

June 11, 2015

15-15-1 Public Hearing

MINUTES  
Caribou Secession Public Hearing  
June 11, 2015

6:00 p.m. – Call to order

Present: Mayor Gary Aiken, Deputy Mayor David Martin, Philip McDonough II, Joan L. Theriault, Shane McDougall, Tiffany J. Stewart and Jody R. Smith.

City Manager Austin Bless.

Caribou Secession Committee (CSC) Members: Committee Chair and Spokesman Paul Camping, Maynard St. Peter, Freeman Cote, Milo Haney, and Doug Morrell.

246 registered voters were checked off and with an overall attendance of approximately 340 individuals.

City Clerk Jayne R. Farrin read the Secession Hearing notice.

Pursuant to MRSA 30-A §2171-C there will be a public hearing to allow municipal residents, officers and residents in the secession territory to discuss secession. The hearing will take place Thursday, June 11<sup>th</sup> starting at 6 pm in the Caribou Performing Arts Center at the Caribou High School, 308 Sweden Street in Caribou.

The purpose of the hearing is to receive a formal presentation by those initiating the petition, including a description of the problems that have led to the secession effort and a written report describing the impact of the proposed secession on property taxes in the City and the secession territory.

The public is encouraged to attend this hearing to discuss the problems, potential solutions other than secession and the potential impact of secession on the secession territory and the municipality.

The City Clerk opened up the floor for nominations for Moderator.

It was moved by Mayor Aiken, seconded by P. Camping to nominate David Dunleavy. No other nominations were made. Twenty-eight votes were cast with 14 cast for David Dunleavy and 14 were left blank. City Clerk Jayne R. Farrin issued the oath of office to Moderator Dunleavy.

Moderator Dunleavy explained that the CSC will make a formal presentation with CSC Spokesman Paul Camping being the presenter. There will be opportunity for questions and comments. All questions are to be directed through the Moderator. When recognized by the Moderator, individuals are to state their name and address. The Secession Hearing is being recorded. The Report of the Caribou Secession Committee Territory Representatives is available at the City of Caribou's website.

Moderator Dunleavy turned the meeting over to CSC Spokesman Paul Camping. The CSC presented to the Mayor the official copy of the CSC report (Exhibit A). Mr. Camping introduced the other four committee members, Freeman Cote, Douglas Morrell, Milo Haney, and Maynard St. Peter. Mr. Camping described rural Caribou "as a community on life support . . . and struggling to survive under the current levels of taxation". Mr. Camping stated that "roughly 30% of City's population live in the secession territory, which pays nearly 40% of all the property taxes collected, and receives less than 50% of the

services that are provided to the urban population". They are here this evening with open minds and a willingness to seek alternative solutions to their problems.

Eight problems have been identified by the committee which have led to the secession effort and their possible solutions.

Problems and CSC's potential solution:

1. The "City Council-City Manager" form of government is inappropriate for the citizens of rural Caribou.

Potential Solution: The City should abandon its status as a city, re-incorporate as a town and revert back to the "Representative Town Meeting" form of government in use prior to becoming a city. The current Charter must be revised under Article 9.03, to empower taxpayers, not subjugate them. We envision the creation of wards or voting districts from which Selectmen or Selectwomen would be elected and taxpayers would have the right to vote on every item of spending and approve all budgets.

Comments from Mayor Aiken.

- o A citizen asked a question about the RSU #39 Budget plus number of students in the system.
2. The City Charter contains provisions that are unlawful, unconstitutional and violate the civil rights of every citizen in Caribou.

The Secession Committee's Report comments on Article VIII Ordinance Initiative and Referendum and Article II City Council Sec. 2.01(b) Eligibility.

Potential Solution: Create a new Charter Commission with at least three representatives from the Caribou Secession Committee.

- o Cuppy Johndro – 101 Noyes Road – commented on the CSC's recommendation that three members of the CSC be appointed to a new Charter Commission and stated her support for Article II that prohibits a Councilor from serving if their taxes aren't paid.
- o Larry Shea – Grimes Road - spoke in opposition to the high taxes in Caribou.
- o John Kavin – North Main Street – asked the Mayor questions about the right to petition.
- o Jim McDonald – West Presque Isle Road – commented on his taxes and how they have nearly doubled in the past four years.

