

City of Portland, Maine
Finance Committee Meeting
Thursday, October 4, 2018
5:30 p.m., Room 209

1. Finance Committee Meeting Agenda

Documents:

[FC AGENDA 10-04-18.PDF](#)

2. 9-12-2018 Minutes

Documents:

[9-12-2018 FC MINUTES - DRAFT.PDF](#)

3. Memo And Backup From Mayor Strimling - Disparity Study.pdf

Documents:

[MEMO AND BACKUP FROM MAYOR STRIMLING - DISPARITY
STUDY.PDF.PDF](#)

3.I. Non-Discrimination Language Within City Contracts And Purchasing Policy

Documents:

[NON-DISCRIMINATION LANGUAGE WITHIN CITY CONTRACTS AND
PURCHASING POLICY.PDF](#)

4. Memo From Mayor Strimling - Proposed Changes To City Contracting

Documents:

[MEMO FROM MAYOR STRIMLING - PROPOSED CHANGES TO CITY
CONTRACTING.PDF](#)

4.I. Fiscal Impact - Proposed Changes To City Contracting

Documents:

[FISCAL IMPACT - PROPOSED CHANGES TO CITY CONTRACTING.PDF](#)

4.II. Vendors List Over 250K

Documents:

[VENDORS LIST OVER 250K.PDF](#)

5. Memo And Backup From Mayor Strimling - 7M HTF Bond

Documents:

[MEMO AND BACKUP FROM MAYOR STRIMLING ON HOUSING BOND.PDF](#)

5.I. Cost Analysis - 7M Housing Trust Bonds

Documents:

[COST ANALYSIS - 7M HOUSING TRUST BOND.PDF](#)

5.I.i. 7M Of Housing Trust Funds - Bond Authorization Order

Documents:

[7M OF HOUSING TRUST FUNDS - BOND AUTHORIZATION ORDER.PDF](#)

5.I.ii. 7M Of Housing Trust Funds - Bond Appropriation Order

Documents:

[7M OF HOUSING TRUST FUNDS - BOND APPROPRIATION ORDER.PDF](#)

**City of Portland, Maine
Finance Committee Meeting
Thursday, October 4, 2018
5:30 p.m., Room 209**

AGENDA

1. Introductions

2. Approval of Minutes from 9/12/18 Meeting

3. Proposed Portland Employment Disparity Study (Public Hearing and Vote)

On 9/12/18 the Committee received a proposal from Mayor Strimling on conducting a disparity study on employment in Portland. Additional materials from staff have been added to existing backup materials from the previous meeting. A public hearing and vote on this item is scheduled.

4. Proposed Amendments to City Contracting (Continued from 9/12)

On 9/12/18 the Committee received a proposal from Mayor Strimling to make significant changes to City Contracting rules. At the current meeting Mayor Strimling will provide additional details on his proposal and City staff will discuss the existing procurement policy and additional information on the proposed changes. This item is a discussion item only – no action will be taken at the current meeting.

5. \$7M Bond to Fund the Housing Trust – Proposal from Mayor Strimling

Mayor Strimling will present his plan for a \$7M bond to fund the Housing Trust which is used to assist developers to meet the goal of providing increased availability in all segments of the housing market. Staff has provided cost analysis of the proposal and backup materials from Bond Counsel Jim Saffian are also included. This item is a discussion item only – no action will be taken at the current meeting.

6. Future Finance Committee Meeting Dates

a. Wednesday, October 10th, 5:30PM

i. Public Hearing on Proposed Amendments to City Contracting

ii. Other items TBD

b. Thursday, October 25th, 5:30PM – TO BE RESCHEDULED

c. November dates TBD

7. Adjournment

**City of Portland, Maine
Joint Finance/Economic Development Committee Meeting
Wednesday, September 12, 2018
5:30 p.m., City Council Chambers**

MINUTES

**Finance Committee MEMBERS PRESENT:
Chair Mavodones, Committee Members Costa & Strimling,**

**Economic Development Committee MEMBERS PRESENT:
Chair Costa, Committee Members Mavodones & Thibodeau**

Members of City Staff and Public

5:35 PM - Meeting called to order

5:35 PM - Introductions

5:37 PM - Approval of Previous Meeting Minutes

-Motion made by Costa, seconded by Strimling (Passes 3-0) Vote Time: 5:38 p.m.

5:38 PM - Portland Employment Disparity Study Proposal from Mayor Strimling

The Committee received a proposal from Mayor Strimling on conducting a disparity study on employment in Portland. This item was a discussion item only – no action was taken at the current meeting.

6:54PM - Proposed Amendments to City Contracting from Mayor Strimling

The Committee received a proposal from Mayor Strimling on changes to City Contracting rules. A Powerpoint Presentation from the law firm Drummond Woodsum was presented. This item was a discussion item only – no action was taken at the current meeting.

8:00PM - Discussion Future Finance Committee Meeting Dates

- a. **Thursday, September 27th – CANCELLED – Public is invited to attend the Grand [Opening of Rowe Elementary School from 6:30PM – 7:30PM](#)**
- b. **Thursday, October 4th – 5:30PM in Room 209**
- c. **Wednesday, October 10th at 5:30PM in Council Chambers**
- d. **Remaining October / November Meetings TBD**

8:04 PM - Adjournment



Office of the Mayor, Ethan K. Strimling

MEMORANDUM

To: Economic Development Committee/Finance Committee

From: Ethan K. Strimling, Mayor

Date: Sept 6, 2018

Subject: Disparity Study

According to recent articles in the Portland Press Herald and state/local data, women and communities of color continue to confront workplace hardship and disparities in Maine, Cumberland County and Portland.

For women, from the #metoo movement confronting [increased sexual harassment in Maine workplaces](#) to [pay disparities in Maine workplaces](#), we know that the playing field is not yet level with their male colleagues (see attached).

For new immigrants in Maine, a recent article in the Press Herald describes how many face a cold shoulder when they are looking for employment. One, an attorney who passed the Maine State Bar on her first try, could not find a law firm to hire her. Another, an electrical engineer, described firms telling him he didn't have enough "US experience." A third said that there was a serious disconnect between the words of our economic leaders and their hiring practices. [Press Herald: Immigrants describe cold reception from Maine employers](#) (attached).

Additionally, we know the poverty and unemployment rates for immigrants in Cumberland County are well above those of native born Mainers. In some areas, the difference nearly three times as stark (see attached).

In order to confront some of these disparities, in the fall of 2016, the City Council referred to the Economic Development Committee [EDC] a series of proposed changes to our Tax Increment Financing Policy [TIF]. The changes were threefold. 1) Require companies receiving a Credit Enhancement Agreement [CEA] to pay prevailing wages as measured by the state Department of Labor. 2) Require that a company receiving a CEA participate in a registered apprenticeship program. 3) Require that 25 percent of the hours worked on the CEA-funded project be filled with city residents, veterans, minorities and/or women.

In September of 2017, the EDC voted unanimously to include the prevailing wage provision in the TIF/CEA policy (subsequently passed unanimously by the Council) and not to include the Apprenticeship requirements (failed 1-2 at the Committee level and 3-5 at the full Council).

In regard to the hiring provision, it was determined that a formal Disparity Study was needed, in order to protect against a constitutional challenge if the City were to implement hiring goals to

offset the above mentioned employment disparities. The study would move beyond the anecdotal and determine statistically if and where disparities in hiring existed in Portland. It would also provide guidance for future policy discussions on how to confront hiring discrimination. The committee voted unanimously to direct the City Manager to conduct an analysis of the cost associated with undertaking such a study and report the results back by January, 2018.

In March/April, 2018, the Manager reported that the price for disparity studies in other communities around the country was generally between \$300K to over a million dollars and that no firms could conduct a study for the City of Portland.

Subsequently, upon reaching out to President Glenn Cummings at the University of Southern Maine, leadership at the Muskie School determined that they could perform a study for well below the generic costs that were initially presented to the Committee. They propose a single study of City contractors and the general population of businesses in Portland. According to the proposal from the Muskie School, the cost for this study is estimated to be approximately \$50,000 (proposal summary attached).

My recommendation is engage with our partners at USM/Muskie School and proceed with the study to determine how significant the hiring disparities are in Portland. While the preliminary estimate of the cost for the study is \$50K, I propose that the City allocate \$75K of the proceeds from the sale of 0 Hanover Street (\$3.3M) to ensure sufficient funding in the event additional resources are needed.

Muskie School Proposed Disparity Study

Disparity Study of Hiring Practices in Portland, ME

The City of Portland oversees numerous departments that contract with hundreds of businesses to provide essential services to city residents and businesses. Additionally, the City of Portland is home to over 4,600 businesses and over 67,000 people. Recent census data shows that Portland has 28,944 women of workforce age, 10,686 people of color (16%), and 3,188 Veterans (4.8%). [US Census Portland, Maine](#)

The fundamental question the study aims to determine is whether socially/economically disadvantaged groups, are being fairly hired, retained and compensated in our workforce.

The study will analyze, through statistical evidence, whether there is a significant disparity between those eligible for the workforce and those hired. Evidence may be drawn from census data, the records of the City, federal studies, public hearings, surveys, and interviews.

To that end, the Muskie School has put together a preliminary proposal to survey businesses to determine if their hiring practices lead to equitable hiring and compensation. The survey will look at hiring practices by certain business sectors/industries, taking into account the current makeup of the workforce in each sector.

The subsequent analysis would then compare that data to current demographics to determine if disparities in hiring and compensation exist. If disparities exist, a subset of data from businesses that currently contract with the city will be analyzed to determine whether the city has been a participant.

In collaboration with the Survey Research Center, Muskie would send the on-line survey with up to 15 close-ended questions to approximately 1,500 businesses (we would work with the city/local business groups to attain primary contact emails). We would need to get responses from a minimum of 355 contractors to achieve a result at the 95% confidence level with a confidence interval of $\pm 5\%$. It is important to emphasize the anonymity of the survey, so as to make sure individual businesses will not fear reprisal if their hiring practices are not leading to fair representation and compensation. This will also ensure that the responses are as accurate as possible.

We would then analyze the results and produce a report and presentation on hiring practices and what, if any, remediation steps were necessary. The report would include a brief literature review section detailing other cities that had undertaken responsible contracting and the outcomes. Results would be shared with the City Council in presentation and report format.

This 6 month project would cost approximately **\$50,000**, subject to fine tuning based on the actual number of contacts, number of questions asked/analyzed and the data gathering needed to ensure an accurate comparative conclusion. Upon recommendation of the Council, Muskie will develop a fuller survey with the Mayor's office and city staff.

State fumbles data as sexual harassment complaints double

 pressherald.com/2017/11/28/sexual-harassment-complaints-in-maine-doubled-in-last-two-years/

By Edward D. Murphy

November 29, 2017

The number of sexual harassment complaints in the state have doubled since 2015, contrary to figures given to the Portland Press Herald by the Maine Human Rights Commission that originally showed a steady decline in complaints over the past 15 years.

Amy Sneirson, the commission's executive director, apologized to the newspaper for the incorrect figures, which indicated sexual harassment filings had been dropping since 2000-01.

Related Headlines

Reported claims of sex harassment in Maine on the decline

The corrected figures show that allegations actually increased in three of the past four fiscal years, from 73 during the period from July 1, 2013, to June 30, 2014, to 84 in 2014-15, and then hitting an all-time high of 192 in 2015-16. Last fiscal year, there were 162 complaints of sexual harassment.

The rising numbers come as a wave of sexual misconduct allegations against men has reached the highest levels of the nation's media, business, entertainment and political arenas in recent weeks.

Sneirson said she was "sick" over the error and could not specify how it occurred. She said the commission is understaffed and hasn't been able to analyze why annual harassment complaints had jumped to more than 160 in the past two years.

"Everyone is already working past their capacity in enforcement," she said. "We don't have the resources to figure out why."

The human rights commission has asked in the past for budget increases – \$1.4 million last year – to add staff, but has been turned down, Sneirson said. The commission has no power to impose a penalty to resolve a complaint and has asked for that authority, but the Legislature has refused.

Sneirson said she could not recall a large number of complaints related to a single employer, and that she did not know of any pattern to the complaints that would explain the increases.

Arnold S. Clark, the chair of the commission, also couldn't explain the sharp increase in harassment allegations in the past three years, especially compared with the steady decline in prior years.

Clark said the commission will keep an eye on the figures, especially given the recent high-profile accusations nationally.

"It will be interesting to see in the next year and the year after if there's a continuing increase," he said.

MAINE'S STRICT WORKER TRAINING LAWS

Clark said the commission hasn't previously proposed legislation specifically dealing with a particular human rights problem in Maine, such as sexual harassment, but it would be open to commenting on any changes proposed by legislators.

Filings of sexual harassment charges with the federal Equal Employment Opportunity Commission also are rising, although not as dramatically as in Maine. The EEOC said filings dipped from 12,695 in fiscal year 2010 to 12,146 in fiscal year 2014. But they rebounded in the two years since, and 12,860 charges were filed in fiscal year 2016.

Maine has the country's strictest workplace training laws on sexual harassment, requiring all companies with 15 or more employees to provide worker training on recognizing and preventing harassment, including descriptions of prohibited behavior and procedures for reporting potential violations. The training must be provided within a year of an employee's hiring.

Supervisors are required to get more rigorous training within a year of taking a management post.

Only two other states, California and Connecticut, have mandatory training requirements for the private sector, but those states require it only for supervisors. Some states have training requirements for state workers, while others have no laws on the books requiring training.

Gov. Paul LePage, who has been a frequent critic of the human rights commission, signed a law this year that stepped up enforcement of the state's training law, including, for the first time, fines of up to \$5,000 for companies that violate laws on posting notices about what constitutes sexual harassment and how to report violations. Similar fines are imposed for companies that fail to provide employee training.

The law, which makes the state Department of Labor responsible for enforcement, took effect Nov. 1.

When asked whether his office could explain the sudden increase in sexual harassment complaints, the governor's spokeswoman would not comment beyond pointing out the recent law signed by LePage.

EMPLOYMENT COMPLAINTS MOST COMMON

In the past year, 687 new complaints of all types were filed with the commission, with nearly 70 percent alleging rights violations in employment. The rest were almost evenly split between housing complaints and allegations of a violation in public accommodations. Less than 1 percent dealt with education.

The most common employment complaints dealt with an employer's alleged refusal to make a reasonable accommodation for an employee's disability, and retaliation for filing a complaint at work, Sneirson said.

Filing a complaint with the commission is a prerequisite to filing a lawsuit in Maine, but the commission's findings cannot be offered as evidence in a trial, Sneirson said.

The commission staff investigates complaints and recommends a finding that reasonable grounds did or did not exist for the complaint. If either side objects to that finding, Sneirson said, the issue goes before the commission for a vote.

Sneirson said proving violations of the state's human rights laws is often difficult. She estimated that only 5 percent of complaints result in a commission finding that "reasonable grounds" exist to believe that a violation occurred. About a third of the complaints result in a settlement between the accuser and the company before a formal determination by the commission, she said.

In the case of sexual harassment, a victim needs to show he or she was in a severe or pervasive hostile work environment because of sexual harassment.

If the case drags on before the commission without a determination, the party that filed the complaint can get a "right-to-sue" letter, indicating that the party tried to pursue resolution through the commission but is moving ahead to a trial before the process is complete. About 180 right-to-sue letters were issued by the commission last year, Sneirson said.

Edward D. Murphy can be contacted at 791-6465 or at:

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Maine

FOR EVERY \$1 MEN MAKE, WOMEN MAKE:

84¢

STATE RANK:

8th



FOR IMMEDIATE RELEASE

April 9, 2018

Contact:

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Women in Maine Face a Pay Gap of 16%, Ranks Eighth Nationally in Gender Pay Equity

American Association of University Women Calls for Legislative Action and Launches 10 Million Women Salary Negotiation Initiative to Close the Gap

WASHINGTON — An [analysis](#) by the [American Association of University Women](#) (AAUW) finds that on average women working full-time, year-round in Maine currently make 84 cents on the dollar compared to men, a pay gap of 16 percent, placing them eighth out of all 50 states and the District of Columbia.

To mark Equal Pay Day (April 10), the symbolic day that demonstrates women, on average, have to work more than three months longer to earn the same amount as men. AAUW is highlighting [The Simple Truth about the Gender Pay Gap](#) report, which finds nationally the gap has, on average, remained at 80 cents on the dollar for women who work full-time, year-round compared to men. The gap has only closed by 7 cents in the past 20 years. The inequities are greater among [Latinas \(54 cents\) and black women \(63 cents\)](#). The [pay gap also exists in every state](#) — ranging from 30 cents in Louisiana and Utah to 11 cents in New York.

“Women in Maine — and all over the country -- are sick of unequal pay,” said Kim Churches, chief executive officer at AAUW. “That’s why we’re issuing an expiration date on pay inequity. Pay inequity harms our families and employers, while also robbing our economy of [billions of dollars](#). There’s no reason we shouldn’t be able to close the pay gap, and do it soon. At AAUW, we’re aiming to eliminate the gap by 2030. It’s ambitious, but achievable, if we all take the right actions.”

This Equal Pay Day, AAUW calls for every state to adopt comprehensive equal pay laws. While 48 states and the District of Columbia (all except Alabama and Mississippi) have some form of an equal pay law, they differ significantly in their scope and strength. Currently, Maine has moderate equal pay protections in place. A comprehensive breakdown of strong pay equity laws is available at <https://www.aauw.org/resource/state-equal-pay-laws/>.

Maine Equal Pay Policy Snapshot		
<i>A strong equal pay law includes many provisions. This chart provides a snapshot of just three important policies. For a comprehensive overview of current equal pay laws click here.</i>		
<i>A "Y" means state has particular policy</i>		
Best Practices	Maine Law	National Trends (States + Washington, D.C.)
Employers are prohibited from discriminating or retaliating against an individual for taking legal action to secure equal pay.	Y	41 states
Employers are prohibited from discriminating or retaliating against an individual for discussing or disclosing wages.	Y	19 states
Employers cannot rely on salary history during the hiring process.		4 states

For a complete breakdown of Maine's current equal pay laws, visit:

https://www.aauw.org/aauw_check/pdf_download/show_pdf.php?file=Gender Pay Gap Maine

So far in 2018, 38 states and the District of Columbia have introduced or have some form of equal pay legislation pending. In 2016, [six states passed pay equity laws](#) (California, Delaware, Maryland, Massachusetts, Nevada, and Utah), and in 2017, [five states and Puerto Rico passed laws](#) (California, Colorado, Delaware, Nevada, and Oregon).

