Rec. Director)
Kathleen Keen	“ (School Committee)
Norman Howe	“ (Board of Assessors)
George Seidel	“
Denny Lyon	“
Sandy Lyon	“
Chris McCormick	“
Dave Timpe	“
L. Visilli	“
John Visilli	“
Stuart Shotwell	“
B. Rotz	“
E.R. Warne	“
Lynn Warne	“
Helen Brown	“
Joyce Mykluvy (sp?)	“
Linda Howe	“
William Krider	“
Charles Corliss	“
Frank Green	“
Peggy Hallee	“
Neal Hallee	“
Peter Shacklow (sp?)	“

Appendix E – Cooper Regionalization Forum Meeting Summary

COOPER DEORGANIZATION: DISCUSSION WITH NEIGHBORS

**Wednesday, January 25, 2006
Meddybemps Community Center**

MEETING SUMMARY

6. Welcome / Introductions:

Phil Carey (State Planning Office) and Judy East (Washington County Council of Governments) welcomed the attendees and reviewed the proposed agenda. The attendees introduced themselves to the group and were asked to sign an attendance sheet for the record (see attached).

7. Review of Process to Date:

Carey updated the participants on the history of the deorganization issue noting last spring's legislative hearing, the resolve passed by the legislature and the meeting held between Cooper residents and the MDOT last November.

8. SPO Role:

Carey reviewed the legislature's directive to the State Planning Office as contained in the legislative resolve. He said the SPO is charged with working with Cooper to initiate cooperative efforts with adjacent towns to share town services to address the vacancy issues in municipal officer position that are being experienced by the Town of Cooper. He said it was hoped that such cooperation might also provide cost savings to Cooper and its neighbors.

9. Discussion to explore ways in which Cooper and neighboring towns can cooperate.

East opened the discussion with the suggestion that the group first consider the current arrangement between Cooper and Alexander for the provision of tax collector and treasurer services. Cooper First Selectman John Reisman reported that the arrangement had had mixed results. He said the cost of the service had risen from \$6K to \$10K but that the service was available for more hours. Other citizens generally agreed that the inconvenience of having to go to Alexander to conduct business was minor and that such business was infrequent and could be combined with other errands to the area. Although the Alexander Tax Collector/Treasurer, Deanne Greenlaw, stated that she felt a Cooper resident should be doing the job, but said that it did not pose a significant additional burden for her to provide Cooper's Treasurer/Tax Collector services. It does however still require the Alexander

Treasurer/Tax Collector to call upon Cooper for particular records in order to complete some of the tasks for the job.

Discussion about how Treasurer/Tax Collector services could be provided in Cooper (now that the option to have them collected at the town store is no longer an option) included the issues of 1) bonding of any new person who would do the job, 2) training them to do the job, 3) obtaining insurance if they were to do the job from their home, 4) additional training to expand the job to excise tax collection. Speakers noted that training is available from the State and from MMA.

Discussion then reviewed whether the Fire Department building could serve as the place where Taxes are collected but while the town owns the land, the volunteer fire department owns the building. A trailer could be located on the site to provide some town office space.

East then suggested other municipal officer vacancies be discussed. In addition to Treasurer/Tax Collector, vacancies were noted in the following positions: Constable, Road Commissioner, Health Officer and Animal Control Officer. It was also noted that there is a shortage of volunteer firefighters. East said that, while WCCOG does not have the capacity to hire staff to directly provide services such as animal control and codes enforcement to towns, it can help coordinate the sharing of personnel by various towns. She confirmed that Cooper's current Code Enforcement Officer serves six towns. It was noted that, as far as anyone knew, there had never been an Animal Control Officer in Cooper. Jon Reisman said it is not a major issue and that he handles about one animal control call per year. Others noted however that it is a position that requires training and that is why there is no-one to fill it. East indicated that this is an area where the Council of Governments could help with coordinating regional services.