Mayor Aiken noted that for the past several years the City of Caribou has received less State Revenue Sharing.

- o Vinal Wilcox – 12 Willow Drive – asked what the mil rate would be for the City of Caribou if the CSC's efforts to secede is successful.

Mr. Camping stated that the taxes in Caribou will remain the same or go down. Taxes in Lyndon will go down 28%.

- o Larry Shea – commented on property tax assessments and that properties are overvalued by 20% to 30%. Mr. Shea wondered why local people weren't hired to do the revaluation.
- o John Gilbert – 1060 Albair Road - stated that the person reassessing his house never left his yard and never entered his house.
- o A citizen stated that the City needs to purchase work trucks not luxury trucks.

- John Kavin – North Main Street - wondered why an out of town firm was used for the revaluation.

Mayor Aiken stated the revaluation had been placed out to bid.

- John Kavin – North Main Street - spoke about how he appealed his personal property valuation three times.
- Eric Gustin – 526 Main Street - asked how much the revaluation cost and could the City have only allowed local firms to bid.

Mayor Aiken stated that it was around \$300,000. The Mayor commented that the City does try to use local businesses and contractors.

- Wilfred Martin – stated that the City is heavily weighted with high priced employees. There isn't anything that cannot be privatized. Mr. Martin stated that we should just stop and let them secede. He called this akin to a "new revolution".
- Gail Hagelstein – 33 Coolidge Avenue - commented that there are eight bullet points and currently we are on bullet point two.
- Larry Cote – Presque Isle Road – wants individuals who want to speak to line up in the aisle so they are ready to speak.

3. The City Council has refused to implement zero-based budgeting.

Potential Solution: Make the use of Zero Based Budgeting mandatory by including it in the revised Charter at Article V Financial Procedures.

Mayor Aiken asked for an explanation of Zero Based Budgeting

Mr. Camping stated that Zero Based Budgeting would force the City to justify each line item.

Doug Morrell commented Zero Based Budgeting has you slowdown enough to look at every line looking for overages and waste plus you might find programs that are not funded enough.

Mayor Aiken spoke about Zero Based Budgeting.

Maynard St. Peter stated that the City always overestimates expenses and underestimates revenues. By using Zero Based Budgeting the City will look at what was spent last year rather than look at what was appropriated.

Mayor Aiken agreed with Mr. St. Peter that the City should look at what was spent rather than what was appropriated when preparing the budget.

- A citizen spoke about having lived in a community that held town meetings.

4. The city workforce is too large and too costly.

Potential Solution: Privatize as many jobs as possible using a cost-benefit analysis. Adopt a Charter provision that limits the total compensation of all employees and cannot be increased without voter approval. City employee compensation must be commensurate with wages and salaries paid by the private sector in Aroostook County.

Mayor Aiken commented that Caribou is 80 square miles and is much larger than the communities given as examples as having a lower ratio of number of fulltime employees to citizens.

Doug Morrell directed a comment to the Mayor about the private sector and the bidding process.

- Cuppy Johndro – 101 Noyes Road - spoke in support of lowering the amount of sick time earned and spoke in support of the City's vacation benefit.

5. Ambulance Department profits unproved.

Potential Solution: Transfer all assets, responsibilities and employees of the Ambulance and Billing Departments to the Caribou Hospital District or sell the enterprise to the private sector which removes the tax liability from the taxpayers of Caribou. Simultaneously, implement a plan which transitions the Caribou Fire Department into an all-volunteer force.

Mayor Aiken stated that an ambulance study has been completed and it was determined that the Ambulance Department actually saves the City 4.5 mils.

6. Excessively high taxation negatively impacts the rural real estate market – depreciating home values eroding equity.

Mr. Camping used as an example the home owned by Mark and Carolyn Reschke, which is located at 910 Grimes Road. The property has been on the market for over a year and has not sold.