After Gov. Paul LePage (R) vetoed an equal pay bill in 2017, no equal pay legislation was introduced in the Maine legislature this session. This marks yet another squandered opportunity to make the lives of women better and more equitable. In addition to state action, AAUW is calling for:

- The federal government to reinstate the EEOC's wage data collection, which was halted last year by the U.S. Office of Management and Budget. Collecting wage data information is critical in order to identify and address [gender and racial pay gaps in workplaces](#).
- Congress to pass the [Paycheck Fairness Act](#), to update and close loopholes in the [Equal Pay Act of 1963](#), as well as to pass other pieces of [federal legislation](#) that provide additional tools to close the wage gap.
- Employers to commit to and implement fair pay best practices, such as conducting regular compensation analyses to ensure equal pay levels and internal equity, setting and publicizing pay ranges for positions, prohibiting the practice of asking job candidates for salary histories, which perpetuates a cycle of lower pay for women,

adopting non-retaliation policies for discussing salary, and promoting more women into leadership roles.

AAUW has also announced a new commitment to train 10 million women through salary negotiations programs by 2022 through [AAUW's Work Smart](#) program. The trainings will provide millions of women the skills they need to effectively understand their market worth -- based on skills, experience, and accomplishments -- and the tools and confidence to negotiate for it. The organization has launched an e-learning interactive experience, [It's Negotiable: Salary Skill Builder](#), in partnership with LUNA® Bar, the first nutrition bar for women. The skill builder focuses on helping individuals learn to identify and articulate personal value as one key aspect of negotiations. Through April 14, as a continued effort to champion equality for all women and help them move toward closing the gender pay gap, LUNA Bar will donate 20 percent of sales, up to \$100,000, to support AAUW's salary negotiation programs.

"Training 10 million women to speak up for themselves -- and to understand and articulate their value -- will help accelerate change for women individually while also, collectively, building a bigger, broader movement to even the playing field for women in the workplace," Churches added. "We are calling on mayors and governors across the country to join us and bring salary negotiation trainings to their communities."

[AAUW's Work Smart](#) has already partnered with [Boston](#), [Tempe](#), [San Francisco](#), [Washington, D.C.](#), [Long Beach](#), and the [Commonwealth of Massachusetts](#) to provide workshops in those communities. And in fall 2018, AAUW's Work Smart will be available online, which will be available at no cost and in English and Spanish.

Research has shown that the U.S. economy would produce additional income of more than [\\$512.6 billion](#) if women received equal pay and the number of [working women living in poverty in half](#). A recent analysis by McKinsey found that [\\$12 trillion](#) could be added to the global GDP by 2025 with better workplace gender equity practices.

More information about AAUW's salary negotiation workshops, including upcoming workshops and how to host a training, is available at: <https://salary.aauw.org/>. More information on the gender pay gap and pay equity laws is available at: www.aauw.org.

PAY GAP BY STATE

2016 state median annual earnings ratio for full-time, year-round workers, by state and gender ranked from smallest to largest pay gap. State pay gaps are displayed rounded to the nearest whole percentage, but are ranked by unrounded percentage.

1. New York, 89% | 2. California, 88% | 3. Florida, 87% | 4. District of Columbia, 86% | 5. Vermont, 86% | 6. Colorado, 84% | 7. Alaska, 84% | 8. Maine, 84% | 9. Maryland, 84% | 10. Hawaii, 83% | 11. New Hampshire, 83% | 12. Minnesota, 83% | 13. Tennessee, 82% | 14. Massachusetts, 82% | 15. Delaware, 82% | 16. New Mexico, 82% | 17. Georgia, 82% | 18. North Carolina, 82% | 19. Arizona, 82% | 20. Rhode Island, 82% | 21. New Jersey, 81% | 22. Nevada, 81% | **United States, 80%** | 23. Virginia, 80% | 24.

Kentucky, 80% | 25. Connecticut, 79% | 26. Texas, 79% | 27. Oregon, 79% | 28. Illinois 79% | 29. Pennsylvania, 79% | 30. Missouri, 78% | 31. Arkansas, 78% | 32. Michigan, 78% | 33. Wisconsin, 78% | 34. South Dakota, 78% | 35. South Carolina, 78% | 36. Nebraska, 78% | 37. Kansas, 77% | 38. Ohio, 77% | 39. Wyoming, 77% | 40. Washington, 77% | 41. Iowa, 77% | 42. Idaho, 76% | 43. Mississippi, 75% | 44. Alabama, 74% | 45. North Dakota, 74% | 46. Indiana, 74% | 47. Oklahoma, 74% | 48. Montana, 73% | 49. West Virginia, 72% | 50. Utah, 70% | 51. Louisiana, 70%

###

The American Association of University Women (AAUW) empowers women and girls through advocacy, education, philanthropy, and research. Our nonpartisan, nonprofit organization has more than 170,000 members and supporters across the United States, as well as 1,000 local branches and 800 college and university members. Since AAUW's founding in 1881, our members have examined and taken positions on the fundamental issues of the day — educational, social, economic, and political. Learn more and join us at www.aauw.org.

Immigrants describe cold reception from Maine employers

 [pressherald.com/2018/06/22/immigrants-describe-cold-reception-from-maine-employers/](https://www.pressherald.com/2018/06/22/immigrants-describe-cold-reception-from-maine-employers/)

By J. Craig Anderson

June 22, 2018

Angela Okafor studied law in Nigeria, and after emigrating to Maine she studied and passed the state's bar exam on her first try.

But Okafor, who speaks perfect English, said she couldn't get a single Maine law firm to hire her. She ended up getting a job washing dishes.

Related Headlines

- [Maine needs immigrants to fill worker shortage, business leaders say](#)
- [Business groups say Maine's workforce needs more immigrants](#)

"I worked in a dish room, a licensed attorney," she said.

Immigrant entrepreneurs in Maine who spoke on a panel Friday as part of the [Startup Maine conference](#) in Portland said that despite a severe shortage of knowledge workers in the state, anti-immigrant prejudice prevents many Maine companies from hiring skilled foreign nationals.

Nawar Alobaidi, an electrical engineer from Iraq, had an experience similar to Okafor's when he applied for jobs in Maine after escaping persecution by Islamic terrorists in 2012.

"They either said I was overqualified, or that I didn't graduate in the U.S.," Alobaidi said. He eventually got a job working as an employment case management supervisor at Catholic Charities Maine, an organization that helps many immigrants when they arrive in the state.

Stefanie Trice Gill, a professional recruiter of international knowledge workers and owner of IntWork in Portland, said a common refrain skilled immigrants hear from Maine employers is that they "don't have enough Maine experience."

"I think 'Maine experience' is a code," she said. "It's cronyism. The idea is that if you're from away, somehow your knowledge, your experiences, are less valuable."

Rwandan immigrant Dieudonne Nzeyimana said there seems to be a serious disconnect between the words of Maine CEOs, who stress the need to capitalize on foreign expertise for the sake of economic growth, and Maine hiring managers, who often seem uncomfortable hiring foreigners.

Nzeyimana, an intern at the Manufacturers Association of Maine, said the state's manufacturing leaders have suggested that such prejudice could be costly to Maine's economic future.

"A tsunami is coming in five years, and that tsunami is a lack of workers," he quoted them as saying.

The Maine Department of Labor [has predicted that by 2022](#), nearly one-fourth of Maine residents will be at least 65 years old. An estimated 400,000 working Mainers are expected to retire by 2032, and current population trends suggest there will only be about 300,000 new workers in the state to replace them.

In 2010, the nonprofit Maine Development Foundation set out to determine what it would take to make up an anticipated shortfall of 65,000 workers in the state by 2020. Along with the Maine State Chamber of Commerce, it asked more than 1,000 business leaders for their input.

The general consensus was that bridging the gap would require a significant boost in workforce participation among those already living in Maine, as well as redoubling efforts to recruit workers from outside the state.

According to the foundation, roughly 20,000 young adults living out of state would need to be lured to Maine, along with about 12,000 foreign nationals. In addition, 10,000 Mainers with disabilities, 12,000 older residents, 5,000 veterans and 6,000 disengaged youths would need to be coaxed into the workforce.

Trice Gill said top company executives in Maine generally understand the need to tap into immigrant knowledge and expertise, but the same cannot necessarily be said for the front-line managers who screen job candidates.

"It's often not the CEO; it's the hiring manager (who is rejecting immigrant applicants)," she said.

Okafor and Alobaidi ultimately did what many immigrants in Maine do after going through the frustration of trying to get hired: They started their own businesses.

Okafor, who lives in Bangor, has two businesses now. She operates her own private legal practice, and she also owns a store called Tropical Tastes International Market.

Alobaidi, in addition to his job at Catholic Charities, owns a business on Forest Avenue in Portland called Foodie Friends Grocery & Restaurant.

The immigrant entrepreneurs said there is much to like about Maine, and that most of the people they've met have been welcoming. Still, they said running into prejudice is a regular occurrence.

"I was called names that I was never exposed to growing up," said Dr. Krishna Jamadagni, a physician who emigrated from India to Bangor and is now in the process of establishing his own startup company through the state's Top Gun business accelerator program.

Okafor said it's important for immigrants in Maine not to let rejection discourage them and prevent them from trying to succeed. She said Mainers also need to work on being more accepting of their immigrant neighbors.

"For me, it still boils down to attitude," Okafor said. "Local Mainers need to open their minds."

The immigrant entrepreneurs spoke at one of several panel discussions Friday as part of Startup Maine, a three-day annual conference at Maine College of Art in Portland that focuses on challenges and opportunities for entrepreneurs in Maine.

Startup Maine organizer Katie Shorey said about 500 people attended the conference, which started Thursday and ends Saturday.

This story was updated on July 5 to clarify a quote by Dieudonne Nzeyimana.

J. Craig Anderson can be contacted at 791-6390 or at:

Twitter: @jcraiganderson

< Previous

Intel CEO out after past consensual relationship with employee

Next >

Week in review: Lobster industry fears tariff; Emera rate request slashed

filed under:

immigrants, maine businesses

© 2018

CUMBERLAND COUNTY

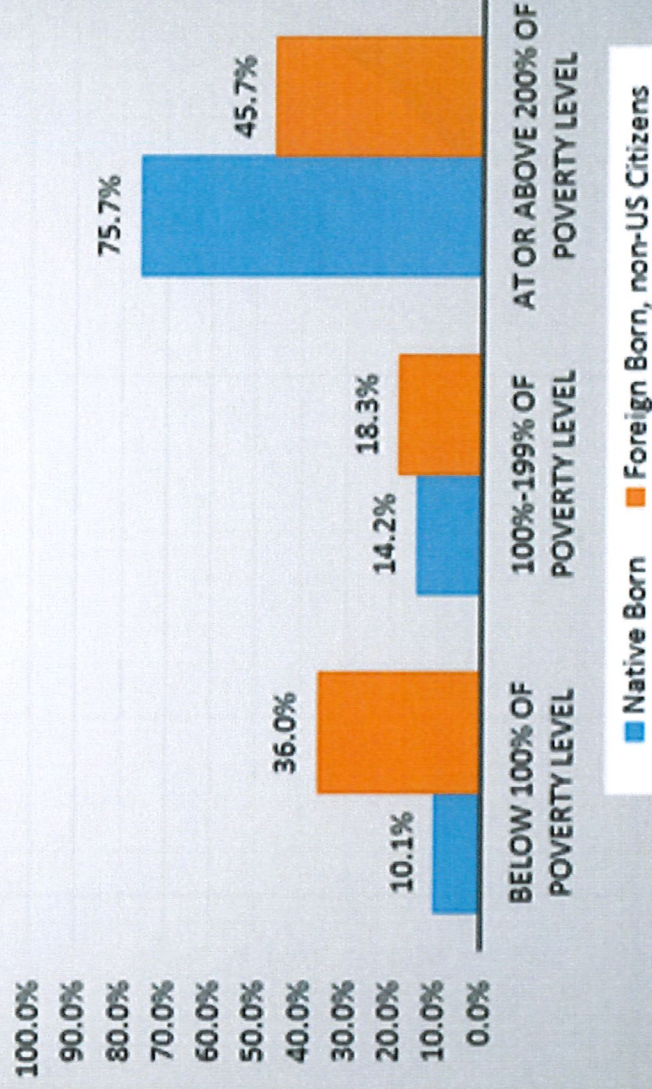
In 2016:

100% of the Poverty Level was
\$24,250
for a family of four

200% of the Poverty Level was
\$48,500
for a family of four

2016 Poverty Levels

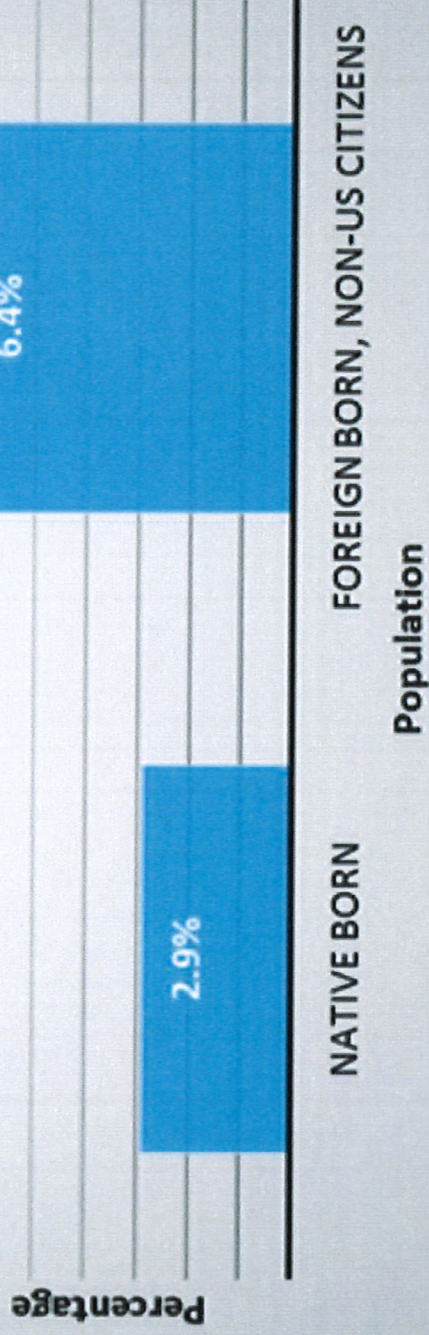
(U.S. Census Bureau, 2012-2016 American
Community Survey 5-Year Estimates)



CUMBERLAND COUNTY

2016 Unemployment

*(U.S. Census Bureau, 2012-2016 American
Community Survey 5-Year Estimates)*



**MEMORANDUM**

TO: Members of the Finance Committee

FROM: Brendan T. O'Connell - Finance Director

CC: Mandy Levine - Workforce Diversity and Inclusion Specialist

DATE: September 28, 2018

SUBJECT: **Non-Discrimination Language within City Contracts and City Purchasing Policy**

Background

Over the past several years, the City of Portland ("City") has continued to be a leader in workplace inclusion and non-discrimination. The City is incredibly proud of our workplace which includes many policies, procedures, and initiatives we are undertaking to be increasingly inclusive, respectful, and legally compliant. These policies extend far beyond the fantastic work taking place in our Human Resources Department by our Workplace Diversity and Inclusion Specialist Mandy Levine. Our policies and procedures also extend externally to others outside the organization via policies in place within the Finance and Legal Departments. We require any contractor to sign off on a policy of non-discrimination in their agreements with the City. As detailed below these policies for our vendors doing business with the City were recently strengthened even further.

In addition to having strong non-discrimination language in our City policies, the City has been rated very highly by a leading national organization specializing in equality. In 2017 the Municipal Equality Index gave Portland a very high overall score and the figure is expected to rise again when the 2018 report is released later this year. The City score is significantly higher

than any other municipality in the region and represents our commitment to being a leader in non-discrimination, equality and diversity.

Non-Discrimination within the City Procurement Policy

Anti-discrimination has always been a part of City contracting. However, the City is constantly working to improve our non-discrimination policies and procedures to ensure an inclusive workplace. In regards to procurement, the City Manager Jon P. Jennings recently approved an enhancement to the City's Purchasing Policy, requiring that additional non-discrimination language, including additional protected classes, be incorporated into all City contracts moving forward¹:

G. Non-Discrimination Policy and Required Contract Language

The City of Portland requires the following language included in all contracts:

Contractor agrees to adhere to a policy of non-discrimination in all employment actions, practices, policies, procedures, phases, and conditions of employment. This shall include compliance with the Workforce Investment Act of 1998, as amended (WIA, 29 CFR part 37); the Nontraditional Employment for Women Act of 1991; title VI of the Civil Rights Act of 1964, as amended; section 504 of the Rehabilitation Act of 1973, as amended; the Age Discrimination Act of 1975, as amended; title IX of the 9 Education Amendments of 1972, as amended; and with all applicable requirements imposed by or pursuant to regulations implementing those laws, including but not limited to 29 CFR part 37 and all other applicable laws, including the Maine Human Rights Act, ordinances and regulations regarding equal opportunity and equal treatment. Contractor specifically agrees that all employment-related decisions (including but not limited to hiring, discharge, transfers, promotions, discipline, training, job opportunities, and wage and salary levels) will be made without discrimination based on an individual's race or color, religion, age, sex (including pregnancy), sexual orientation, gender identity or expression, ancestry or national origin, physical or mental disability, veteran status, genetic information, previous assertion of a claim or right under Maine's Workers' Compensation Act, previous actions taken protected under Maine's Whistleblowers' Protection Act, or any other protected group status as defined by applicable law. Provisions in applicable laws providing for bona fide occupational qualifications, business necessity, or age limitations will be adhered to by the Contractor and its subcontractors where appropriate.

¹Prior to July 19, 2018, the City's contracts already included non-discrimination language but gender identity was not previously mentioned explicitly in the City's Purchasing Policy.

The Human Rights Campaign Municipal Equality Index

The City is constantly working to ensure we have an inclusive, respectful and legally compliant workplace. One recent independent organization, the Human Rights Campaign (“HRC”), the largest civil rights organization working to achieve equality for lesbian, gay, bisexual, transgender and queer Americans, gave us very high marks on our workplace in their Municipal Equality Index (the “MEI”). The MEI is an annual nationwide evaluation of municipal laws, policies, and services affecting the LGBTQ community. Annually, the HRC conducts preliminary research based on publicly available resources on the cities selected for rating (506 cities in 2018) and then notifies the cities of its draft score via a draft scorecard. The HRC then provides cities a limited window of time in which to submit to the HRC supplemental and/or clarifying information that might ultimately result in the city obtaining a higher score.