The position of Tax Assessor will be vacated in March of 2006.

There was then considerable discussion about the position of Constable. It was noted that the former Constable had announced his resignation at the last town meeting, however another citizen said he was not aware of any effort to advertise the vacancy. Others indicated that no-one stepped forward at the last town meeting when the position was vacated. Former Constable Frank Green said that he had resigned due to the difficulty of patrolling the town swimming beach. He said the constable needs to confront people 2-3 times per week at the beach both for unruly behavior and/or for unauthorized use (by non-residents) and that it is very difficult because the Constable has very limited authority and the Sheriff's department is too understaffed to provide back-up. Jon Reisman said the beach is really a regional asset because it is the only non-private swimming access on Cathance Lake. Judy East suggested that, due to the regional value of the beach, that there may, perhaps be regional assistance available. Jon Reisman said the Sheriff's Department has been invited to assist in patrolling the beach. He also noted that, in 2004, the town meeting voted to require beach users to provide evidence of taxpayer or resident status.

Various suggestions for ways to deal with the beach problem were made including: 1) requiring a resident parking sticker to park at the public access parking area, 2) installation of surveillance cameras, 3) installation of a locked gate accessible only to residents, 4) seeking assistance from the Warden Service and the Forest Service for enforcement of litter laws and 5) find ways to provide the Constable with the authority to summons violators to court. It was noted that a specific town ordinance needs to be in place in order for any enforcement action to be taken. Phil Carey said he would try to learn if there are ways to provide the Constable for additional authority to enforce such an ordinance.

Phil Carey then asked the meeting to consider ways in which consolidation could address some of the concerns about services and tax rates. One attendee noted that deorganization would constitute a consolidation with the adjacent unorganized territories. It was also generally thought that, of surrounding towns, Alexander was the town with which a merger would make the most sense. Jon Reisman noted that, in terms of cost savings, by far the largest part of the budget is devoted to schools (65%) and road maintenance (20-25%), so economizing on administration would not make a big difference in terms of taxes. Cooper Town Clerk Kathleen Hull noted that of 145 citizens, 33 are school children and that the Town pays an annual tuition of \$7K per student. She said school costs make up 65% of the budget. Jon Reisman noted that approximately two thirds of the property tax revenues come from non-resident home-owners.

With regard to reasons why it may be advantageous for Alexander to merge with Cooper, it was noted that Alexander could enjoy a significant cost savings through Cooper's participation in the Marion Transfer Station. It was also noted that 25% of the Alexander school enrollment is made up of students from Cooper. Judy East then asked the meeting to talk about what a merger of Cooper and Alexander would mean. A loss of control or, in any event, the need to share control over local decisions was noted and there was concern about the lesser role of Cooper in such a merger due to its smaller size. It was noted that that Alexander's Fire Department is an asset and the speaker wondered if the Alexander Fire Department would be willing to train with Cooper firefighters jointly and use the Cooper fire station as an auxiliary station. It was explained that the Cooper fire fighters are not certified to enter a burning building and that Cooper currently relies on the Alexander Fire Department for everything except outdoor fires. It was also noted that Cooper emergency medical services come from Alexander. It was stated that under deorganization, fire service would be provided by Dennysville. Another speaker asserted that he had spoken with Dennysville fire officials and been told that their response time for a fire in Cooper would be too long.

A discussion then followed about tax assessments and mil rates. Kathleen Hull said the mil rates between the unorganized territory (around \$10.00) and Cooper (\$20.60) were inequitable. Charlie Corliss from the Land Use Regulatory Commission noted that the reason taxes are so much lower in the unorganized territories is because the

land area is so much larger and it pools resources from a much larger area. A citizen from Alexander said she would not be in favor of such a merger because it would lead to higher taxes in Alexander. Phil Carey said that the State Planning Office may be able to provide grant funding for a study to analyze the fiscal impacts of a merger for both Alexander and Cooper residents. Jon Reisman Cooper may be interested in such a study, but not before a decision is made on the proposal to deorganize. Another speaker indicated that such a study would be welcome particularly if it also looked at the costs and benefits of merger into de-organized territory as well.