Potential Solution: The Committee asserts that all Real Estate in Caribou, especially rural Caribou, is over-valued by at least 25%. Effective immediately the Caribou City Council must begin a review of all properties to discover and correct those assessing errors and periodically report these findings to the community. A revised City Charter shall compel the Council or Board of Assessors to use all sales data of taxable real estate annually from July 1<sup>st</sup> to June 30<sup>th</sup> to determine whether the average assessed valuation of property has increased or decreased for the relevant period and adjust assessed valuation accordingly. The City must make a concerted effort to reduce the present mil rate to provide tax relief to the citizens of Caribou. Mayor Aiken agreed that homes listed for \$269,000 aren't selling in Caribou or surrounding communities.

- Laurie Chapman – River Road – asked when the next appraisal would be done.
- Larry Shea – Grimes Road – commented on the number of foreclosed properties held by the City of Detroit. A local realtor has told Mr. Shea that the average time to sell a property in Caribou is 297 days. Mr. Shea referred to the people in the Territory as being “wage slaves” to the City of Caribou. Mr. Shea stated that the “status quo” has to end tonight. He stated that a reassessment of Caribou needs to be completed.
- Jessica Feeley – 933 Albair Road – stated that she has lived in other states and smaller communities. In 1997 in New Hampshire, their taxes for a house and 2.1 acres was \$3,700. Now in Caribou, they have a house and 55 acres and are paying half of that amount. Ms. Feeley called Caribou's taxes “a bargain”.

CSC Member Maynard St. Peter stated that Caribou chooses to do revaluations and isn't forced to by the State. He commented that the City has Caribou valued at \$570,000,000 and that the State of Maine says that the City is valued at \$375,000,000. The City continues to escalate valuations.

- Troy Haney – 236 Van Buren Road – During the last 20 years, Mr. Haney has built over 100 homes in the area. In 1996, he built his first home for \$46.00 per square foot and now the cost is \$130.00 per square foot. He commented that it is inappropriate to think that housing valuations should go down over time because costs are escalating. Mr. Haney noted that the talk of secession is causing a negative vibe in the community and that he didn't see any of the CSC members on last year's ballot. He encouraged members of the CSC to make a difference.

- William Tasker – Superior Drive – currently lives in the urban area but his dream is to sell his current home and to purchase a little piece of land in the rural area. He wants to grow a few vegetables and to live out his remaining years in the rural area of Caribou not Lyndon.

7. Overfunding of the Capital Expense Budget.

The CSC Report states that Capital Expense Accounts are grossly overfunded. Mr. Camping stated that the Fire Equipment Reserve and Ambulance Department have been overfunded. Because the Ambulance Department is operated as an enterprise account, the CSC doesn't approve funding Ambulance Department Reserves.

Potential Solution: Institute a schedule of planned purchases of required equipment and supplies. The City should also consider financing major purchases and using the 3.4 million dollars returned by the state pension system to fund these reserve accounts.

When asked by the Mayor, Manager Bleess stated that currently the City has approximately \$400,000 available as operating cash. The current Council has voted to invest most of the 3.4 million in CDs and to use the interest earned to pay the current retirement costs. The Mayor supports putting money away each year for future Capital Expenses.

- Troy LaPlante – Sweden Street – stated that he is happy to pay \$1.5 mil towards the support of the Ambulance Service that is available 24 hours day.

8. The City has a strong bias against rural territory residents.

Mr. Camping stated that the bias is found in two areas – 1) unequal delivery of municipal services and 2) the overly restrictive land use regulation proposed and published in the City's 2014 Comprehensive Plan.

Potential Solution: Calculate a base MIL rate that is fair for all taxpayers. This MIL rate would pay for Education and County Appropriations plus the basic services; such as, Police, Fire and Ambulance Services. Then charge the urban residents a service fee for items; such as, sidewalks, streetlights, fire hydrants, public water supply and sewers. Rewrite the Comprehensive Plan to remove all the discriminatory and biased language that relegated rural citizens to second class citizens.

Mayor Aiken stated that public sessions were held where all citizens could get involved in preparing the Comprehensive Plan. This is the first time he has ever heard of rural bias.