In 2017, the City received a MEI Score of 80, which was significantly higher than other Maine municipalities that were rated (Auburn 55; Augusta 57; Bangor 59; Brunswick 42; Lewiston 54; Orono 36; Scarborough 66; South Portland 60). During the most recent three year period the City’s MEI Score has improved from 75 to 80 and this score is likely to increase again in 2018 as a result of many additional positive changes the City continues to make.



Office of the Mayor, Ethan K. Strimling

MEMORANDUM

To: Finance Committee

From: Ethan K. Strimling, Mayor

Date: Sept 6, 2018

Subject: Responsible Contracting

OBJECTIVE: The objective of this amendment is to strengthen the city purchasing policy to better reflect our values and to incentivize better outcomes for workers and Portland taxpayers, by adding and encouraging key components of what is commonly referred to as “responsible contracting.” There are many components of responsible contracting, some of which the city already adheres to. The two areas that I am focused on at this time are (1): the payment of prevailing wages for building contracts that are funded by municipal funds; (2): requiring contractors who are awarded a municipally funded construction project to participate in a registered apprenticeship/job training program; (3) adding additional opportunities for contractors who treat their workers well to earn points toward the possible awarding of a contract. Each of these proposals will be taken up individually.

1. PREVAILING WAGE

BACKGROUND: The payment of prevailing wages by contractors to employees involved in government building contracts is not a new concept. The federal government requires contractors to pay prevailing wages to all workers employed in government construction projects.

Prevailing wage rates are also used by many states for state funded projects, including Maine. In Maine, construction projects funded and administered by a state agency that are over \$50,000 must adhere to State of Maine prevailing wage and reporting guidelines.

Prevailing wage rates are also found at our municipal level. In 2017, the Portland City Council passed an ordinance requiring contractors working on any construction project receiving tax increment financing (TIF) from the City of Portland to pay its workers prevailing wages. Additionally, contractors who receive HUD and CDBG funding from the City of Portland must also adhere to federal prevailing wage reporting requirements.

RECOMMENDATION: *Require building contractors using municipal funds to pay prevailing wages.*

Since it is imperative that workers in our city receive wages that allow them to be able to afford to live in our city, and since contractors working on federal and most state construction projects are already familiar with the payment and reporting of prevailing wages, it seems logical to extend such wage requirements to locally funded projects.

For purposes of consistency it is recommended that the minimum threshold for the prevailing wage requirement for municipally funded projects mirror the State of ME requirements of any project projected to cost over \$50,000. It is further recommended that the City follow the prevailing wage construction categories already in place at the state level. These wage rates are adjusted every year, and are broken down by county to reflect local wage requirements. The wage rates are also broken down by construction category, including: 1. Building 1 - One or two family homes; 2. Building 2 - Other than one or two family homes; 3. Highway and Earthwork; 4. Heavy and Bridge.

Attachment 1 provides the 2018 prevailing wage rates for Cumberland County in these four construction categories. These are the rates I recommend we use (consistent with TIF and CDBG).

Critics will argue that such a mandate will add to the cost of municipally funded construction projects. However, construction companies working on state funded and managed projects over \$50,000, as well as federal projects, are already in the habit of compensating at the prevailing wage rates as well as completing and submitting prevailing wage reports to the appropriate agencies. Plus, evidence shows that accurately tracking payroll and job classification is simply good business practice.

It is conceded that there will likely be an incremental increase in the city's cost of monitoring these projects. However, with the recent passage of TIFs for two local affordable housing projects, as well as the mechanism already in place to monitor such projects as those supported with CDBG funds, it is only a matter of time that a more fully robust reporting mechanism will be in place for monitoring of payment of prevailing wages at the city level. The expansion of prevailing wage requirements to all municipally funded construction contracts over \$50,000 will only marginally increase these city costs.

Finally, the requirement for contractors to pay prevailing wage rates for all municipally funded building contracts over \$50,000 will help ensure that all bidders are using similar wage rates, and

that the historically awarded “low bidder” will not be cutting corners on his/her labor lines in order to achieve a competitive advantage. In fact, setting a wage floor will serve to encourage contractors to compete based on work product, creativity and ingenuity, rather than an artificially depressed wage line.

Put simply, if we as a City agree - as we have - that private companies such as the ones receiving support through a TIF should adhere to prevailing wage standards, the City then should follow its own example and adhere to the same standards on publicly-funded projects.

2. APPRENTICESHIP PROGRAM/JOB TRAINING REQUIREMENT

BACKGROUND: Presently, the bidding process and timely completion schedules for publicly funded construction projects in Southern Maine are strained by a shortage of skilled workers. Apprenticeship programs are recognized nationally and statewide as effective tools for creating pipelines of highly skilled local workers and propelling workers into secure, well-paying careers.

Currently, the State administers the Maine Apprenticeship Program which, in 2016, served 1220 apprentices across a wide range of trades. Along with quality trade-focused programming at our own Portland Arts & Technology High School and other local CTEs, community colleges such as Southern Maine Community College also offer an Associate Degree in Trade & Technical Occupations. There are also several union and non-union administered programs in occupations such as painting, masonry and carpentry. Further, there are currently apprenticeship programs in place for the state licensed trades such as plumbing and electrical.

RECOMMENDATION: *A requirement aimed at increasing contractor participation in registered apprenticeship programs.*

This recommendation could be executed in one of two ways:

1. *Requiring Contractor Participation in Registered Apprenticeship Programs as a Stipulation for Submitting a Bid:* If this option is chosen, it is recommended that all firm(s) utilized on municipally funded construction projects be required to participate in a registered apprenticeship program for each applicable occupation in which workers will be employed. The firms must continue such participation for the duration of the project. Currently, the State of Maine defines a registered apprenticeship as, “a formal, industry-led, nationally-recognized, workforce training program for employees that provides in-house skill development through structured on-the-job learning supplemented with technical and theoretical course work.”

2. *Awarding Preference Points to Bids Submitted by Contractors Participating in Registered Apprenticeship Programs:* A less restrictive alternative would be to award preference points as a part of the bid process to contractors who meet the qualifications outlined in the first recommendation option. While not an absolute requirement, it will be a definite incentive for contractors to participate in order to gain an advantage in the bid process.

As with the proposed prevailing wage amendment, there will likely be an incremental increase in the city's cost of monitoring construction projects. Many municipalities that have local responsible contracting requirements have staff who are able to monitor and enforce both the prevailing wage requirements and the apprenticeship/job training requirements.

Since many responsible employers across Maine already participate in some variation of on-the-job training program, any additional cost to certify their training program through the Maine Apprenticeship Program would be negligible. In fact, the investment in increasing the availability of a highly skilled workforce allows for contractors to access the workers they need to bid on, compete for, win and complete their current and future projects.

3. OTHER BONUS POINT PROVISIONS

BACKGROUND: As an additional way to incentivize employers to spend taxpayer monies in a way that reflects Portland's values, and that will ultimately create a higher quality product for our taxpayers, bonus provisions could be placed in our RFP scoring process. Many cities utilize this tool and most recently, Maine State Housing used it successfully for years. Four specific incentives discussed below are OSHA 10, Health Care, SS/UEI/WC and wage/hour consistency.

RECOMMENDATION: *A bonus provision that awards additional points to contractors who provide additional safety and health related benefits to their employees.*

1. *OSHA 10:* Provide up to 3 points in scoring an RFP for contractors who will ensure that all workers on the site have gone through full OSHA 10 Certification (can be provided on-line or in person) or better.
2. *Health Care Insurance:* Provide up to 3 points in scoring an RFP for contractors who provide health care benefits above and beyond the prevailing wage.

3. *Social Security, Workers Comp and Unemployment Insurance*: Provide up to 3 points in scoring an RFP for contractors who provide social security (or a similar retirement program), Unemployment, and Workers Comp above and beyond the prevailing wage.
4. *Wage and Hour Violations*: Provide up to 3 points in scoring an RFP for contractors who have not had a recorded wage and hour violation for a period of three consecutive years prior to the project bid due date.

As with the proposed prevailing wage and apprenticeship amendments, there will likely be an incremental increase in the city's cost of monitoring construction projects. However, with the other requirements in place, monitoring these additional items will be minimal. Likewise, providing Health Care benefits, SS/UEI/WC will most likely reduce costs to the city when and if someone falls on hard times or retires.

Additionally, since many, if not most, responsible employers across Maine already provide these benefits, any additional cost to most companies would be negligible. Plus, ensuring that workers in Portland are well trained in safety will ultimately reduce a company's Workers Compensation costs.

MAINE BUREAU OF LABOR STANDARDS

	Minimum	Minimum	
<u>Occupation Title</u>	<u>Wage</u>	<u>Benefit</u>	<u>Total</u>
Asbestos/Lead Removal Worker	\$15.10	\$0.42	\$15.52
Backhoe Loader Operator	\$20.00	\$2.16	\$22.16
Boom Truck (Truck Crane) Operator	\$21.66	\$6.86	\$28.52
Bricklayer	\$24.00	\$3.99	\$27.99
Bulldozer Operator	\$20.00	\$4.06	\$24.06
Carpenter	\$21.00	\$1.84	\$22.84
Carpenter - Rough	\$16.00	\$0.00	\$16.00
Cement Mason/Finisher	\$17.00	\$0.00	\$17.00
Communication Equip Installer	\$13.50	\$0.45	\$13.95
Driller - Rock	\$18.38	\$2.60	\$20.98
Dry-Wall Applicator	\$22.00	\$0.70	\$22.70
Dry-Wall Taper & Finisher	\$18.50	\$0.45	\$18.95
Electrician - Licensed	\$23.50	\$2.20	\$25.70
Electrician Helper/Cable Puller	\$16.50	\$1.05	\$17.55
Excavator Operator	\$22.00	\$1.94	\$23.94
Fence Setter	\$17.75	\$2.89	\$20.64
Floor Layer	\$17.00	\$0.00	\$17.00
Furniture Installer/Assembler	\$16.00	\$1.22	\$17.22
Glazier	\$16.88	\$1.12	\$18.00
Grader/Scraper Operator	\$21.33	\$5.13	\$26.46
HVAC	\$20.50	\$2.09	\$22.59
Insulation Installer	\$20.00	\$2.91	\$22.91

2018 CUMBERLAND COUNTY *B1* PREVAILING WAGE RATE

	Minimum	Minimum	
<u>Occupation Title</u>	<u>Wage</u>	<u>Benefit</u>	<u>Total</u>
Laborers (helper/tender)	\$15.00	\$0.33	\$15.33
Laborer - Skilled	\$17.00	\$2.21	\$19.21
Loader Operator - Front-End	\$19.13	\$2.95	\$22.08
Mechanic- Maintenance	\$21.00	\$3.84	\$24.84
Oil/Fuel Burner (Service/install)	\$24.50	\$4.52	\$29.02
Painter	\$16.00	\$0.00	\$16.00
Pipe/Steam/Sprinkler Fitter	\$23.50	\$4.54	\$28.04
Pipelayer	\$28.00	\$12.54	\$40.54
Plumber (Licensed)	\$25.00	\$3.44	\$28.44
Plumber Helper/Trainee	\$20.00	\$3.01	\$23.01
Propane & Natural Gas (Service/install)	\$26.50	\$1.97	\$28.47
Pump Installer	\$21.00	\$3.73	\$24.73
Roofer	\$20.63	\$3.85	\$24.48
Sheet Metal Worker	\$22.80	\$4.60	\$27.40
Stone Mason	\$20.00	\$0.00	\$20.00
Tile Setter	\$23.00	\$4.26	\$27.26
Truck Driver - Light	\$18.15	\$2.88	\$21.03
Truck Driver - Medium	\$17.75	\$1.82	\$19.57
Truck Driver - Heavy	\$17.00	\$0.38	\$17.38
Truck Driver - Tractor Trailer	\$17.50	\$2.42	\$19.92

IMPORTANT INFORMATION: This Rate Sheet is published for reference only. A formal project specific determination is issued to the agency soliciting bids.

The Prevailing Wage rates are set for all 16 counties with 4 categories coded as follows:

B1 = One or two family homes

B2 = Other than one or two family homes

MAINE DEPARTMENT OF LABOR STANDARDS

	Minimum	Minimum	
<u>Occupation Title</u>	<u>Wage</u>	<u>Benefit</u>	<u>Total</u>
Asbestos/Lead Removal Worker	\$15.10	\$0.55	\$15.65
Backhoe Loader Operator	\$20.00	\$2.16	\$22.16
Boom Truck (Truck Crane) Operator	\$21.66	\$6.86	\$28.52
Bricklayer	\$24.00	\$3.43	\$27.43
Bulldozer Operator	\$20.00	\$4.06	\$24.06
Carpenter	\$23.00	\$4.10	\$27.10
Carpenter - Acoustical	\$17.00	\$2.68	\$19.68
Carpenter - Rough	\$19.00	\$2.40	\$21.40
Cement Mason/Finisher	\$17.00	\$0.45	\$17.45
Communication Equip Installer	\$22.00	\$2.98	\$24.98
Comm Transmission Erector-Microw	\$17.00	\$0.00	\$17.00
Crane Operator =>15 Tons)	\$25.13	\$5.94	\$31.07
Driller - Rock	\$18.38	\$2.60	\$20.98
Dry-Wall Applicator	\$22.42	\$0.92	\$23.34
Dry-Wall Taper & Finisher	\$23.25	\$0.00	\$23.25
Electrician - Licensed	\$27.55	\$4.90	\$32.45
Electrician Helper/Cable Puller	\$17.25	\$3.30	\$20.55
Elevator Constructor/Installer	\$57.50	\$24.42	\$81.92
Excavator Operator	\$22.00	\$2.08	\$24.08
Fence Setter	\$16.00	\$1.17	\$17.17
Flagger	\$12.00	\$0.00	\$12.00
Floor Layer	\$18.75	\$3.72	\$22.47
Furniture Installer/Assembler	\$16.00	\$1.24	\$17.24
Glazier	\$21.00	\$3.50	\$24.50
Highway Worker/Guardrail Installer	\$16.75	\$0.80	\$17.55
HVAC	\$23.84	\$3.86	\$27.70
Insulation Installer	\$19.75	\$2.42	\$22.17

2018 CUMBERLAND COUNTY *B2* PREVAILING WAGE RATE

	Minimum	Minimum	
<u>Occupation Title</u>	<u>Wage</u>	<u>Benefit</u>	<u>Total</u>
Ironworker - Ornamental	\$22.85	\$4.85	\$27.70
Ironworker - Reinforcing	\$24.79	\$10.60	\$35.39
Ironworker - Structural	\$21.25	\$3.25	\$24.50
Laborers (Helper & Tenders)	\$15.00	\$1.08	\$16.08
Laborer - Skilled	\$17.00	\$2.75	\$19.75
Line Erector Power/Cable Splicer	\$26.00	\$7.59	\$33.59
Loader Operator - Front-End	\$19.13	\$2.95	\$22.08
Mechanic- Maintenance	\$25.50	\$3.77	\$29.27
Mechanic – Refrigeration	\$23.91	\$4.76	\$28.67
Millwright	\$26.00	\$11.58	\$37.58
Oil/Fuel Burner Serv/Instlr(Lic)	\$26.50	\$2.19	\$28.69
Painter	\$17.00	\$0.36	\$17.36
Pipe/Steam/Sprinkler Fitter	\$23.00	\$4.49	\$27.49
Pipelayer	\$28.00	\$12.54	\$40.54
Plumber (Licensed)	\$26.00	\$4.13	\$30.13
Plumber Helper/Trainee (Lic)	\$17.57	\$3.31	\$20.88
Propane/Natural Gas Serv/ Inst	\$26.55	\$1.93	\$28.48
Rigger	\$20.00	\$6.12	\$26.12
Roofer	\$16.00	\$1.18	\$17.18
Sheet Metal Worker	\$20.50	\$4.13	\$24.63
Stone Mason	\$20.00	\$0.00	\$20.00
Tile Setter	\$22.00	\$4.17	\$26.17
Truck Driver - Light	\$18.15	\$2.88	\$21.03
Truck Driver - Medium	\$17.75	\$1.82	\$19.57
Truck Driver - Heavy	\$16.00	\$1.96	\$17.96
Truck Driver - Tractor Trailer	\$17.50	\$2.42	\$19.92

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The Prevailing Wage rates are set for all 16 counties with 4 categories coded as follows:

B1 = One or two family homes

B2 = Other than one or two family homes

HI = Highway and Earthwork

HB = Heavy Construction and Bridge

MAINE BUREAU OF LABOR STANDARDS

2018 CUMBERLAND COUNTY *HI* PREVAILING WAGE RATE

<u>Occupation Title</u>	<u>Wage</u>	<u>Benefit</u>	<u>Total</u>	<u>Occupation Title</u>	<u>Wage</u>	<u>Benefit</u>	<u>Total</u>
Asphalt Raker	\$16.00	\$0.44	\$16.44	Ironworker – Ornamental	\$23.13	\$4.80	\$27.93
Backhoe Loader Operator	\$20.00	\$2.23	\$22.23	Ironworker - Reinforcing	\$24.79	\$10.60	\$35.39
Boom Truck (Truck Crane) Operator	\$21.66	\$6.86	\$28.52	Ironworker - Structural	\$21.80	\$4.88	\$26.68
Bulldozer Operator	\$22.30	\$4.19	\$26.49	Laborer (Includes Helper-Tender)	\$14.50	\$0.94	\$15.44
Carpenter	\$21.00	\$2.36	\$23.36	Laborer - Skilled	\$17.00	\$2.22	\$19.22
Cement Mason/Finisher	\$17.00	\$0.56	\$17.56	Line Erector-Power/Cable Splicer	\$26.00	\$7.59	\$33.59
Crane Operator =>15 Tons)	\$26.00	\$5.97	\$31.97	Loader Operator - Front-End	\$19.88	\$3.74	\$23.62
Crusher Plant Operator	\$17.75	\$2.39	\$20.14	Mechanic- Maintenance	\$21.00	\$3.15	\$24.15
Diver	\$28.50	\$1.48	\$29.98	Painter	\$17.00	\$0.00	\$17.00
Driller -Rock	\$18.38	\$2.60	\$20.98	Paver Operator	\$18.00	\$1.57	\$19.57
Earth Auger Operator	\$22.97	\$6.17	\$29.14	Pipelayer	\$18.00	\$3.16	\$21.16
Electrician - Licensed	\$26.00	\$4.67	\$30.67	Pump Installer	\$21.00	\$3.73	\$24.73
Electrician Helper/Cable Puller (Licens	\$17.00	\$2.84	\$19.84	Reclaimer Operator	\$19.13	\$2.98	\$22.11
Elevator Constructor/Installer	\$19.25	\$1.62	\$20.87	Roller Operator - Earth	\$16.00	\$1.89	\$17.89
Excavator Operator	\$21.54	\$3.44	\$24.98	Roller Operator - Pavement	\$18.00	\$2.07	\$20.07
Fence Setter	\$17.25	\$1.72	\$18.97	Screed/Wheelman	\$22.88	\$4.25	\$27.13
Flagger	\$12.50	\$0.00	\$12.50	Truck Driver - Light	\$17.83	\$3.74	\$21.57
Grader/Scraper Operator	\$21.33	\$5.65	\$26.98	Truck Driver - Medium	\$18.00	\$1.89	\$19.89
Highway Worker/Guardrail Installer	\$16.50	\$0.79	\$17.29	Truck Driver - Heavy	\$16.50	\$1.53	\$18.03
Hot Top Plant Operator	\$23.38	\$5.55	\$28.93	Truck Driver - Tractor Trailer	\$19.00	\$2.79	\$21.79