Kathleen Hull said that, under deorganization, residents would still have a voice with the County Commission and Cooper would retain more of its identity, as Cooper Township, than it would if it were swallowed by Alexander. Another citizen said that the lower mil rate in the unorganized territories would not necessarily mean lower taxes for Cooper residents because property valuations done by the state would be higher. He said, currently, Cooper residents have control over how their assessments are done and that the town's identity is tied to its town meeting, which would cease with deorganization. He said that with deorganization parents would have no power over where their kids go to school and he did not think county representation would be as good as having local control. He urged Cooper to stay organized for another five years or so in the hope that conditions would improve. Kathleen Hull said that deorganization has already been considered for many years and that things have been getting worse. Jon Reisman said that the property tax base per student is what drives the amount of state aid and given the current circumstances, he does not think the town is sustainable. Meddybemps Selectwoman Karen Smith noted that her town has a similarly small population but is able to sustain itself but Kathleen Hull said Cooper's geography presents problems that aren't as much of a factor for Meddybemps. Others suggested that Meddybemps may soon be faced with the same situation in which Cooper now finds itself.

Phil Carey was asked if the State Planning Office could help gather information regarding the use of Route 191. He said that the SPO offers planning grants that are awarded on a competitive basis with a local match. He said that it is possible that part of a planning study for Cooper could include the gathering of information regarding the classification of Route 191, but that the determination of that classification is up to the MDOT.

10. Discussion of next steps:

Judy East and Phil Carey said that copies of the meeting notes would be distributed via email and that it was expected that others would be able to obtain a copy from those who had received the email. Phil Carey said the final report to the State and Local Government Committee would be presented at its meeting on 2/8/06 and Judy East said that the report would need to be submitted at some point prior to the committee meeting. It was agreed that the report would also be distributed via email by WCCOG.

Appendix F – MaineDOT letter to the State and Local Government Committee, regarding a winter maintenance plan for Cooper, January 18, 2006



JOHN ELIAS BALDACCIO
GOVERNOR

STATE OF MAINE
DEPARTMENT OF TRANSPORTATION
16 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0016

DAVID A. COLE
COMMISSIONER

January 18, 2006

Honorable Elizabeth M. Schneider, Senate Chair
Honorable Christopher R. Barstow, House Chair
Joint Standing Committee on State and Local Government
State House Station 15
Augusta, Maine 04333

Re: LD 1626 An Act to Authorize the Deorganization of the town of Cooper

Dear Senator Schneider, Representative Barstow and Members of the Committee:

LD 1626, "An Act to Authorize the Deorganization of the town of Cooper" passed and was signed by the Governor in the 122nd 1st Regular Session and became Resolve, Chapter 78, and "Regarding the Town of Cooper." This resolve states "that the MaineDOT, the town of Cooper and the surrounding communities are directed to develop a plan for winter maintenance for Route 191, including the section of Route 191 that is currently the responsibility of the Town of Cooper. The plan must include fiscal and planning support. And that the Maine Department of Transportation (MaineDOT)... and the town of Cooper shall report their plans and recommendations to the Joint Standing Committee on State & Local Gov't no later than January 15, 2006..."

Pursuant to this Resolve, MaineDOT convened a meeting on November 14, 2005 at the Meddybemps Community Building to discuss winter maintenance of Route 191 from Route 1 in East Machias north to Route 1 in Baring which is a total distance of 34.38 miles. Municipal and county representatives were invited to attend the meeting from Cooper, East Machias, Meddybemps, Baring Plt., Washington County, as well as State legislators, Rep. Howard McFadden, Sen. Kevin Raye, and Rep. Anne Perry. Peter Coughlan, MaineDOT Director of Community Services, convened the meeting and representatives from MaineDOT Region 4 were also present. In all, twenty people attended the 2 1/4 hour meeting.