Milo Haney spoke about his personal property taxes and how his request for an extension was denied. Additionally he stated that the Council will not work with them and this has got to quit.

- Brian Violette – River Road – He hasn't lived long in Caribou but it has been long enough to see his taxes go from \$1,600 to \$1,900. Mr. Violette is a former Van Buren Councilor and while he served the Van Buren's Ambulance Department made a profit four out of five years.
- Larry Shea – Grimes Road - Criticized the Mayor for his comments.
- Laurie Chapman – River Road - Stated that having a Fire and Ambulance Department is a big plus for the town. She doesn't see how a volunteer Fire Department would succeed. Ms. Chapman stated that she doesn't support secession because of the number of unknowns.

- Gail Hagelstein – 33 Coolidge Avenue – Ms. Hagelstein commented on the meaning of the word “community” and that we need to think in terms of community rather than urban and rural.
- Diane Gove – River Road – commented that rural residents are getting a better deal for their taxes when the distance to provide services in the rural area is considered. Fire trucks, ambulances, and school buses all have to travel further to serve rural residents. Ms. Gove stated that she moved into the country of her own free will.
- Eric Gustin - 526 Main Street – asked if the two groups, CSC and Council could come together and find some common ground.  
Mr. Camping stated that after this public hearing there will be meetings with the Council to see if there is any middle ground. He noted that they have one year to ask one of the local Legislators to sponsor a bill regarding secession. He stated that there is ample time to find middle ground. The members of the CSC have come to this hearing with an open mind and a willingness to do that however, if middle ground cannot be found, they are willing to take it to the end and secede from Caribou.  
Mayor Aiken stated that the Council is more than willing to sit down and discuss this with the CSC.
- James Cyr – 9 Smith Street – stated that the Point #8 is the one that stands out to him. He commented that he had participated in some of the Comprehensive Plan work and he had missed the anti-rural language. He apologized for the language used and called it “inappropriate.” He thanked the CSC for the work that they have done. He hopes the olive branch that is being extended will be accepted and this will not proceed much further.
- Claudette Draper – 336 Belanger Road – little over 10 years ago, they moved their family to Caribou. They are very happy here and they don’t want anyone to tell them that they have to live in a different town.

Tax Impact Statement:

Mr. Camping stated that the law requires that they make a determination on the effect of secession on property taxes within the secession territory and outside the secession territory. This is called a Tax Impact Statement. According to the CSC, taxes in the territory will reduce by 28% to a mil rate of \$15.90 from the City’s current mil rate of \$22.30. Mr. Camping stated that there will be different services but no reduction in services. The combined saving for taxpayers in the territory is \$921,600 based on current Caribou mil rate and the project Lyndon mil rate based on a total value \$144,000,000 for the real and personal properties in the territory.

Mr. Camping stated that Caribou stands to lose about \$3.8 million in revenue. There would be savings for the City including Education with the RSU for the 420 Territory students for a savings of \$1.342 million, reduce public works expense by \$938,000, maintenance for 5 rural cemeteries by \$2,500, County Tax decreased by \$161,000, reduction of public works capital improvement reserve by \$36,000. Totally a budget offset for Caribou of \$2.5 million. Apparent saving shortfall is \$1.2 million.

Mr. Camping stated that their analysis included three very real, yet esoteric, money saving contingencies. They are per capital spending ratio, employee to citizen ratio, and economies of scale. Using the 2014 Expense Budget, excluding education, the CSC calculates the City's per capita spending ratio to be \$1,062.27 per citizen. Using this figure and the immediate budget offsets, the combined savings to the City of Caribou becomes \$3.9 million which exceed their lost revenue by \$30,700.

Mr. Camping stated that City's current full and part-time employees represent an employee to citizen ratio of 1 employee to every 113 citizens. Using this ratio, in a post-secession population, the City's workforce could be reduced by 32% or 23 employees. The smaller work force would save the City \$1.6 million in labor costs alone.

Mr. Camping stated that there are significant economies of scale that will exist in a post-secession Caribou resulting from the much small geographic size.