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B1 = One or two family homes

B2 = Other than one or two family homes

HI = Highway and Earthwork

HB = Heavy Construction and Bridge

MAINE BUREAU OF LABOR STANDARDS

2018

CUMBERLAND COUNTY *HB* PREVAILING WAGE RATE

<u>Occupation Title</u>	<u>Wage</u>	<u>Benefit</u>	<u>Total</u>	<u>Occupation Title</u>	<u>Wage</u>	<u>Benefit</u>	<u>Total</u>
Backhoe Loader Operator	\$20.00	\$2.16	\$22.16	Laborer (Includes Helper-Tender	\$16.00	\$1.64	\$17.64
Boom Truck (Truck Crane)Operator	\$21.66	\$6.86	\$28.52	Laborer - Skilled	\$20.55	\$3.62	\$24.17
Bricklayer	\$24.00	\$3.99	\$27.99	Line Erector-Power/Cable Splicer	\$25.75	\$7.59	\$33.34
Bulldozer Operator	\$20.00	\$4.06	\$24.06	Loader Operator - Front-End	\$19.75	\$2.82	\$22.57
Carpenter	\$24.31	\$10.41	\$34.72	Mechanic- Maintenance	\$20.00	\$5.72	\$25.72
Carpenter - Rough	\$20.67	\$5.49	\$26.16	Mechanic- Refrigeration	\$24.88	\$4.76	\$29.64
Cement Mason/Finisher	\$17.00	\$0.56	\$17.56	Millwright	\$28.90	\$22.50	\$51.40
Communication Equipment Installer	\$21.50	\$3.28	\$24.78	Painter	\$22.00	\$3.06	\$25.06
Comm Transmission Erector Microwave	\$19.00	\$3.57	\$22.57	Paver Operator	\$20.00	\$3.78	\$23.78
Crane Operator =>15 Tons)	\$28.00	\$7.15	\$35.15	Pile Driver Operator	\$25.00	\$11.13	\$36.13
Crusher Plant Operator	\$17.75	\$2.48	\$20.23	Pipe/Steam/Sprinkler Fitter	\$22.50	\$8.53	\$31.03
Diver	\$32.00	\$0.00	\$32.00	Pipe Layer	\$28.00	\$12.54	\$40.54
Driller -Rock	\$18.38	\$2.60	\$20.98	Pump Installer	\$21.00	\$3.73	\$24.73
Earth Auger Operator	\$23.76	\$6.31	\$30.07	Reclaimer Operator	\$18.50	\$2.85	\$21.35
Electrician - Licensed	\$28.83	\$13.97	\$42.80	Rigger	\$20.00	\$6.12	\$26.12
Electrician Helper/Cable Puller (License	\$26.00	\$8.68	\$34.68	Roller Operator - Earth	\$15.88	\$1.76	\$17.64
Excavator Operator	\$23.00	\$3.68	\$26.68	Roller Operator - Pavement	\$18.30	\$1.64	\$19.94
Fence Setter	\$16.00	\$1.17	\$17.17	Truck Driver - Light	\$18.15	\$2.88	\$21.03
Flagger	\$12.00	\$0.00	\$12.00	Truck Driver - Medium	\$17.75	\$1.82	\$19.57
Grader/Scraper Operator	\$21.33	\$5.13	\$26.46	Truck Driver - Heavy	\$19.00	\$3.17	\$22.17
HVAC (Heat-Vent-Air Conditioning)	\$23.00	\$3.05	\$26.05	Truck Driver - Tractor Trailer	\$21.50	\$5.59	\$27.09
Ironworker – Ornamental	\$22.85	\$4.85	\$27.70				
Ironworker - Reinforcing	\$26.20	\$12.15	\$38.35				
Ironworker - Structural	\$23.00	\$6.26	\$29.26				

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B1 = One or two family homes

B2 = Other than one or two family homes

HI = Highway and Earthwork

HB = Heavy Construction and Bridge

MEMO

TO: Jon P. Jennings, City Manager
Brendan T. O'Connell, Finance Director

FROM: Marguerite Fleming, Intern, Executive Department

CC: Mike Murray, Assistant to the City Manager

DATE: August 27, 2018

SUBJECT: Fiscal Impact of Mayor Strimling's Proposed Amendments to the City Purchasing Policy

OBJECTIVE: The Mayor has proposed amendments to the city purchasing policy which include two major changes to the City procurement policies (1): the payment of prevailing wages for building contracts that are funded by municipal funds, and (2): the requirement that contractors who are awarded municipally funded construction projects must participate in apprenticeship/job training programs. This memo addresses the fiscal impact of these two provisions.

1. PREVAILING WAGE

BACKGROUND: Requiring the payment of prevailing wages by contractors employed on public works projects is not a new concept at the federal and state levels. The Davis Bacon Act requires contractors employed on federally funded construction, alteration, repair projects in excess of \$2,000 to pay their employees the prevailing wage and fringe benefits for their occupations. Prevailing wage rates are also used by 27 states for state funded projects. In Maine, with certain exceptions, construction projects administered by a state agency that are over \$50,000 and funded with state funds must adhere to State of Maine prevailing wage and reporting guidelines. Several municipalities have instituted prevailing wage ordinances including Denver, CO, Springfield, MA, and Worcester, MA.

In 2017, the Portland City Council passed an ordinance requiring contractors working on any construction project receiving tax increment financing (TIF) from the City of Portland pay its workers prevailing wages as determined by the State of Maine for Cumberland County. This proposal is incredibly limited in scope and impacted a maximum of 1-3 developer funded TIF projects per year and did not impact any City projects. The Mayor's current proposal is to extend the State of Maine prevailing wage requirements to city funded projects projected to cost over \$50,000.

FISCAL IMPACT: The key point of debate surrounding prevailing wage laws is whether requiring contractors to pay prevailing wage, thereby increasing labor costs, increases the total cost of construction projects. Advocacy by legislators and construction organizations concerned with potential cost increases has resulted in the repeal or invalidation by court decision of sixteen

states' prevailing wage laws, most recently Michigan's in June 2018. Additionally, state laws and local prevailing wage ordinances regulating municipally funded projects have been challenged or repealed in Wisconsin, Ohio, Michigan, and California.

The attached bibliography includes several studies demonstrating that state and municipal prevailing wage laws/ordinances increase total project costs. Studies analyzing all construction projects funded by the selected states/localities determined that prevailing wage requirements increased total project costs by 10-30%. A group of studies specifically looking at housing development found that requiring prevailing wage on such projects increased housing construction costs by 9-37%. The last group of studies, focusing on school construction projects, found that prevailing wage laws cost the examined states an additional \$127 to 480 million per year on school construction projects.

**It should be acknowledged that the generalizability of these studies is limited due to the difficulty of finding projects for comparison that are identical besides the payment of prevailing wages, disagreement amongst researchers on accepted methodology, and the fact that labor costs as a percentage of total project costs vary by project.*

The cost of prevailing wage ordinance compliance for both governments and contractors was also examined. The included notes are findings from cities with prevailing wage ordinances' websites and conversations with compliance staff. Adjusting for population and volume of ongoing construction projects, it can be assumed that, to monitor compliance with a prevailing wage ordinance, Portland would need to hire one or two staff members. Depending on the volume of future construction projects, it may also be necessary for the City to purchase compliance software. The cities of Denver and Seattle utilize LPCtracker software which costs \$25,000 or \$50,000 annually depending on the total value of ongoing construction projects. The reporting requirements that the City would need to institute to monitor compliance with a prevailing wage ordinance would likely impose an administrative burden on contractors. The examined cities require extensive reporting during the bid process as well as frequent payroll reporting for the project duration.

2. APPRENTICESHIP PROGRAM REQUIREMENT

BACKGROUND: There are several existing apprenticeship training options for individuals and employers who wish to participate. The State of Maine administers the Maine Apprenticeship Program which, in 2016, served 1,220 apprentices. Currently, contractor participation in the Program is on a voluntary basis. Southern Maine Community College (SMCC) also offers several Applied Technology Degrees. Additionally, there are several union administered programs in occupations such as masonry, carpentry, plumbing, and electrical.

In 2017, the Mayor proposed requiring contractors employed on any construction project receiving tax increment financing (TIF) from the City of Portland to participate in apprenticeship programs. The proposal was not passed by the City Council. The Mayor's current proposal is to require contractors employed on all city funded construction projects to participate in a registered apprenticeship program for each occupation in which workers will be employed. The firms would be required to participate in the programs for the duration of the project. The State of Maine defines a registered apprenticeship as, "a formal, industry-led, nationally-recognized,

workforce training program for employees that provides in-house skill development through structured on-the-job learning supplemented with technical and theoretical course work.”¹

FISCAL IMPACT: As with the proposed prevailing wage provision, implementing the proposed apprenticeship training requirement will likely impose compliance costs on both the City and contractors. The included notes are findings from cities with apprenticeship training provisions’ websites. Like the proposed prevailing wage provision, it will be necessary to devote city staff time to monitoring compliance, though, it seems that cities with ordinances including both prevailing wage and apprenticeship requirements use the same compliance staff to monitor both provisions. Seattle uses the aforementioned LPCtracker software to monitor its apprenticeship work hour reporting requirement.

Because specific contractor apprenticeship program participation requirements and reporting rules were found to differ between examined cities, the Maine Department of Labor Apprenticeship Specialist was consulted regarding the Maine Apprenticeship Program compliance requirements. The cost to contractors of sponsoring apprentices was stated to be minimal as apprentices can be made to self-fund their tuition which the State reimburses by up to 50%. However, participation in the program requires that contractors register as sponsors and keep records of apprentices’ education, experiences and progress along with the additional responsibilities included in the attached form. It was ascertained from speaking with the Apprenticeship Specialist that, as a component of becoming well-versed with the reporting requirements, contractors’ staff would need to develop an understanding of which occupations are apprenticeshipable (essentially occupations requiring state licensure). Additionally, compliance with the required journeyman to apprentice ratios could require contractors to hire more employees than are needed for projects.

A final consideration is that the Applied Technology Degrees are core academic offerings at Southern Maine Community College (SMCC). SMCC and Contractors who support the degree programs may believe that the proposed apprenticeship provision undercuts SMCC’s offerings.

¹ https://www.maine.gov/labor/jobs_training/apprenticeship.html

Studies Indicating Prevailing Wage Laws Increase Construction Project Costs

- o Flaws in Determination of Prevailing Wage Rates
 - **2015, “Prevailing Wage Reform in Pennsylvania.” Commonwealth Foundation.**
<https://www.commonwealthfoundation.org/issues/detail/prevailing-wage-reform-in-pennsylvania>.

Pennsylvania’s Prevailing Wage Law was enacted in 1961, mandating that state and local governments pay construction contractors wages that “prevail” in each region on projects costing \$25,000 or more.

Despite what its name suggests, the “prevailing wage” is an artificially-inflated wage paid to those who work on government construction projects. It is usually set at the union-inflated wage (determined by collective bargaining agreements) and is higher than the rate for identical work on private projects. The Pennsylvania Association of Boroughs compared prevailing wage rates across the commonwealth’s 67 counties and found they exceed market wages by 30 to 75 percent.

- o Instituting Prevailing Wage Laws Increases Overall Construction Costs
 - **Mackinac Center for Public Policy-Michigan**
 - * On June 6, 2018, Michigan’s Prevailing Wages on State Projects law, Act 166 of 1965 was repealed as the result of a legislative initiative; the repeal was given immediate effect.

Kersey, Paul. 2007. “Prevailing Wage, Productivity and Cost-effectiveness.” <https://www.mackinac.org/8923>

Census data indicates that payroll costs per construction worker are 19.2 percent higher in the strong prevailing wage states than in states with no prevailing wage laws. If one divides construction value-added by construction labor payroll, one finds that in strong prevailing wage states, each dollar paid for construction labor generates \$4.27 in value-added, but in states without prevailing wage laws, a dollar of construction labor generates \$4.54 in value-added. On a dollar-by-dollar basis, construction labor is 6.3 percent more productive in states without prevailing wage laws. In 18 states without prevailing wage laws, construction workers made up 5.3 percent of the work force in 2004, compared with only 4.2 percent for strong prevailing wage states, an indication of the possibility that prevailing wage laws limit opportunities in the construction industry.

Vedder, Richard. 1999. “Michigan’s Prevailing Wage Law and Its Effect on Government Spending and Construction Employment.”
<https://www.mackinac.org/S1999-07>

***study’s methodology has been criticized**

Between 1994 and 1997, Michigan’s prevailing wage law was not enforced, was reinstated by court decision in 1997. This study examined the performance of Michigan's economy for two 30-month periods prior to and during the law's suspension by a federal district court.

Findings:

- Michigan's prevailing wage law reduces employment in construction: During the 30 months (December 1994 - June 1997) when the law was ruled invalid, more than 11,000 new jobs were created as a consequence of the law's invalidation
- Michigan's prevailing wage law adds at least \$275 million annually to the cost of governmental capital outlays
- States without prevailing wage laws had net in-migration of over 2.5 million persons from 1990 to 1996, while strong prevailing wage law states like Michigan had out-migration of 2.7 million
- nationally, poverty rates are higher in prevailing wage law states
- Nationally, worker productivity appears to be lower in construction in states with strong prevailing wage laws, and construction costs are higher in public (prevailing wage) construction than in the private sector where market forces prevail

▪ **Gardner, Kent and McMahon, E.J. 2017. "Prevailing Wage: New York's Costly Public Works Mandate." The Empire Center.**

<https://www.empirecenter.org/publications/prevailing-wage/>

Study draws attention to the fact that the terms mandating how localities set prevailing wage rates essentially ensures that rates are based upon union wages- "Prevailing rates in a locality are determined by virtue of collective bargaining agreements (CBA) between bona fide labor organizations and employers of the private sector, provided that said employers employ at least 30% of workers in the same trade or occupation in the locality where the work is being performed. "Locality" means areas of the state described and defined for a trade or occupation in the current CBAs between bona fide labor organizations and employers of the private sector." The study also points out that New York's law requires the payment of fringe benefits. If the wage rate is based off of union wages then so are the fringe benefits, by extension. The report calculated total building construction costs at prevailing union pay rates, compared to median private-sector construction wages in major metro areas of New York State. Findings: New York's prevailing wage law increases total construction costs by 13 to 25 percent. Used IMPLAN to develop an estimate of the labor component of total project cost. IMPLAN model estimates that labor is 44 percent of total cost of nonresidential construction in New York City. The more labor intensive the project, the greater the cost impact of the prevailing wage mandate.

▪ **San Diego**

- The San Diego City Council initially considered including prevailing wage requirements in all City Projects in 2003. (California has a prevailing wage law but San Diego passed an

ordinance approved by the court to free the city from having to pay prevailing wage on local construction projects.)

- **2003 Study**-Utilized certified payroll data from city projects- broke out labor cost and applied prevailing wage rates to those projects where they were not required and non-prevailing wage rates to projects that had required prevailing wage rates.

Findings: Buildings projects – Labor cost increase of 20% resulting in total construction cost increase of 7.5%.

Pipeline projects – Labor costs increase 20-40% resulting in increased total construction cost as high as 17%.

Road projects – Labor increases from 20-35% resulting in increase of 16% for total construction costs.

- Issue came back up in 2013

- **2013 Study**-Office of the Independent Budget Analyst updated 2003 study to compare 26 project line items applying both prevailing wages and non-prevailing wages using RS Means software (leading tool used by professional engineers to estimate construction costs).

Findings: the average percentage increase for total construction costs was 12% when prevailing wages were applied and compared to line items when non-prevailing wages were applied.

- **2015, “Prevailing Wage Reform in Pennsylvania.” Commonwealth Foundation.**

<https://www.commonwealthfoundation.org/issues/detail/prevailing-wage-reform-in-pennsylvania>.

A survey conducted by the Local Government Commission found municipalities rank the prevailing wage as one of the most burdensome mandates in the state. Based on Pennsylvania wage data, prevailing wage raises the total cost of construction projects by an estimated 10 to 30 percent. This represents upwards of \$1 to \$3 billion in extra costs for Pennsylvania taxpayers annually. Effect has been that Local governments frequently defer routine repair and construction projects because they exceed the prevailing wage threshold, making them too expensive. Ex. In Ferguson Township, the prevailing wage increased the cost of one road maintenance project by 57 percent from \$20,990 to \$32,890.

- **Older Studies**

- **Thiebolt (1975)**-cost increase of about .5% on prevailing wage projects.
- **Gold and Bittlingmayer (1980)**-estimated cost increase resulting from prevailing wage laws to be 4-7%.
- **Fraundorft et. al (1984)**-collected construction data in 1977 and 1978 through inperson interviews with contractors of 215 new

non-residential buildings in rural areas throughout the U.S. Half were subject to prevailing wage laws, half were private. The Davis-Bacon Act requirements were found to increase costs by an average of 26.1.

- **Bilginsoy and Philips (2000)**-conducted a six-year analysis of the British Columbia prevailing wage law-prevailing wages appeared to raise construction costs by 16%.

o Housing

- **California**

California requires that all workers employed on public works projects (construction, alteration, demolition, installation, or repair work done under contract and paid in whole or in part out of public funds) must be paid the prevailing wage determined by the Director of the Department of Industrial Relations, according to the type of work and location of the project. The prevailing wage rates are usually based on rates specified in collective bargaining

The below studies indicate that increased wages have created in increased costs for developers' resulting in a reduction in the number of new homes under construction.