Under current statutes which have been in place for decades, the maintenance of any public highway is defined by its classification, which is applied consistently among 491 municipalities, 10 counties, and the MaineDOT. Route 191 is defined as a State Aid highway which requires the town or county to provide winter maintenance. Pursuant to 23 MRSA 1003, MaineDOT has no authority to provide any winter maintenance duties on all or parts of this highway. This road is part of the 3,700+ mile system of rural State Aid roads spread over 420+ towns which are maintained by towns in the winter and MaineDOT in the summer.

Given these laws, the MaineDOT is extremely limited in what it can legally provide for assistance along this road. Therefore, it is difficult to "develop a plan for winter maintenance." Below is an overview of several proposals that were addressed at the meeting with comments from MaineDOT:

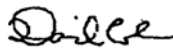
1. *MaineDOT takes over winter maintenance of the route.*
Comment: Pursuant to 23 MRSA 1003, MaineDOT can only provide winter maintenance on rural arterial State Highways. This is a State Aid highway so MaineDOT does not have the authority or the available resources to give the towns along Route 191 special treatment over more than 420 towns in the state. This highway does not function in an arterial manner and does not meet the established criteria to be reclassified as a State Highway. Based on its current configuration and use, this roadway is properly classified as a State-Aid highway.
2. *MaineDOT pays each town more Urban/Rural Initiative Program (URIP) dollars to do the winter maintenance.*
Comment: URIP funds are intended for capital improvements funds and not for highway maintenance. In the URIP formula, every rural town receives \$1,200 per mile for every mile of minor collector State-Aid Highway or town way. However, there are still just over 90 "hold harmless" towns in Maine which means that each of these towns are actually receiving a higher "rate per mile" than all the other towns. This was a provision that was granted when the URIP laws were changed in 1999. In this case specifically, Meddybemps is receiving \$6,885/mile, Cooper is receiving \$1,483/mile, and E. Machias is receiving \$1,487/mile.
3. *The MaineDOT offers training on snow and ice control principles and identify ways to reduce costs.*
Comment: This training was offered to the towns and their contractors but they have chosen not to participate.
4. *The MaineDOT can assist and promote savings in material purchases.*
Comment: Towns were made aware of the fact that many state contracts presently allow municipalities to purchase materials at the state's cost, and, if the municipality makes us aware of a desire to buy products, such as salt or plow blades, we can include them in our bidding process to get the best price possible.
5. *The MaineDOT can offer contract assistance.*
Comment: The 4 towns and 3 townships (under the County) along this route each have their own winter snow and ice control contracts. By working together to develop a joint contract for the corridor, there may be some savings through direct competition and contract administration. In the spirit of regionalization, it would be reasonable to suggest that each, or many, of the towns along this route at least talk about viable options and seriously consider a change if it was going to actually provide a savings. Options might include 1 to 3 contracts for this 34 mile section and several operational improvements which could save time and money. However, this would necessitate a willingness to consider a different approach to winter maintenance.

Since the meeting, the MaineDOT has not heard from Cooper or surrounding towns in regard to training, purchasing or contract assistance.

Deorganization - Town of Cooper
January 18, 2006
Page 3

SUMMARY: The MaineDOT is limited by statute as to what it can offer in assistance to the Town of Cooper and surrounding towns regarding Route 191. It appears that the Resolve language was written without knowing these statutory constraints. The MaineDOT held this meeting to discuss any and all ideas and actively identified areas where it could legally and equitably provide assistance. At their request, we will continue to work with the town of Cooper and surrounding towns to assist them in areas where it is in our legal authority to do so.

Sincerely,



David A. Cole
Commissioner

DAC/TS:cmh

cc: Standing Committee on Transportation