



# M E M O R A N D U M

TOWN OF CUMBERLAND, MAINE  
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**To:** Town Council  
**From:** William R. Shane, Town Manager  
**Date:** July 30, 2018  
**Re:** **Town Garage**

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There are now several options that each have pluses and minuses and will need your direction to move forward. The fundamental principle, and almost a line in the sand, will be the impact to the tax rate. The plan, which I will present, has minimal impact to annual tax rate. Regardless of the direction you choose to move, **it must be a phased project.** The first year (FY 2020) will be around \$2M in new debt service. The second phase will be in FY 2024 and will be estimated at \$6M in new debt service. The cost for the project in FY 2019 dollars is estimated to be \$7.2M to \$8.2M for new construction and around \$5M to \$6M for an alternative site (if one can be found). The alternative site most likely will require modifications and an upgrade in 10-15 years. The upgrade costs are speculative at best, but the life expectancy of an alternative site will optimistically be 85% of a new site. When weighing alternatives, I will add this factor (85%) so an apples to apples comparison can be made. Some would say an existing site is probably closer to a 25% discount, but for purposes of this presentation 15% will be used.

### **Assumptions:**

1. **The Town Garage will be moved.** Development of the available 5.5 acres plus the 4-acre civic lot used as open space, and possibly in the density calculations, the site should be able to generate an additional 24 to 40 new residential sites. At today's average home value of \$408,000, that equates to \$9.8 M to \$16.3M in new real estate values or \$196,000 to \$326,000 in property tax revenues. For purposes of this presentation, I will use the average of the two revenues or \$261,000 per year with no annual increase.  
32 homes - \$261,000 Annual Tax Revenues
2. **The move will occur in two phases.** The first phase will move the compost pad and brush pile, build a new sand shed and build a new salt shed. The majority of site work will be completed in this phase as well. Estimated cost for construction and permitting is \$2.25M. The first phase will occur in FY 2020 and the second phase will be 2024.
3. **The Council will take a vote** and decide to move forward with the plan or allow a referendum. I believe there will be a referendum regardless, but your support of the Village Green masterplan and avoidance of losing \$261,000 annually is honestly the best way politically to move this item forward. It demonstrates fiscal responsibility and commitment to the neighborhood. Our Charter allows for citizens to send to referendum any expenditure over \$100,000. Why not allow the charter process to move forward?
4. **The Project will have a minimal tax impact on all residents.**

Projection w DSR	GF Budget Impact	Town Value \$1.32 B	Amount of Annual Growth Needed to Offset
\$1,095,000	\$125,000	\$0.09	\$6.25M
\$1,220,000	\$125,000	\$0.09	\$6.25M
\$1,320,000	\$100,000	\$0.08	\$5.00M
\$1,420,000	\$100,000	\$0.08	\$6.00M
\$1,495,000	\$75,000	\$0.06	\$3.50M
\$1,570,000	\$75,000	\$0.06	\$3.50M
\$1,645,000	\$75,000	\$0.06	\$3.50M
\$1,645,000	\$0		
\$1,562,222			
\$1,516,932		\$ 0.51	

As projected above, the project will have a \$00.51 impact over a 7 year period which will most likely be absorbed in the growth of the tax base – presently growing at \$20M per year.

## **The Plans:**

### **1. Move the entire Operation to the Chase Pit**

- + 10 Acres of Land
- + Negotiate a swap for Town pit plus an annual allocation of materials
- + Cheapest alternative
- + Least impact to neighbors
- + Industrial Zone
- + Minimal Revenue Loss - LT \$4,000 per year
- + 50 year design life
  
- On the Aquifer
- Further Away – 12.7 minutes to Drowne Road Site
- Gravel Pit loss – will need additional explanation. We currently process all materials at \$7 per cubic yard. It's not free, even today
- No water or sewer or NG
- Loss of Industrial/Commercial Property

### **2. Move entire Operation to Skillins Road – Riding Stable**

- + Closer to center- don't cross Rt 100
- + Like the idea of two uses and a future Riding Arena forever
- + Lots of room – future growth limited due to wetlands
- + No Revenue Loss- presently \$0 Taxable value as a Non-profit
- + 50 year design life
  
- No Sewer
- In a Residential Zone
- Potential major push back from neighbors
- Further away than current location - 9.2 minutes from Drowne Road

### **3. Alternative Site Plus one of the Above**

- + Cheaper initial cost
- + Almost Move-in Ready
- + Minimal revenue loss – LT \$20,000 per year
  
- Depending where, might create very bad optics
- Shorter life Cycle – 15% assumed ( 43 years vs 50 years)
- Most likely Rt 100 location- RT 100 traffic
- Loss of a commercial property
- No Sewer

### The Costs:

Alternatives	Phase 1	Phase 2	Annual Loss of Taxes	Total Project	10 Year Tax Loss	Factored with Rev Loss	Factored for 50 YR Life Alt = 15% +
Chase	\$2.63 M	\$4.5M	-\$4k + 4K = 0 Chase - Town	\$7.1M	Net \$0	\$7.1M	\$7.1M
ALT Site + Chase	\$1.9M	\$2.9M	-\$17k – \$4K= \$21K	\$4.8 M	\$210k	\$5M	\$5.75M
Stay In Place w/ Chase	\$1.2M	\$1.5M	\$265K	\$3.7M	\$2.65M	\$6.4M	\$6.4M
Riding Arena	\$3.6M	\$4.5M	\$0	\$8.1M	\$0	\$8.1M	\$8.1M
Alt Site + Riding	\$3.6M	\$2.2M	-\$17K	\$5.8M	\$170k	\$6M	\$6.9 M
Stay In Place w/ Riding Arena	\$2.4M	\$1.8M	\$261k	\$4.2M	\$2.6M	\$6.8M	\$6.8M

### The Choices

Since this must be a two phased project, Phase 1 is easier than Phase 2. Choosing the Chase Pit for now makes the most sense and exploring alternative options for the Town garage can still occur. You can even appoint a committee if you thought it was necessary since we have 5 years.

I'd recommend developing a plan with Chase to swap the land and allow for 1,000 cubic yards of sand, 1,000 cubic yards for 3" gravel and 500 cubic yards of crushed gravel for the next 20 years as a starting point. I'd also request rebuilding of the road to a maximum 8% grade into the pit. This will require extending the road and repaving.

I do not support the alternative site location, but that debate does not need to occur for a few years. The primary and really only concern for me is keeping the entire operation in one location. To do so, we need 8-10 acres and again this is a 50 year plan not a plan for 2019.

Plan on a School contribution in a form of a lease to purchase which will be used to offset bond cost. \$5M to \$7.1M annual bonding will be \$400,000 to \$568,000 = School \$120,000 to \$170,400.