- **2017. "Regulation & Housing Effects on Housing Supply, Costs & Poverty." California Center for Jobs & the Economy.**
<https://centerforjobs.org/ca/special-reports/regulation-housing-effects-on-housing-supply-costs-poverty>

Findings: Requiring builders to pay government-determined prevailing wage rates would raise the median price of a new home by \$42,900 to \$79,000, the price of a unit in a new multi-family development by \$47,000 to \$86,500, and the monthly rent for those units by \$250 to \$460. Over time, this factor alone would push housing prices up overall by about 13% primarily in inland regions, but much higher in coastal areas with significant historical building shortfalls. Combining both direct and indirect effects, the annual drop in home construction would produce a loss of \$20.9 billion to total state incomes, 372,700 fewer jobs, and a \$34.2 billion reduction in total California GDP.

- **Dunn, S, Quigley, J, and Rosenthal, L. 2005. "The Effects of Prevailing Wage Requirements on the Cost of Low-Income Housing." Berkeley Program on Housing and Urban Policy.**
https://urbanpolicy.berkeley.edu/pdf/DQR_ILRR05.pdf

Econometric evidence based on the micro data covering 205 residential projects subsidized by the California Low Income Housing Tax Credit since 1996 and completed by mid-2002 demonstrates that construction costs increased substantially under prevailing wage requirements. Analysis controls for variations in cost by geographical location and for difference in

project characteristics, financing, and developer attributes. Estimates of additional construction costs in the most extensive models range from 9% to 37%. These additional costs are associated with an estimated 3,100 unit decrease in number of new dwellings for low-income households produced under the tax credit program in California.

- **2016. “The Impact of Prevailing Wage Requirements on Affordable Housing Construction in New York City.” New York City Independent Budget Office. <http://www.ibo.nyc.ny.us/iboreports/the-impact-of-prevailing-wage-requirement-on-affordable-housing-construction-in-new-york-city.pdf>**

IBO compared the construction budgets of projects that were subject to federal prevailing wage requirements with other publicly subsidized affordable housing projects that were not required to pay prevailing wages while controlling for various project characteristics. Findings: IBO estimates that the average total construction costs for a project requiring prevailing wages is 23 percent higher than a project where prevailing wages are not required. This percentage cost difference translates into an estimated per unit cost increase of nearly \$80,000.

- **2017. “Impacts of a Prevailing Wage Requirement for Market Rate Housing in California.” Blue Sky Consulting Group. http://www.mychf.org/uploads/5/1/5/0/51506457/prevailing_wage_20170824.pdf**

Study was done to assess impacts of proposed California legislation aimed at expanding prevailing wage requirements to include most of the new market rate housing produced throughout the state. Findings: Estimated an increase in total hourly rates ranging from a low of 39% for electricians up to a high of 116% for construction laborers. Overall, estimated that hourly labor costs for residential construction statewide would be on average 89% higher if builders were to pay prevailing wage rates for all residential construction. Labor currently accounts for approximately 41% of the construction costs for a typical single family home in California-estimated 89% increase in hourly labor costs would result in a 37% increase in total construction costs.

- o School Construction

- **Rosaen, Alex and Taylor, Traci. 2015. “The Impact of Michigan’s Prevailing Wage Law on Education Construction Expenditures.” Anderson Economic Group. <http://www.andersoneconomicgroup.com/Portals/0/upload/AEG%20Prevailing%20Wage%20Update%209-17-2015.pdf>**

Purpose of the study was to estimate the average annual expenditures made for construction of public K-12 and higher education facilities in Michigan over the past 10 years as a result of Michigan’s

prevailing wage law-estimated what cost savings could have been realized by state and local governments had the construction contracts for the dame education buildings not been subject to the prevailing wage law.

Findings: From 2003 through 2012, \$21 billion in school construction and repair projects was subject to Michigan's prevailing wage law. Estimated that Michigan's prevailing wage law increased the financial obligations for education construction by an average of \$127 million per year for the last 10 years.

- **2014. "Illinois' Prevailing Wage Law and the Cost of Education Construction." Anderson Economic Group.**
<http://www.andersoneconomicgroup.com/Publications/Detail/tabid/125/articleType/ArticleView/articleId/8099/Illinois-Prevailing-Wage-Law-and-the-Cost-of-Education-Construction.aspx>

Purpose of study was to estimate the portion of construction expenditures by school districts and higher education institutions in Illinois that are attributable to the state's prevailing wage law. Estimated increase in annual cost due to prevailing wage based on an estimate of the average annual increase in costs on construction projects performed in the years 2002 to 2011. Modeled construction costs subject to prevailing wage rates and assumed that those costs are passed on to the clients...assumed that there will not be a substantial change in raw material costs in the absence of a prevailing wage...did not attempt to project the behavioral responses of the client.

Findings: In the absence of the state's prevailing wage law, estimate that Illinois state and local governments could have saved \$158 million on average each of the past ten years. Total of \$1.6 billion from 2002 to 2011. \$124 million would have been realized by K-12 schools and \$34 million by community colleges and public universities.

- **2015, "Prevailing Wage Reform in Pennsylvania." Commonwealth Foundation.**
<https://www.commonwealthfoundation.org/issues/detail/prevailing-wage-reform-in-pennsylvania>

Allowing schools to opt out of the prevailing wage mandate could save taxpayers between \$160 and \$480 million each year. Ex. In 2011, Southwestern School District in York County, PA needed to fix a leaky roof in one of its schools. The project was originally bid out for \$84,000 without the prevailing wage mandate. The district bid out the project again with the prevailing wage mandate resulting in a cost of \$125,000—a 49 percent increase.

- **2002. “The Effects of the Exemption of School Construction Projects from Ohio’s Prevailing Wage Law.” Ohio Legislative Service Commission.**
<https://www.lsc.ohio.gov/documents/reference/archives/specialreports/srr149.pdf>

Asked contractors on prior school projects to come up with hypothetical bids applying prevailing wage to bids that were submitted for past projects. The difference between the bid price and the estimate of the bid price had the project been bid with prevailing wages was calculated for each respondent to provide an estimate of the savings resulting from the exemption of school districts from the state's prevailing wage laws. For most union contractors both the estimated savings and the percentage savings were zero. The contractor surveys indicate a range of savings of 5-10%. Estimated savings were slightly higher in rural counties than in urban counties. One reason for this is that under prevailing wage laws, wages from urban areas are often "imported" into rural areas. Urban wages tend to be higher than rural wages, so when the prevailing wage requirement is removed, lower rural wages may be used, resulting in savings.

Findings-Prevailing Wage Ordinance Compliance Costs

- Denver
 - Ordinance requires the payment of prevailing wages on city funded construction repair, and/or maintenance projects in excess of \$2,000.
<https://www.denvergov.org/content/denvergov/en/denver-human-resources/search-jobs/prevailing-wage-rates.html>
 - Compliance Monitoring
 - The Denver Auditor's Prevailing Wage Section is responsible for monitoring and enforcement.
 - Denver currently has \$4.3 billion in ongoing construction projects (2,000-4,000 projects)
 - 12 compliance staff members (Director of Contracts & Accountability, Administrative Assistant, Supervisor, and nine investigators)
 - For reference, one investigator can manage 200-400 projects
 - Prevailing Wage Section of Auditor's Office has a \$800,000 budget
 - Denver utilizes LPCTracker compliance software (contractors submit payroll through software)
 - The software cost is incremental based on the total value of contracts or how many payrolls are entered into the system
 - Under \$2 billion in contracts is \$25,000 a year, Over \$2 billion is \$50,000 a year
 - Contractor Reporting
 - Contractors or subcontractors must provide the Auditor's Office with payroll records of all workers, laborers, and mechanics employed to work on the city project.
- Worcester, MA
 - Worcester's Responsible Employer Ordinance includes prevailing wage.
<http://www.worcesterma.gov/uploads/f7/4d/f74d0ed6c2889010b39dfdaca0bab343/responsible-employer-ordinance.pdf>
 - Compliance Monitoring
 - The city purchasing division includes 3 staff members who all work on Responsible Employer Ordinance Compliance.
 - Worcester does not use compliance software.
- Springfield, MA
 - Springfield's Responsible Employer Ordinance includes prevailing wage
<https://ecode360.com/14657966>
 - Compliance Monitoring
 - City Compliance Officer
 - A media article from March 2018 states that the city council approved funding for a two-person compliance unit.
 - [https://www.masslive.com/news/index.ssf/2018/03/springfield_hiring_staff_to_pu.html?%25%25STOP%25%25ath=%25%25eval%20lower%20\\$md5_email%25%25](https://www.masslive.com/news/index.ssf/2018/03/springfield_hiring_staff_to_pu.html?%25%25STOP%25%25ath=%25%25eval%20lower%20$md5_email%25%25)
 - Monitoring Committee
 - Contractor Reporting

- The contractor who has been awarded a contract for public construction by the bidding authority shall complete the Springfield construction employee reporting form and submit the same to the bidding authority and monitoring committee no later than 30 calendar days before commencement of work under the contract.
 - All contractors shall maintain a weekly Springfield public construction employee tracking, keeping track on a weekly basis of the contractors' employees that are working on the project for the entire duration of their work on the project. Such records from this tracking system shall be submitted weekly to the Springfield compliance officer or his/her designee and the monitoring committee, and shall be submitted with certified payroll records.
 - An officer of each such contractor or subcontractor shall certify under oath and in writing on a weekly basis that they are in compliance with the ordinance.
- Seattle, WA does not have a municipal prevailing wage ordinance but, due to ongoing construction volume, has compliance staff in the Seattle Housing Authority and City Purchasing offices to monitor state and federal prevailing wage laws.
 - Compliance Monitoring
 - Seattle currently has \$120 million in ongoing construction projects which amounts to an estimate \$5,000 certified payrolls to review per year
 - The Seattle Housing Authority employs a Labor Compliance Officer, five contract administrators, and a half-time assistant (**A call has been scheduled with the City Contract Compliance Manager*).
 - Seattle has utilized compliance monitoring software for seven years. The City is currently using LPCtracker but until this year used MyLCM.
 - MyLCM cost \$23,000 a year.
 - LPCtracker is incremental based on the total value of contracts or how many payrolls are entered into the system
 - Seattle will pay the \$25,000 a year rate but because of additional costs related to migrating data MyLCM, Seattle paid \$45,000 for the program this year.

Findings-Apprenticeship Training Provision Compliance Costs

- Worcester, MA previously included an apprenticeship training provision as a component of its Responsible Employer Ordinance, however, the provision was suspended after it was challenged in court by the Merit Construction Alliance.
- Springfield, MA
 - Springfield's Responsible Employer Ordinance includes apprenticeship training requirements. <https://ecode360.com/14657966>
 - "The contractor and all trade contractors and subcontractors under the contractor must, at the time of bidding, maintain or participate in a bona fide apprentice training program as defined by MGL c. 23, §§ 11H and 11I for each apprenticeable trade or occupation represented in their workforce that is approved by the Division of Apprentice Standards of the Department of Labor and Workforce Development, regardless of whether or not the program qualifies as an employee welfare benefit plan under ERISA, and must register all apprentices with the Division and abide by the apprentice-to-journeyman ratio for each trade prescribed therein in the performance of any work on the project."
 - Compliance Monitoring
 - The city appears to employ the same compliance staff and monitoring committee to monitor all the provisions in the ordinance.
 - Contractor Reporting
 - Same reporting requirements as for prevailing wage provision
 - Additionally, contractors must submit with their bid a sponsor verification letter from the Commonwealth of Massachusetts, Department of Labor and Workforce Development — Division of Apprentice Standards, issued within the past 90 calendar days, evidencing that at the time of submitting a bid or proposal, the bidder or proposer is currently an approved sponsor of apprentices
 - Contractors also must register all apprentices with the City.
- Seattle, WA
 - The City requires apprentice labor on construction projects estimated to cost \$1 million or greater. Contractors must ensure that up to 15 percent of the total contract labor hours are worked by apprentices enrolled in an apprenticeship program approved or recognized by the Washington State Apprenticeship and Training Council. <https://www.seattle.gov/city-purchasing-and-contracting/social-equity/apprenticeships>
 - Compliance Monitoring
 - City Purchasing and Contracting Services monitors compliance with the apprenticeship requirements. **A call has been scheduled with the City Contract Compliance Manager.*
 - Contractor Reporting
 - An apprentice Utilization Plan, outlining how the requirements will be met, must be submitted at the pre-construction meeting, with revisions submitted by the prime contractor to CPCS as necessary throughout the life of the project.
 - Must submit apprenticeship hours through LCPtracker.

- Spokane, WA
 - Public Works Apprentice Program
 - On public works construction projects with an estimated cost of six hundred thousand dollars (\$600,000) or more, at least fifteen (15) percent of the labor hours of each project shall be performed by apprentices enrolled in a State-approved apprenticeship program. The utilization percentages for apprenticeship labor for public works construction contracts shall also apply to all subcontracts of one hundred thousand dollars (\$100,000) or more within those contracts provided there is a state-approved apprenticeship training programs for the trade of which a subcontract is issued.
<https://static.spokanecity.org/documents/business/apprentice-program/apprentice-program-faqs-022017.pdf>
<https://my.spokanecity.org/smc/?Chapter=07.06>
 - Compliance Monitoring
 - Unclear from website.
 - Contractor Reporting
 - Unclear from website.
- Rochester, NY
 - Apprenticeship Training Program
 - Prior to entering public works contracts in excess of \$250,000, contractors must have apprenticeship agreements, appropriate to the type and scope of work to be performed, which have been registered with and approved by the New York State Commissioner of Labor
[http://www.cityofrochester.gov/apprenticeshiptraining/file:///C:/Users/maggi/Downloads/Apprenticeship%20Training%20Program%20for%20Construction%20Contracts%2011282012%20\(2\).pdf](http://www.cityofrochester.gov/apprenticeshiptraining/file:///C:/Users/maggi/Downloads/Apprenticeship%20Training%20Program%20for%20Construction%20Contracts%2011282012%20(2).pdf)
 - Compliance Monitoring
 - Commissioner of Environmental Services monitors compliance with the apprenticeship requirements. **Plan to schedule a call with a city representative.*
 - Contractor Reporting
 - A contractor who submits a bid for a City contract for which the contract amount exceeds \$250,000 shall submit with the bid package a copy of the following for each apprentice agreement intended to meet the requirements of this regulation:
 - The current New York State Department of Labor Form AT-10, “Apprentice Training Program Registration Agreement,” issued to the contractor or other sponsor of the apprentice training program; and if the apprentice training program is not sponsored by the contractor, an executed copy of City Apprenticeship Training Program Form AP3, “Agreement to Utilize Apprentices on a City of Rochester Construction Contract.”
 - The Contractor shall also submit with the bid package the following:

- o A listing of any contractor proposed to hold subcontract that exceeds \$100,000 in value, including the name of the subcontractor, the scope and value of work proposed to be performed, and the name of any apprenticeship trade for which an approved apprenticeship agreement will be submitted and, copies of approved apprenticeship agreements intended to meet the requirements of this regulation

VENDOR NAME	VENDOR LOCATION
ACETO CONSTRUCTION INC	ALFRED ME 04002
ACME WATERPROOFING CO., INC.	QUINCY MA 02169
ALTEC INDUSTRIES INC	BIRMINGHAM AL 35242
AMERICAN BILLING LLC	SOUTH PORTLAND ME 04106
ARCADIS U.S. INC.	HIGHLANDS RANCH CO 80129
ARTHUR C DUDLEY CONTRACTOR	STANDISH ME 04084
AUTOTRONICS	MADAWASKA ME 04756
BAYSIDE I LLC	PORTLAND ME 04101
BAYSIDE III LLC	PORTLAND ME 04101
BEAUREGARD EQUIPMENT INC	SCARBOROUGH ME 04074
BENCHMARK INC	WESTBROOK ME 04092
BUTTERFIELD HEAVY EQUIPMENT RE	CASCO ME 04015
C.N. WOOD NORTH, INC.	WESTBROOK ME 04092
CALE AMERICA, INC.	CLEARWATER FL 33760
CAMPBELL ELECTRIC	PORTLAND ME 04104
CAROUSEL INDUSTRIES OF NO. AME	EXETER RI 02822
CASCO BAY FORD	YARMOUTH ME 04096
CATHERINE MORRILL DAY NURSERY	PORTLAND ME 04101
CINCINNATI TIME RECORDER	PORTLAND ME 04101
COASTAL ENTERPRISES INC	BRUNSWICK ME 04011
COASTAL ROAD REPAIR	WINDHAM ME 04062
COLEMAN INC., R E	PORTLAND ME 04103
CPRC MANAGEMENT LLC	SCARBOROUGH ME 04074
CREATIVE OFFICE PAVILION	PORTLAND ME 04101
D & C CONSTRUCTION CO., INC.	WATERBORO ME 04087
DENNIS K BURKE INC	CHELSEA MA 02150
DIESEL DIRECT, INC.	STOUGHTON MA 02072
DIRECT ENERGY BUSINESS MARKETI	HOUSTON TX 77046
DOTEN'S CONSTRUCTION, INC.	FREEPORT ME 04032
ECO MAINE	PORTLAND ME 04102
FLOW ASSESSMENT SERVICES, LLC	AUBURN NH 03032
FREIGHTLINER OF MAINE INC	WESTBROOK ME 04092
GLIDDEN EXCAVATING & PAVING	GORHAM ME 04038
GLOBAL MONTELLO GROUP CORP	WALTHAM MA 02454
GORHAM SAND & GRAVEL INC	BUXTON ME 04093
GORRILL-PALMER CONSULTING	SOUTH PORTLAND ME 04106
GREAT FALLS BUILDERS, INC.	GORHAM ME 04038
GREATER PORTLAND COUNCIL OF	970 BAXTER BLVD. 2ND FL
GRIFFON SECURITY TECHNOLOGIES	KENNEBUNK ME 04043
GROVER INC, A H	CUMBERLAND ME 04021
HARDYPOND CONSTRUCTION INC	PORTLAND ME 04103
HASCALL AND HALL, INC	PORTLAND ME 04104
HI-LITE AIRFIELD SERVICES LLC	ADAMS CENTER NY 13606
HI-WAY SAFETY SYSTEMS INC	ROCKLAND MA 02370
HOWARD P. FAIRFIELD INC	SCARBOROUGH ME 04074
INLAND TECHNOLOGIES INTERNTNL	P.O. BOX 253