Mr. Camping stated that with proper planning the transition will be both seamless and painless. Mr. Camping stated that property taxes in Caribou should not rise because of the secession unless the City responds to the loss of revenue from secession the same way they have respond to the loss of revenue from the State Revenue Sharing program. The CSC has determined that secession from Caribou will be revenue and expense neutral and will not have ill effects on the property taxes. The CSC believes secession will be a win-win opportunity for the Territory and Caribou.

The CSC claims 38.8% of Caribou's net worth of \$30.8 million. This division of assets could increase the mil rate.

Doug Morrell spoke to Mayor Aiken without a microphone.

- Lou Lorenzo – Watson Memorial Drive – stated that valuations in Caribou are outrageous. He asked if the proposed 15.9 mil rate for the territory is based on the same valuations.

Maynard St. Peter spoke to Mr. Lorenzo without a microphone.

Mr. Camping stated that the CSC doesn't know who will be running the Territory but they will be civic minded individuals. He could see the Territory going 10 or 15 years before there is a need for a revaluation.

- Lou Lorenzo – Watson Memorial Drive – spoke about how well the City plows Watson Memorial Drive and questioned whether a private contractor has the equipment to do the job like the City. He stated that Public Works does a fabulous job.
- Wes Rankin – 890 Van Buren Road – Mr. Rankin is a 100% service connected disabled American veteran. He is from "down country" and moved to Caribou in 1987. He stated that people like the town but don't like the taxes. He lives in the country and he doesn't want to call it anything other than Caribou. He stated that the two groups need to sit down and listen to what each other have to say and try to figure something out.
- Troy Haney – 236 Van Buren Road – asked if the CSC used "real numbers" for the budget.

Maynard St. Peter stated that they had contacted area towns (Fort Kent, Madawaska, Van Buren and Fort Fairfield) and it cost them approximately \$5,000 a mile to plow roads. The

CSC is using the estimate of \$10,000 to plow and maintain the roads. The CSC has been approached by people with the equipment who want to make a bid on this. The CSC is looking at direct methods of operating a volunteer fire department. According to Mr. St. Peter, a volunteer department is what Caribou started with, lived with, and is what made Caribou great. The CSC has met with the County to see if a volunteer department is a viable thing and they are budgeting \$40,000 a year for fire protection. There have been meetings with Crown Ambulance and they can provide coverage for \$30,000. Mr. St. Peter stated that the County feels that the CSC can bring an ISO rating of 7 of 8. The plan is to work with the County plus get the Connor Fire contract. The CSC would be looking to apply for and receive grant money to build a fire station and then the territory will only have to heat and maintain the building.

- Diane Gove – River Road – asked where municipal employees would be housed. Doug Morrell – stated the plan includes one small municipal building, one small heated building to house the fire trucks, and one unheated facility for sand/salt.

Mr. St. Peter stated that there has been discussion to rent a building to be used for the municipal building. Mr. St. Peter commented that the lady failed to take in consideration the \$10 million in assets that will be acquired by the Territory. He stated that some of this asset will be in cash and will be in other ways then the new town can decide how to spend those assets. Mr. St. Peter would strongly advise the town to build a Town Office.

- Mike Quinlan – 806 Sweden Street – asked about education costs.
- Eric Gustin – 526 Main Street - asked how the SCS will fund the fire department until the assets received from Caribou can be sold.

Mr. St. Peter stated that there will be a transition period.

Mayor Aiken noted that it will be up to the voters of Lyndon as to what services they have.

Mr. St. Peter stated police coverage will be through the Sheriff's Department and Maine State Police.

- Adam Richardson – 694 River Road – “we have to acknowledge in this community that taxes are out of control and that we are one of the highest taxed municipalities in this state. There are municipalities in this state that have a tax rate as low as .6 of a mil rate, and their roads are still plowed, their kids go to school, they still have fire and ambulance, they still have services. We are killing this town with taxes.” There are a lot of poor people in this community. People are not fixing up their homes because of their concern that their taxes will increase.

Moderator Dunleavy closed the public hearing.

Jayne R. Farrin, Secretary

DVD recording of the Caribou Secession Hearing is attached to the written minutes.