INTERMEDI	6451 N. FEDERAL HIGHWAY,
ISS FACILITY SERVICES	DENVER CO 80211
J PRATT CONSTRUCTION, INC.	HEBRON ME 04238
JIMINOS PLUMBING AND HEATING I	PORTLAND ME 04103
JOHN B DISANTO & SONS INC	PORTLAND ME 04104
JORDAN EQUIPMENT CO. INC	W. FALMOUTH ME 04105
KLEINFELDER INC	AUGUSTA ME 04330
LABRECQUE CONSTRUCTION INC.	PORTLAND ME 04103
MAINE BEHAVIORAL HEALTHCARE	SO PORTLAND ME 04106
MAINE BOILER INC	PORTLAND ME 04101
MAINE MUNICIPAL ASSOCIATION	AUGUSTA ME 043309486
MAINE MUNICIPAL BOND BANK	AUGUSTA ME 04338
MAINE PAPER & JANITORIAL PRODU	BANGOR ME 04401
MANSFIELD OIL COMPANY	DALLAS TX 753733706
MARDIGAN, STEPHEN E.	PORTLAND ME 04103
MARITIME CONSTRUCTION & ENG.	CAPE NEDDICK ME 03902
MECHANICAL SERVICES INC	PORTLAND ME 041035292
MEDLINE INDUSTRIES INC	DALLAS TX 753121080
MILESTONE RECOVERY	PORTLAND ME 04101
MINUTEMAN SECURITY TECHNOLOGIE	PORTLAND ME 04103
MORTON SALT	CHICAGO IL 60606
MOTOROLA SOLUTIONS INC	NEWBURY MA 01951
NACHURS ALPINE SOLUTIONS LLC	DETROIT MI 482781191
NAPA DISTRIBUTION CENTER	PORTLAND ME 04101
NEXTERA ENERGY SERVICES OF MAI	DALLAS TX 752660100
NORTHCENTER FOODSERVICE INC	AUGUSTA ME 043382628
NORTRAX, INC	WESTBROOK ME 04092
O'CONNOR MOTOR COMPANY	PORTLAND ME 04103
OTIS ELEVATOR CO	WESTBROOK ME 04092
PATRIOT MECHANICAL LLC	GORHAM ME 04038
PEOPLEFIRST REHABILITATION	ATLANTA GA 303847365
PEOPLEREADY, INC	PORTLAND ME 04101
PORT CITY MECHANICAL, INC	PORTLAND ME 04103
PORTLAND WATER DISTRICT INC	LEWISTON ME 042436800
PREBLE STREET	PORTLAND ME 04101
PRECISION INDUSTRIAL MAINTENAN	SCHENECTADY NY 12308
PROCK MARINE COMPANY	ROCKLAND ME 04841
RANSOM CONSULTING, INC.	PORTLAND ME 04101
REHABCARE	ST LOUIS MO 631504469
RINCK ADVERTISING INC	LEWISTON ME 04240
SACO ROOFING	SACO ME 04072
SARGENT CORPORATION	STILLWATER ME 04489
SEABREEZE PROPERTY SERVICES	PORTLAND ME 04103
SEBAGO TECHNICS INC	SOUTH PORTLAND ME 04106
SHAW BROTHERS CONSTRUCTION	GORHAM ME 04038
SPRAGUE OPERATING RESOURCES LL	PORTSMOUTH NH 03801
STANDARD WATERPROOFING, INC.	WATERVILLE ME 04901

STANTEC CONSULTING SERVICES IN	SCARBOROUGH	ME 04074
STATE OF MAINE-DOT	AUGUSTA	ME
STREETSCAN INC.	BURLINGTON	MA 01803
STRUCTURAL PRESERVATION SYSTEM	CHESHIRE	CT 06410
SUNGUARD PUBLIC SECTOR	LAKE MARY	FL 32746
SUPERION LLC	LAKE MARY	FL 32746
SYSCO NORTHERN NEW ENGLAND, IN	PORTLAND	ME 041124657
T BUCK CONSTRUCTION INC	TURNER	ME 04282
TED BERRY CO INC	LIVERMORE	ME 04253
THE OPPORTUNITY ALLIANCE	SOUTH PORTLAND	ME 04106
TITO MASONRY & CONSTRUCTION, L	PORTLAND	ME 04103
TYLER TECHNOLOGIES INC	FALMOUTH	ME 04105
U S FOODSERVICE, INC.	PEABODY	MA 01960
U. S. SECURITY ASSOCIATES INC	ATLANTA	GA 31193
UNITIL	BOSTON	MA 022981077
VANDERLANDE INDUSTRIES, INC	MARIETTA	GA 30062
WINTON SCOTT ARCHITECTS PA	PORTLAND	ME 04101
WOLF TECHNOLOGY GROUP, LLC	WINDHAM	ME 04062
WOOD ENVIRONMENT & INFRASTRUCT	ALPHARETTA	GA 30009
WOODARD & CURRAN INC	PORTLAND	ME 04102
WOODS EXCAVATING LLC	WESTBROOK	ME 040981282
WRIGHT-PIERCE	TOPSHAM	ME 03101
ZONES INC.	SEATTLE	WA 981241740



Office of the Mayor, Ethan K Strimling

DISTRIBUTE TO: Members of the Finance Committee; Councilor Nicholas Mavodones,
Chair and Councilor Justin Costa
FROM: Ethan Strimling, Mayor
DATE: Oct 4, 2018
SUBJECT: Housing Bond

Please consider this memo a formal proposal for the Finance Committee to help us meet the 2017 & 2018 Council Priorities of capitalizing the Housing Trust (see attachment #1) and the 2018 Council Priority to "Increase access to rental and ownership housing that is safe and affordable for working and low income families." (see attachment #2).

This particular proposal is to authorize \$7M in borrowing to be available for our Housing Trust [HT] to then be distributed for the development of affordable and mixed use housing in Portland.

Why Capitalize the Housing Trust?

Although this has been a council priority for at least two years, it bears reminding ourselves why the Housing Trust is such a valuable tool and why capitalizing it is so essential. Here is how the fund is described by city staff in two memos to the Housing Committee this year:

"The Housing Trust Fund is a valuable tool that can assist the City in meeting the goal of providing increased availability in all segments of the housing market. While the City has other resources such as the HUD HOME and CDBG Programs, those funds are limited in amount and scope..... The HOME program restricts rental housing assistance to households at or below 60% of the area median income and home ownership assistance to households at or below 80% of the area median income. The CDBG program is restricted to households at or below 80% of the area median income. City Ordinance allows the Housing Trust Fund to assist households at or below 120% of area median income." April, 2018 (see attachment #3)

Unfortunately, according to Housing staff, the lack of funding from a stable and steady source leaves our Housing Trust as an undependable source for Affordable Housing developers.

*"The Housing Trust Fund also does not provide a stable and steady source of funding for affordable housing **due to the lack of a dedicated funding source**. The absence of a dependable source of funding raises genuine concerns of uncertainty when addressing an issue that affects the entire community."* (bold added) February, 2018 (see attachment #4)

- Historically, over the past 15 years, the Housing Trust alone has expended \$1.9M and is responsible for building at least 229 units. That is a cost of \$8,296 per unit on average. **At this average cost per unit, \$7M would build 844 units of housing.**
- In the past five years, utilizing all City of Portland resources (HOME/CDBG/HT, and excluding TIF's), PHA and AVESTA have been able to produce (or are about to produce) 512 units in Portland at a city subsidy cost of only \$4.5M; \$8,800 per unit. (see attachment #9) **At this average cost per unit, \$7M would produce 795 units.**

In sum, based on past performance, it appears that investing \$7M in the HT can create from 600 to 800 units of housing over five years.

Costs to the taxpayer

According to City Staff, borrowing \$7M would cost about \$10.1M over the life of the bond (20 years), assuming all of it were drawn down. On an annual basis this would be about 8 cents on the Mil Rate, or approximately \$20 on an average \$250K home in Portland.

It should be noted that we plan to retire and replace \$12.9M of bonding this year, and project to add an additional \$5M on top of that. Some of the borrowing proposed here could be included in those projections, thereby reducing the impact on the budget.

Recommendation

My recommendation is to pass the \$7M bond with the stipulation that up to \$1.5M a year be drawn down for distribution (as determined by applications reviewed by the Housing Staff and authorized by the Housing Committee). This reduces the single year impact on taxpayers to no more than \$5 a year on an average home, assuming this debt is outside our annual replacement cap for infrastructure debt.

The committee may also want to consider that an average per-unit expenditure limit be placed on the funds. For instance, we could stipulate that the expectation of the allocation of these funds is that they will garner a return of one unit for every \$10,000 spent. That will ensure a minimum of 700 units being produced, thereby ensuring that the funds continue to be utilized in a way that maximizes the return for the taxpayers and for those in need of housing.

Portland City Council Goal Setting Summary - 2017

The City Council and Mayor met on January 23, 2017 to develop a clear understanding of their key priorities and goals for 2017. It was also to develop a sense of which goals the Council and Mayor are most interested in seeing developed. While each committee and the Mayor will still work on all the goals each outlined (see below), the ranking identified the top three areas of greatest interest on each list. The top 3 goals from each list are:

Economic Development

- Eastern waterfront public infrastructure investment/increase utilization of the terminal
- Broad Band Access
- TIF financing policy

Finance

- Question on the ballot regarding elementary school renovations
- Combined tax increase no greater than 2.5%
- Develop proposal for targeted tax relief

Health & Human Services

- Pursue shelter improvements: expand zoning; improvement and new shelter
- Guidance and policy suggestions on substance abuse, opioid crisis, facilities, marijuana education, zoning, operation of the needle exchange
- Seek regional solutions: homelessness, substance abuse

Housing

- Identify opportunity to demonstrate a City partnership to leverage mixed use housing
- **Implement policies to capitalize the Housing Fund** (*incentives for affordable housing*) added at the meeting
- Pull together a current situation report on Housing Policy, availability and affordability

Mayor

- Universal All Day Pre-K
- Increase inclusionary zoning to 20%
- Earned Paid Sick Time

Nominating & Legislative

- Increase outreach to generate applications
- Establish state and federal intergovernmental relations
- "Ban the box:" examine disclosure requirements

Sustainability & Transportation

- Pedestrian crossings, stop lights, bike lanes, review existing plans, snow removal ordinance and plowing routes, transportation bonds, parking
- Parks: zoning, interactive parks
- Review Portland Climate Action Plan

Attached is a list of each committee's and the Mayor's goals.

Portland, Maine



Yes. Life's good here.

Office of the Mayor, Ethan K. Strimling

2018 Goals

1. Ensuring Educational & Lifelong Success -- Offering Universal Pre-K in Portland

The research is clear - kids who go through high-quality pre-k programs are better prepared for kindergarten than those who don't. Right now the city is only meeting 25% of our need with the current pre-k program and our lowest income kids are being the hardest hit. This proposal is to put out an advisory referenda to ask Portland residents if they are willing to pay for a high quality universal Pre-K program for every four year old in the city. (Will work with School Board on this goal)

2. A Sustainable City – Solarize Portland

Many cities around Portland have instituted "Solarize" programs to promote solar power and help facilitate the bulk purchase of solar energy conversion. Portland should do the same, as well as switching the City's electric plan to renewable, purchasing more electric vehicles for our fleet, installing more charging stations around the city, and exempting environmental upgrades to homes from increased valuation. (Plan is to refer to Sustainability)

Already on Committee Work Plans

3. Affordable Workforce Housing - Capitalizing the Housing Trust Fund to \$10 Million

One of the Council's 2017 goals was to fully capitalize the Housing Trust Fund [Trust]. This proposal will inject \$8 million into the Trust by the end of 2019 - three million from the sale of the WEX property and \$5 million through a bond. Growing the Trust to \$10 million will leverage upwards of \$50-60 million in additional money toward our housing crisis and build upwards of 1,000 units of affordable housing over the next five years. (Finance Committee)

4. A Safe, Healthy Workforce - Earned Paid Sick Time

Currently 20,000 workers in Portland can't earn even one paid day off to care for their own medical well-being or that of their child. This proposal will ensure that every worker in Portland receives at least 6 paid days off a year to take care of health or safety issues for themselves or their family. (HHS Committee)

5. Responsible Contracting for City Contracts

Last year, the council passed a revision to our TIF policy to require that all contractors that work on a project which receives a CEA, pay their workers a livable wage with benefits. This proposal will require that the same standard apply to all city contracts with private entities, plus require that they have an apprenticeship program. (Finance Committee)

Portland City Council Committee on Housing

Goal/Objective: Increase access to rental and ownership housing that is safe and affordable for working and low-income families.

Safe, affordable and accessible housing remains the core objective. The 2018 Housing Committee will focus on policies that help residents match their housing needs with appropriate options over a lifetime. Success is when we have a broad array of housing choices to serve evolving individual and family housing needs.

Solid housing stock, parks and open space, quality education, proximity to jobs and entertainment are all important elements that significantly influence whether Portland can retain and sustain current residents and attract new residents of all ages, backgrounds and abilities.

2018 Committee Workplan Priorities

1. Identify an opportunity to engage the city in a public/private partnership project or projects to add rental and ownership units to our housing inventory, by leveraging policy, planning expertise, funding, zoning, public land, creating a Land Trust and/or other strategies. Towards this goal, the Committee initiated a general exploration in its February meeting of work done in other cities using surplus city property to leverage housing development through formation of a Community Land Trust (CLT). The Land Trust idea is but one of a number of strategies the Committee may explore to develop and forward to proposal to the full council.
2. Identify and recommend policy to remove barriers to Accessory Dwelling Units in residential zones – the Committee proposes to review the effectiveness of loosened ADU policy approved by the council several years ago and consider revisions or additional adjustments in tandem with the first phase of the ReCode Portland zoning rewrite.
3. Develop and recommend a Housing Advisory Board consistent with the language approved by the Council as part of the 2016 Housing security package, including housing professionals, tenant and landlord representatives, to assist the City in developing and implementing policy options to address existing and developing issues.

Other Projects highlighted for action by the Committee

Develop a proposal for a "hotel linkage fee" to fund City housing programs and recommend action to the full council.

Evaluate the condominium conversion ordinance to assess compliance with the tenant notice and relocation assistance requirements and recommend if the condominium conversion fee should be increased to fund TBRA and/or the Housing Trust Fund.

Sponsor development of a cost neutral proposal to take on administration the Portland Water District's water efficiency and repair services program and recommend action to the full council.

Portland, Maine



Yes. Life's good here.

Mary Davis
Division Director, Housing & Community Development Division

TO: Councilor Duson, Chair
Members of the Housing Committee

FROM: Mary Davis, Division Director
Housing and Community Development Division

DATE: April 20, 2018

SUBJECT: 2018 Housing Trust Fund Annual Plan

The Housing Trust fund is established by Section 14-489 of the City's Code of Ordinances. Section 14-489 (e) states that "the city council shall adopt a housing trust fund annual plan" and that the "housing committee of the city council or such other committee as the council shall designate shall conduct public hearings on the recommended plan and refer the matter to the council for action."

The plan establishes the priorities in which the current balance of the Housing Trust Fund will be allocated. Over the last few years, the annual plan has been deliberately broad due to the relatively small amount of available resources. With an increase in resources, it is prudent that a more detailed plan be put in place. Housing Trust Fund resources should be focused on opportunities where other funding sources do not work or are not effective. As always, the City should act prudently when deciding to invest these funds.

Staff is requesting committee approval and recommendation to the City Council of the proposed 2018 Housing Trust Fund Annual Plan.

HOUSING TRUST FUND
2018 ANNUAL PLAN

BACKGROUND

The Housing Trust fund is established by Section 14-489 of the City's Code of Ordinances. Section 14-489 (e) states that "the city council shall adopt a housing trust fund annual plan" and that the "housing committee of the city council or such other committee as the council shall designate shall conduct public hearings on the recommended plan and refer the matter to the council for action."

The Annual Plan will establish the priorities in which the current balance of the Housing Trust Fund will be allocated. The plan is in line with the 2018 City Council Goal of increasing access to rental and ownership housing that is safe and affordable for working and low-income families.

This budget is based on the current balance in the Housing Trust Fund. At this time, Housing Trust Fund revenue is generated from fees triggered by the Housing Preservation and Replacement Ordinance and fee-in-lieu contributions from the Inclusionary Zoning Ordinance, along with other funding resources under Council consideration. The balance of the Housing Trust Fund is \$913,502. While staff anticipates increases in revenue in the Housing Trust Fund as a result of the Inclusionary Zoning Ordinance and other sources being considered by the City Council, those anticipated resources are not included in the 2018 Annual Plan.

Sources and Uses of Housing Trust Fund:

DEPOSITS		EXPENDITURES	
Maine Medical Center 2002-2003	\$ 315,580	Avesta Oak Street Lofts 2011	\$ (380,585)
Sportsman's Grill 2002	\$ 40,000	Housing First Pre-Development RFP 2014	\$ (75,000)
Berlin City Auto 2009	\$ 116,000	65 Hanover St 2015	\$ (9,250)
Stop n Shop 2010	\$ 289,250	65 Munjoy St 2017	\$ (175,000)
Rockbridge/Eastland Park 2012	\$ 42,500		
Riverwalk/Ocean Gateway 2012	\$ 250,000	Total Expenditures	\$ (639,835)
118 Congress LLC April 2014	\$ 3,500		
Sale of Belfort Street 2017	\$ 86,424		
Sale of 116 Upper A Street 2017	\$ 78,527		
443 Congress Street 2017	\$ 280,000		
Previous INTEREST EARNED	\$ 51,556		
Total Deposits	\$1,553,337	BALANCE	\$ 913,502

City Ordinance requires that the Housing Trust Fund Annual Plan include a description of the programs to be funded, a budget for each program and identify how the funds will be distributed among very-low (at or below 50% of the area median income), low (at or below 80% of the area median income) and moderate income (at or below 120% of the area median income) households.

The Housing Trust Fund is a valuable tool that can assist the City in meeting the goal of providing increased availability in all segments of the housing market. While the City has other resources such as the HUD HOME and CDBG Programs, those funds are limited in amount and scope. The proposed Housing Program budget for FY 2018-2019 includes \$325,064 in HOME funding for affordable housing development, \$100,000 for housing rehabilitation and \$224,096 in CDBG housing program income for housing rehabilitation. The HOME program restricts rental housing assistance to households at or below 60% of the area median income and home ownership assistance to households at or below 80% of the area median income. The CDBG program is restricted to households at or below 80% of the area median income. City Ordinance allows the Housing Trust Fund to assist households at or below 120% of area median income.

As always, the City should act prudently when deciding to invest these funds. The Housing Trust Fund should maintain a minimum balance of \$500,000 in order to have resources to act quickly when there is an emergency, such as a need to cure a potential mortgage default that could result in loss of an affordable unit.

FUNDING PRIORITIES

The purpose of the Housing Trust Fund is the "...promotion, retention and creation of an adequate supply of housing, particularly affordable housing, for all economic groups and to limit the net loss of housing units in the City." and "To serve as a vehicle for addressing very low, low and median income housing needs..."

A 2018 priority will be to support the Portland Housing Authority in the implementation of their Strategic Vision Plan when other funding sources are not available. The Housing Authority's current priorities in that Plan are the Boyd Street and Front Street sites.

Allocation Process

Housing Trust Funds will be distributed through a competitive application process. A Notice of Funding Availability will be issued at a minimum of an annual basis to notify potential applicants that the application is available. Applications will be reviewed by an evaluation team that will include City of Portland staff. Selection criteria as well as a point system will be used for evaluating and scoring the applications.

Recommendations will be forwarded to the City Council's Housing Committee for review and approval. The Housing Committee recommendations will be forwarded to the City Council for final review and approval.

Eligible Activities

Activities eligible for funding from the Housing Trust Fund are those that promote, retain, and create an adequate supply of housing, particularly affordable housing for all economic groups, and to limit the net loss of housing units in the city. Eligible activities may include: new construction, preservation/rehabilitation of existing affordable housing, adaptive reuse, acquisition, housing first.

The Housing Trust Fund resources are also intended to promote the retention of affordable housing. Staff recommends that Housing Trust Fund resources be made available, if necessary, to exercise the City's right of first refusal in connection with potential foreclosure issues with affordable homeownership units. This is unlikely to occur in the near future but may come up as more workforce homeownership units are created through Portland's inclusionary zoning ordinance. Similarly, Housing Trust Fund resources should also be considered for aiding households that own affordable units to pay special assessments from their condominium or homeowners association in order to help maintain the unit's affordability and reduce any risk of foreclosure. It is important to allow for the consideration of using funds in these manners as foreclosure of a unit can jeopardize any affordability restrictions associated with the property.

Financing Parameters

Housing Trust Funds should be a resource of last resort.

Form of Awards: A variety of funding mechanisms will be utilized including no-interest loans, below-market loans, forgivable loans, and grants. Type of funding will be determined after review of a number of factors including amount necessary to make the project feasible, the project type, income targeting, number of affordable units, and duration of the affordability period.

Maximum Award Amount: Funding awards will be determined on a per affordable unit basis. The City contribution per unit will not exceed \$15,000. This amount may be adjusted at the discretion of the City Council.

Income Targeting

Housing Trust Fund resources should be focused on (1) opportunities where other funding sources do not work or are not effective, (2) projects designed to create housing affordable to households earning at or below 50% of the area median income, and (3) projects designed to create housing affordable to households earning 80% to 120% of the area median income.

Affordable means that the percentage of income a household is charged in rent and other housing expenses, or must pay in monthly mortgage payments (including insurance and taxes), does not exceed 30% of a household's income, or other amount established in city regulations that does not vary significantly from this amount.

Affordability Restrictions

Affordability restrictions are required. In the case of rental or cooperative units, the units must remain affordable for the life of the housing unit which is presumed to be a minimum of thirty (30) years.

Homeownership units must include resale restrictions that maintain an “equitable balance” between the interests of the owner and the City. These restrictions must be documented and recorded in the Cumberland County Registry of Deeds.

Sales must be made through an arms-length arrangement. No employee, agent, stockholder, officer, director, servant, or family member of the Owner or its Management Company, or its employees, agents, or servants thereof, related either by blood, marriage, or operation of law may qualify for a unit financed with Housing Trust Funds or receive any benefit related in any way to the administration or compliance with the conditions contained therein.

Implementing Regulations

Regulations to further specify the details of the parameters outlined in this Annual Plan, shall be developed, including, but not limited to:

1. Specific methodology for income verification; and
2. Underwriting criteria.

Attachments

2018 Housing Trust Fund Application

Portland, Maine



Yes. Life's good here.

Planning & Urban Development Department

TO: Councilor Duson, Chair
Members of the Housing Committee

FROM: Victoria Volent, Housing Program Manager

DATED: February 23, 2018

SUBJECT: Overview of the Housing Trust Fund

Background

The City of Portland's Housing Trust Fund is established by Section 14-489 of the City's Code of Ordinances. The supports the promotion, retention, and creation of an adequate supply of housing, particularly affordable housing, for all economic groups and to limit the net loss of housing units in the City. Grants or loans are made to fund the acquisition, construction, and substantial rehabilitation of rental, cooperative, and home ownership housing that is restricted to ensure long-term affordability. The Housing Trust Fund is a much more flexible financial tool than other sources of funding available to the City. While the city has resources such as the HUD HOME and CDBG Programs, those funds are limited in amount and scope. Revenue for the Housing Trust Fund is generated from fees triggered by the City's Housing Preservation and Replacement Ordinance, and fee-in-lieu contributions from the Inclusionary Zoning Ordinance. Each fiscal year, the City Council adopts the Housing Trust Fund annual plan which describes proposed programs, funding levels, and benefitted households. The Housing Committee conducts a public hearing on the use of the funds and refers recommendations to the City Council for action. The 2017 Housing Trust Fund Annual Plan is attached for reference purposes.

Housing Trust Fund Priorities

Priorities for the expenditure of Housing Trust funds collected pursuant to the Housing Replacement Ordinance are given to the creation of new housing stock. Priorities for the expenditure of funds collected pursuant to the Inclusionary Zoning Ordinance are not specified in Section 14-489 (Housing Trust Fund). Some communities that prioritize funding requests adopt a ranking system based on a pre-established set of criteria. The Center for Community Change; the Housing Trust Fund Project issued a report titled *Opening Doors to Homes for All. The 2016 Housing Trust Fund Survey Report* (HTFSR) which noted surveyed cities that prioritize via ranking gave more points for the following projects (from highest priority to lowest priority):

lowest incomes; leverage funds; homeless; disabled persons; specific neighborhood preservation/rehab; elderly; distressed communities; developed by nonprofits; energy efficiency; weatherization/upgrades; renewable energy; water efficiency upgrades. Other communities do not prioritize but instead set aside a portion of the trust fund revenue for specific activities. Set aside of funds were given to projects targeting: 50% AMI; 30% AMI; 80% AMI; 60% AMI; 100% AMI, and projects for: homeless services and housing; permanent supportive housing; first time homebuyers; preservation of rental housing rental assistance; persons with disabilities; and energy efficiency upgrades. A third method is the "first come, first serve" in which projects are considered for funding in the order in which they are received.

Eligible Activities

Activities eligible for funding from the Housing Trust Fund are those that promote, retain, and create an adequate supply of housing, particularly affordable housing for all economic groups, and to limit the net loss of housing units in the city. This broad language allows a fluid interpretation of the ordinance to support a full variety of housing proposals that satisfy the appropriate conditions.

Some communities have retained this degree of flexibility in their ordinance while also providing a list of eligible activities. For example, listed eligible activities may include: new construction of affordable housing; preservation/rehabilitation of existing multi-family housing; housing for elderly; or permanent homeless housing. Other communities provide a list of preferred projects such as: Housing First; Rapid Rehousing; projects that leverage additional resources; or gap financing.

As currently written, Portland's Housing Trust Fund Ordinance provides the flexibility necessary to adapt to opportunities where other sources do not work or are not effective.

Eligible Applicants

The Housing Trust Fund Ordinance does not describe eligible applicants but does identify ineligible applicants. The option is available to define the term "eligible applicants". If inclined, a definition may include for-profit businesses, local government entities, housing authorities, nonprofit agencies, community action agencies, nonprofit corporations, and private individuals or corporations.

Financing

Form of Awards

Housing trust funds provide funding in a variety of forms including no-interest loans, below-market loans, forgivable loans, and grants. Some housing trust funds restrict financing to nonprofit developers. Others provide loans to private developers while making grants available to nonprofit developers. And others only offer grants to help reduce homelessness. Portland's

Housing Trust Fund Ordinance disburses funds “as grants or loans” (without further interpretation).

Maximum Award Amount

The level of funding from housing trust funds is usually the minimum amount necessary to achieve the desired degree of affordability, on a case-by-case basis, and subject to funding availability. Portland’s Housing Trust Fund allows distributions in an amount “as the city council in its discretion has approved in the housing trust fund annual plan” (section 14-489 (f) 2). The lack of a steady stream of dedicated revenue into the City’s Housing Trust Fund begets prudent decisions to preserve limited funds that fluctuate year to year.

Funding awards may be limited by specific dollar amounts per project or per affordable unit. Portland has subsidized thirty housing development projects since 2000. The total City investment of \$13,826,598 created 951 units of affordable housing at an average city contribution per unit of \$14,539.01.

Current Balance

The balance of the Housing Trust Fund is \$913,501.54. The chart on the next page breaks down deposit and expenditure activity to date.

DEPOSITS		EXPENDITURES	
Maine Medical Center 2002-2003	\$315,580	Avesta Oak Street Lofts 2011	(\$380,585)
Sportsman’s Grill 2002	\$40,000	Housing First Pre-Development Grants	(\$75,000)
Berlin City Auto 2009	\$116,000	65 Munjoy Street 2017	(\$175,000)
Stop n Shop 2010	\$289,250	65 Hanover & 62 Alder Streets Feasibility Study	(\$9,250)
Rockbridge/Eastland Park 2012	\$42,500	Total Expenditures	(\$639,835)
Riverwalk/Eastland Park 2012	\$250,000		
118 Congress LLC 2014	\$3,500		
Interest earned	\$51,555.81		
91 & 97 Belfort St sale 2017	\$86,423.99		
116 Upper A St., Peaks Island sale 2017	\$78,526.74		
443 Congress St. fee-in-lieu (IZ) 2017	\$280,000		
Total Deposits	\$1,553,336.54	Balance	\$913,501.54

As noted in the above chart, projects funded with Housing Trust Funds include the Avesta Oak Street Loft project which produced 37 efficiency units of rental housing affordable at 60% of the area median income (AMI) and below (including four units at 40% of AMI); 65 Munjoy Street which produced eight condominium units available for sale to households earning at or below

120% of AMI; Avesta's Huston Commons which produced 30 efficiency Housing First units; and Community Housing of Maine purchased a property on St. John Street which produced four Housing First units.

Summary

The Housing Trust Fund is a valuable tool that can assist the City in meeting the goal of providing affordable housing for all economic groups. The benefit and advantage of the Housing Trust Fund is the local control of the funding process structured to address particular opportunities and priority housing needs. The program as designed allows for spending discretion, flexibility, and adaptive uses. The program does not restrict funding awards, determine grant or award eligibility, or provide detailed preferences or priorities. The Housing Trust Fund also does not provide a stable and steady source of funding for affordable housing due to the lack of a dedicated funding source. The absence of a dependable source of funding raises genuine concerns of uncertainty when addressing an issue that affects the entire community.

Prior to establishing the 2018 Housing Trust Fund Annual Plan, staff recommends incorporating the City Council's 2018 Goals when established, along with a review of the Housing Trust Fund administration, program parameters, and revenue source in order to design a plan that will ensure the promotion, retention, and creation of an adequate supply of housing, particularly affordable housing, for all economic groups and to limit the net loss of housing units in the City. The topics introduced in this memo, priorities, eligible activities, eligible applicants, types of financing, maximum award amounts are introduced as a starting point for future Committee consideration.

Attachment:

Housing Trust Fund Ordinance

Copy of the 2017 Housing Trust Fund Annual Plan

The Future of Homeless Services in Portland

...

September 8, 2018



Why are we here? Root causes of homelessness

1 | Lack of affordable housing

- There is a lack of affordable housing options in Portland and the Greater Portland area.
- Several Housing 1st projects have helped, as well as Avesta developments.

2 | Untreated behavioral health issues

- Mental illness and lack of needed services
- Substance abuse and lack of treatment services.

3 | Unemployment & poverty

- Our HIRE and Opportunity Crew programs work with individuals to help them attain the necessary skills needed to regain employment and ultimately housing.

2017 Housing Facts and Affordability Index for Cumberland County



MaineHousing
Maine State Housing Authority

HELPING MAINERS RENT, BUY
& HEAT THEIR HOMES SINCE 1969

Homeownership Affordability Index

	<u>Year</u>	<u>Index</u>	<u>Median Home Price¹</u>	<u>Median Income²</u>	<u>Income Needed to Afford Median Home Price</u>	<u>Home Price Affordable to Median Income</u>
Cumberland County	2013	0.88	\$230,000	\$58,500	\$66,662	\$201,839
	2014	0.87	\$237,000	\$58,423	\$66,935	\$206,862
	2015	0.89	\$241,000	\$60,474	\$67,919	\$214,584
	2016	0.81	\$256,000	\$59,748	\$73,365	\$208,484
	2017	0.82	\$282,000	\$66,656	\$81,616	\$230,310
Portland		0.56	\$285,000	\$49,333	\$87,989	\$159,791
Frye Island		0.60	\$225,000	\$41,000	\$68,187	\$135,290
Yarmouth		0.62	\$450,000	\$84,950	\$136,867	\$279,304
Harpswell		0.67	\$399,500	\$68,695	\$102,418	\$267,958
Scarborough		0.73	\$395,000	\$82,882	\$114,313	\$286,392
Cape Elizabeth		0.73	\$496,000	\$106,151	\$146,005	\$360,610
Westbrook		0.73	\$231,000	\$50,479	\$69,044	\$168,886
Brunswick		0.74	\$268,000	\$60,137	\$81,734	\$197,184
Freeport		0.76	\$358,750	\$79,819	\$105,501	\$271,420
South Portland		0.77	\$260,000	\$59,490	\$77,018	\$200,829
Falmouth		0.79	\$477,000	\$107,980	\$136,579	\$377,119
Cumberland County		0.82	\$282,000	\$66,656	\$81,616	\$230,310
North Yarmouth		0.85	\$377,500	\$95,306	\$111,986	\$321,274
Pownal		0.90	\$276,000	\$73,921	\$82,225	\$248,125
Cumberland		0.92	\$410,000	\$112,230	\$122,476	\$375,701
Casco		0.92	\$215,450	\$56,944	\$61,897	\$198,209
Maine		0.93	\$197,000	\$53,190	\$57,089	\$183,546
Bridgton		0.96	\$171,500	\$47,461	\$49,667	\$163,881
Gray		0.97	\$245,000	\$69,522	\$71,761	\$237,357
Naples		0.98	\$204,750	\$56,777	\$57,836	\$201,001
New Gloucester		0.99	\$237,250	\$67,305	\$67,949	\$235,003
Gorham		1.00	\$270,000	\$78,622	\$78,919	\$268,983
Long Island		1.00	\$200,000	\$52,381	\$52,347	\$200,129
Windham		1.01	\$250,000	\$72,803	\$72,047	\$252,625
Raymond		1.07	\$259,000	\$76,563	\$71,680	\$276,643
Harrison		1.09	\$193,250	\$58,269	\$53,701	\$209,689
Sebago		1.10	\$182,250	\$56,333	\$51,188	\$200,570
Standish		1.10	\$232,000	\$71,561	\$64,904	\$255,796
Baldwin		1.16	\$175,000	\$57,172	\$49,331	\$202,816

The Homeownership Affordability Index is the ratio of Home Price Affordable at Median Income to Median Home Price. An index of less than 1 means the area is generally unaffordable - i.e., a household earning area median income could not cover the payment on a median priced home (30 year mortgage, taxes and insurance) using no more than 28% of gross income.

Households Unable to Afford Median Home

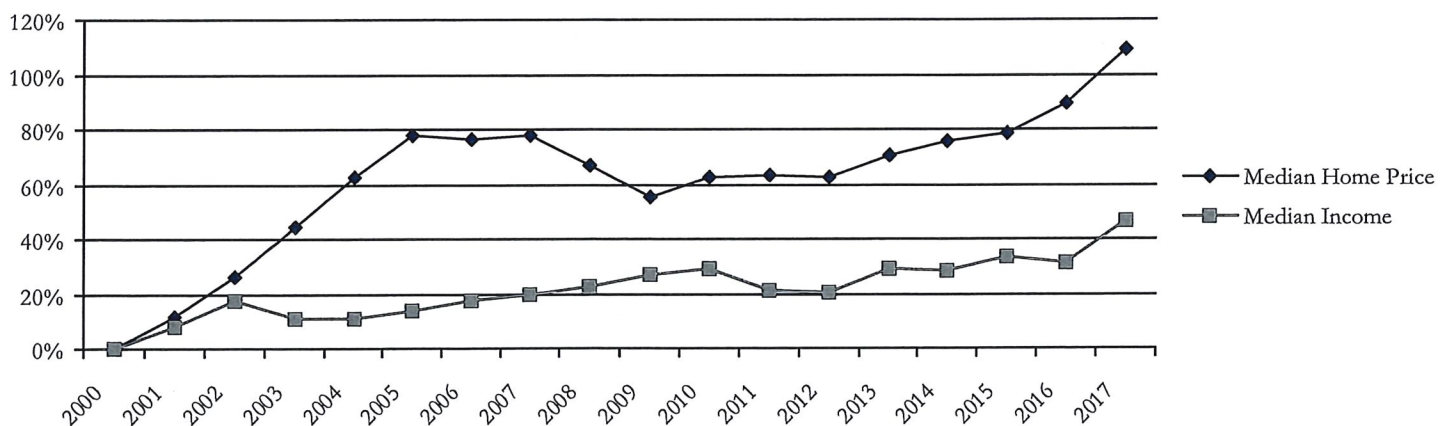
<u>Location</u>	<u>Households Unable to Afford Median Home</u>		<u>Total Households</u>	<u>Median Home Price</u> ¹	<u>Income Needed to Afford Median Home</u>	
	<u>Percent</u>	<u>Number</u>			<u>Annual</u>	<u>Hourly</u>
Portland	72.6%	23,212	31,961	\$285,000	\$87,989	\$42.30
Frye Island	72.2%	13	18	\$225,000	\$68,187	\$32.78
Harpswell	69.4%	1,605	2,314	\$399,500	\$102,418	\$49.24
Westbrook	67.2%	5,385	8,008	\$231,000	\$69,044	\$33.19
Brunswick	63.4%	5,637	8,896	\$268,000	\$81,734	\$39.30
South Portland	63.3%	7,283	11,499	\$260,000	\$77,018	\$37.03
Cumberland County	60.2%	74,411	123,551	\$282,000	\$81,616	\$39.24
Freeport	59.8%	2,044	3,418	\$358,750	\$105,501	\$50.72
Scarborough	58.7%	4,698	8,006	\$395,000	\$114,313	\$54.96
Yarmouth	57.3%	2,101	3,665	\$450,000	\$136,867	\$65.80
New Gloucester	56.2%	1,224	2,179	\$237,250	\$67,949	\$32.67
Pownal	56.0%	337	602	\$276,000	\$82,225	\$39.53
Maine	54.1%	305,534	565,115	\$197,000	\$57,089	\$27.45
Casco	53.9%	867	1,609	\$215,450	\$61,897	\$29.76
Gray	53.7%	1,811	3,370	\$245,000	\$71,761	\$34.50
North Yarmouth	53.2%	734	1,379	\$377,500	\$111,986	\$53.84
Long Island	52.8%	59	112	\$200,000	\$52,347	\$25.17
Bridgton	52.0%	1,239	2,383	\$171,500	\$49,667	\$23.88
Windham	51.9%	3,478	6,695	\$250,000	\$72,047	\$34.64
Naples	51.0%	834	1,634	\$204,750	\$57,836	\$27.81
Gorham	50.2%	3,073	6,124	\$270,000	\$78,919	\$37.94
Raymond	48.9%	895	1,829	\$259,000	\$71,680	\$34.46
Cape Elizabeth	47.1%	1,757	3,731	\$496,000	\$146,005	\$70.19
Falmouth	46.4%	2,170	4,679	\$477,000	\$136,579	\$65.66
Harrison	46.0%	551	1,198	\$193,250	\$53,701	\$25.82
Cumberland	44.7%	1,326	2,969	\$410,000	\$122,476	\$58.88
Sebago	44.3%	363	819	\$182,250	\$51,188	\$24.61
Standish	44.0%	1,624	3,687	\$232,000	\$64,904	\$31.20
Baldwin	43.7%	267	612	\$175,000	\$49,331	\$23.72

Unattainable Homes as a Percentage of Homes Sold

*Attachment #6
(cont)*

Location	Percentage of Unattainable Homes	Affordable Homes Sold	Unattainable Homes Sold
Portland	97.1%	27	897
Frye Island	94.1%	1	16
Westbrook	84.0%	52	272
Yarmouth	82.3%	25	116
South Portland	78.5%	84	306
Harpswell	72.1%	38	98
Scarborough	71.7%	116	294
Cape Elizabeth	71.4%	54	135
Falmouth	71.1%	67	165
Brunswick	68.6%	86	188
Cumberland County	67.7%	1,653	3,459
North Yarmouth	66.7%	24	48
Gorham	58.4%	119	167
Gray	58.0%	68	94
Cumberland	57.1%	73	97
Freeport	56.5%	60	78
Bridgton	54.2%	77	91
Maine	53.9%	9,513	11,139
Pownal	53.8%	6	7
Long Island	50.0%	5	5
New Gloucester	48.1%	42	39
Naples	48.0%	65	60
Casco	46.8%	50	44
Windham	44.8%	181	147
Raymond	43.0%	53	40
Harrison	35.8%	43	24
Sebago	33.9%	39	20
Standish	29.1%	127	52
Baldwin	23.8%	16	5

Relative Increases in Income and Home Price ³



Rental Affordability Index

Cumberland County	Year	Index	Average	Renter	Income Needed	2 BR Rent
			2 BR Rent (with utilities) ⁴	Household Median Income ²	to Afford Average 2 BR Rent	Affordable to Median Income
	2013	0.90	\$1,017	\$36,438	\$40,667	\$911
	2014	0.75	\$1,124	\$33,886	\$44,948	\$847
	2015	0.78	\$1,165	\$36,470	\$46,604	\$912
	2016	0.83	\$1,024	\$33,930	\$40,973	\$848
	2017	0.94	\$1,025	\$38,559	\$40,988	\$964
Portland		0.82	\$1,053	\$34,681	\$42,111	\$867
Gorham		0.83	\$1,400	\$46,505	\$56,000	\$1,163
Falmouth		0.86	\$1,700	\$58,458	\$68,000	\$1,461
Maine		0.88	\$880	\$30,804	\$35,181	\$770
Bridgton		0.89	\$831	\$29,620	\$33,222	\$740
Gray		0.92	\$1,150	\$42,320	\$46,000	\$1,058
Cumberland County		0.94	\$1,025	\$38,559	\$40,988	\$964
Yarmouth		0.96	\$1,292	\$49,850	\$51,662	\$1,246
South Portland		1.10	\$925	\$40,759	\$36,990	\$1,019
Freeport		1.21	\$930	\$44,978	\$37,206	\$1,124
Brunswick		1.23	\$703	\$34,499	\$28,110	\$862
Scarborough		1.27	\$1,025	\$52,126	\$41,000	\$1,303
Windham		1.29	\$962	\$49,683	\$38,467	\$1,242
Cumberland		1.80	\$933	\$67,240	\$37,316	\$1,681

The Rental Affordability Index is the ratio of 2-Bedroom Rent Affordable at Median Renter Income to Average 2-Bedroom Rent. An index of less than 1 means the area is generally unaffordable – i.e., a renter household earning area median renter income could not cover the cost of an average 2-bedroom apartment (including utilities) using no more than 30% of gross income.

Renter Households Unable to Afford Average 2 Bedroom Rent

Location	Households Unable to Afford Average 2 BR Rent		Total Renter Households	Average 2 BR Rent (with utilities) ⁴	Income Needed to Afford Average 2 BR Rent	
	Percent	Number			Annual	Hourly
Gorham	57.5%	668	1,161	\$1,400	\$56,000	\$26.92
Portland	57.0%	10,477	18,371	\$1,053	\$42,111	\$20.25
Falmouth	56.0%	474	846	\$1,700	\$68,000	\$32.69
Maine	55.9%	90,353	161,746	\$880	\$35,181	\$16.91
Bridgton	53.9%	324	601	\$831	\$33,222	\$15.97
Gray	52.8%	393	744	\$1,150	\$46,000	\$22.12
Cumberland County	52.3%	21,362	40,812	\$1,025	\$40,988	\$19.71
Yarmouth	51.5%	566	1,100	\$1,292	\$51,662	\$24.84
South Portland	45.9%	2,082	4,540	\$925	\$36,990	\$17.78
Freeport	42.2%	340	805	\$930	\$37,206	\$17.89
Brunswick	42.1%	1,200	2,847	\$703	\$28,110	\$13.51
Windham	40.9%	557	1,363	\$962	\$38,467	\$18.49
Scarborough	39.8%	629	1,581	\$1,025	\$41,000	\$19.71
Cumberland	27.9%	76	272	\$933	\$37,316	\$17.94

Housing Trust Fund Appropriation

1 message

Mark B. Adelson <madelson@porthouse.org>

Thu, Aug 2, 2018 at
11:09 AM

To: "estrimling@portlandmaine.gov" <estrimling@portlandmaine.gov>, "jcosta@portlandmaine.gov" <jcosta@portlandmaine.gov>, Nick Mavodones <nmm@portlandmaine.gov>
Cc: Jon Jennings <jpj@portlandmaine.gov>, "Jill Duson (jduson@portlandmaine.gov)" <jduson@portlandmaine.gov>, Pious Ali <PALI@portlandmaine.gov>, "kcook@portlandmaine.gov" <kcook@portlandmaine.gov>, Brian Batson <bbatson@portlandmaine.gov>, "bsr@portlandmaine.gov" <bsr@portlandmaine.gov>, "sthibodeau@portlandmaine.gov" <sthibodeau@portlandmaine.gov>, Jay Waterman <jwaterman@porthouse.org>, "Dana Totman (dtotman@avestahousing.org)" <dtotman@avestahousing.org>

Members of the Finance Committee,

...Below is a table showing our current Public Housing Waiting List. Individuals, small households and the disabled are the largest groups in search of housing assistance at this time.

Thank you, Mark B. Adelson

Portland Housing Authority							
Public Housing Waiting List						7/20/2018	
BR Size Requested	Total Applicants	%	Disabled	Elderly	Family	Single	Totals
1	765	66.51%	417	97	53	198	765
2	199	18.24%	42	3	154	0	199
3	121	10.84%	20	2	99	0	121
4	41	3.61%	9	1	31	0	41
5	7	0.62%	0	1	6	0	7
6	2	0.18%	0	0	2	0	2
	1135	100%	488	104	345	198	1135
			43%	9.16%	30.40%	17.44%	100%
Average Days on Waiting List			363				

Mark B. Adelson, Executive Director

Attachment 10

Subsidized Housing Development in Portland Since 2000

No.	Owner/Project	Units	HOME	HDF	CDBG	HTF	TIF	NSP
1	Adams School	16	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,710,000
2	Bayside Anchor	45	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -
3	Bayside East	20	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -
4	58 Boyd Street	55	\$ 200,000	\$ -	\$ 30,000	\$ -	\$ 2,144,566	\$ -
5	977 Brighton Avenue	40	\$ -	\$ -	\$ -	\$ 300,000	\$ 1,954,486	\$ -
6	17 Carleton	37	\$ -	\$ -	\$ -	\$ -	\$ 726,000	\$ -
7	409 Cumberland	57	\$ 500,000	\$ -	\$ -	\$ -	\$ 759,392	\$ -
8	53 Danforth	43	\$ 325,000	\$ -	\$ -	\$ -	\$ -	\$ -
9	Deering Place	80	\$ 200,000	\$ -	\$ -	\$ -	\$ 4,185,757	\$ -
10	Elm Terrace	38	\$ 403,795	\$ -	\$ -	\$ -	\$ -	\$ -
11	Florence House	25	\$ 240,000	\$ -	\$ -	\$ -	\$ -	\$ -
12	Fore River	20	\$ 388,474	\$ -	\$ -	\$ -	\$ -	\$ -
13	37 Front Street	111	\$ 510,174	\$ -	\$ 250,000	\$ 925,000	\$ -	\$ -
14	IRIS Park Apartments	31	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ -
15	Island View Apartments	70	\$ 71,015	\$ 192,639	\$ 136,346	\$ -	\$ -	\$ -
16	178 Kennebec Street	46	\$ 370,000	\$ -	\$ -	\$ -	\$ 2,889,164	\$ -
17	Logan Place	30	\$ 435,000	\$ -	\$ -	\$ -	\$ -	\$ -
18	Motherhouse	88	\$ 627,223	\$ -	\$ -	\$ -	\$ -	\$ -
19	65 Munjoy	8	\$ -	\$ -	\$ -	\$ 175,000	\$ -	\$ -
20	Oak Street	37	\$ -	\$ -	\$ -	\$ 380,585	\$ -	\$ -
21	Pearl Place - Phase I	60	\$ 427,000	\$ -	\$ -	\$ -	\$ 615,502	\$ -
22	Pearl Place - Phase II	54	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ -
23	Rosa True School	10	\$ 118,500	\$ -	\$ -	\$ -	\$ -	\$ -
24	Shalom House	10	\$ 93,000	\$ -	\$ -	\$ -	\$ -	\$ -
25	Peaks Senior Housing	12	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -
26	Peninsula Community II LP	16	\$ 307,700	\$ -	\$ -	\$ -	\$ -	\$ -
27	Peninsula Community III LP	10	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -
28	Peninsula Community LP	12	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ -
29	St. Doms Family Housing	12	\$ -	\$ 436,500	\$ -	\$ -	\$ -	\$ -
30	Unity Village	33	\$ 86,500	\$ -	\$ 363,863	\$ -	\$ -	\$ -
31	Valley Street	24	\$ 320,000	\$ -	\$ -	\$ -	\$ -	\$ -
32	Walker Terrace	40	\$ 382,000	\$ 220,000	\$ -	\$ -	\$ -	\$ -
33	134 Washington Ave	18	\$ 522,448	\$ -	\$ -	\$ -	\$ 207,116	\$ -
34	Wellesley Estates	45	\$ -	\$ 256,000	\$ -	\$ -	\$ -	\$ -
35	Yale Court	30	\$ 150,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -
	Total	1283	\$8,477,829	\$1,555,139	\$780,209	\$1,780,585	\$13,481,983	\$1,710,000

Total City Investment	\$ 27,785,745
Avg. City Contribution/Unit	\$ 21,657
Avg. City Contribution/Unit w/o TIF	\$ 11,149

Last Updated 10-02-2018

O:\HCD\Housing\Housing Data\Housing Development

From: Dana Totman <DTotman@avestahousing.org>
 Date: Mon, Oct 1, 2018 at 9:46 AM
 Subject: FW: Housing Trust
 To: Ethan Strimling <estrimling@portlandmaine.gov>
 CC: Mark Adelson <madelson@porthouse.org>, Donna Yellen <dyellen@preblestreet.org>, Rebecca Hatfield <RHatfield@avestahousing.org>, Greg Payne <GPayne@avestahousing.org>, pmerrill@MAINEHOUSING.org <pmerrill@mainehousing.org>

Ethan,

The chart below indicates that our last seven Portland affordable housing developments cost \$57,972,673. Portland's contribution (from a variety of sources) was \$4,939,851 or 9% of the total. So.....Portland's \$4,939,851 was combined with (leveraged?) \$53,032,822 of non-Portland funds. For every \$1.00 of Portland funds we had \$11.74 of non-Portland funds.

The average Portland housing unit costs \$191,962 and Portland's average contribution was \$16,357. At these rates \$7,000,000 of city funds could support the creation of 428 units.

Dana

Project	Units	TDC	City of Portland					% of TDC
			FedHOME	Other Grant	HTF	TIF Value*	Total City Funds	
Brighton Ave	40 (34 affordable)	8,513,204	-	-	300,000	414,235	714,235	8%
Deering Place	75 (45 affordable)	14,685,918	500,000	-	-	1,325,715	1,825,715	12%
Carleton	37	6,290,018	-	-	-	286,024	286,024	5%
Bayside Anchor	45	7,735,003	500,000	-	-	-	500,000	6%
Huston Commons	30	5,893,952	-	50,000	-	-	50,000	1%
Thomas Heights	18	3,628,083	522,448	-	-	62,582	585,030	16%
409 Cumberland	57	11,226,495	500,000	-	-	478,846	978,846	9%
TOTAL		57,972,673	2,022,448	50,000	300,000	2,567,403	4,939,851	9%

*6% 30-year debt equivalent.

Attachment #9
(cont)

From: **Mark B. Adelson** <madelson@porthouse.org>
Date: Mon, Oct 1, 2018 at 11:11 AM
Subject: FW: Housing Trust
To: estrimling@portlandmaine.gov <estrimling@portlandmaine.gov>
Cc: Dana Totman (dtotman@avestahousing.org) <dtotman@avestahousing.org>, Jay Waterman <jwaterman@porthouse.org>

Ethan, our numbers are below, we also included Bayside Anchor, so if you're totaling Avesta and PHA numbers don't count it twice. The City has provided 10% for the funds for our projects. For every \$1.00 of Portland funds it helped generate \$9.77 of non-Portland funds. Hope this is helpful, good luck on Thursday.
Thanks, Mark A.

From: Jay Waterman
Sent: Monday, October 1, 2018 11:01 AM
To: Mark B. Adelson <madelson@porthouse.org>
Subject: Re: Housing Trust

Mark,

Here are our numbers for City subsidy. I included Bayside Anchor. The City has provided, on average, about 10% of the funds for our recent projects.

PHA Projects			City of Portland					
Project	Units	TDC	FedHOME	CDBG	HTF	TIF Value*	Total City Funds	% of TDC
Bayside Anchor	45 units (36 affordable)	7,735,003	500,000	-	-	-	500,000	6.5%
58 Boyd Street	55 (44 affordable)	12,455,989	200,000	30,000	-	842,000	1,072,000	8.6%
Front Street Re-Development	110 units (88 affordable)	31,499,787	510,174	250,000	925,000	2,031,216	3,716,390	11.8%
TOTAL		51,690,779	1,210,174	280,000	925,000	2,873,216	5,288,390	10.2%
* 6% / 30-year debt equivalent								

Jay Waterman, LEED AP BD+C/Homes
Development Director
Portland Housing Development Corporation
Direct: 207.221.8009
Cell: 207.272.2562

**MEMORANDUM**

TO: Members of the Finance Committee

FROM: Brendan T. O'Connell - Finance Director

CC: Jon P. Jennings - City Manager

DATE: September 28, 2018

SUBJECT: **Cost Analysis - \$7M Housing Trust Bond**

During the October 4, 2018 meeting of the City of Portland Finance Committee Mayor Strimling will be presenting a proposal for a \$7M bond authorization. The proposal includes appropriation of these funds to capitalize the City of Portland Housing Trust Fund. The Committee requested a cost analysis of the proposal be presented at the meeting.

Assuming these bond were issued in full with a 20 year term with level principal repayments at a 4.25% interest rate, the annual debt service in the first year of bond repayment would be approximately \$647,500. This additional debt service expense in the City budget would add approximately 8 cents to the mil rate (an increase of 0.4%). Debt service related to the bonds would be included in the City budget for 20 consecutive fiscal years. The impact would decrease slightly each fiscal year as the bonds were repaid (interest each year would be based on a lower outstanding principal amount) and debt service would slowly decrease down to an estimated \$364,875 by the final year of the bonds. Total estimated debt service on the \$7M of debt over the life of the bonds would total approximately \$10.1M.

A complete estimated debt service schedule is available on Page 2 of this document.

City of Portland, Maine					
2019 General Obligation Bonds (Federally Taxable)					
(Affordable Housing Project)					
Level Principal Payments					
Date	Principal	Coupon	Interest	Period Total	Fiscal Total
8/1/2019			148,750.00	148,750.00	
2/1/2020	350,000.00	4.2500%	148,750.00	498,750.00	647,500.00
8/1/2020			141,312.50	141,312.50	
2/1/2021	350,000.00	4.2500%	141,312.50	491,312.50	632,625.00
8/1/2021			133,875.00	133,875.00	
2/1/2022	350,000.00	4.2500%	133,875.00	483,875.00	617,750.00
8/1/2022			126,437.50	126,437.50	
2/1/2023	350,000.00	4.2500%	126,437.50	476,437.50	602,875.00
8/1/2023			119,000.00	119,000.00	
2/1/2024	350,000.00	4.2500%	119,000.00	469,000.00	588,000.00
8/1/2024			111,562.50	111,562.50	
2/1/2025	350,000.00	4.2500%	111,562.50	461,562.50	573,125.00
8/1/2025			104,125.00	104,125.00	
2/1/2026	350,000.00	4.2500%	104,125.00	454,125.00	558,250.00
8/1/2026			96,687.50	96,687.50	
2/1/2027	350,000.00	4.2500%	96,687.50	446,687.50	543,375.00
8/1/2027			89,250.00	89,250.00	
2/1/2028	350,000.00	4.2500%	89,250.00	439,250.00	528,500.00
8/1/2028			81,812.50	81,812.50	
2/1/2029	350,000.00	4.2500%	81,812.50	431,812.50	513,625.00
8/1/2029			74,375.00	74,375.00	
2/1/2030	350,000.00	4.2500%	74,375.00	424,375.00	498,750.00
8/1/2030			66,937.50	66,937.50	
2/1/2031	350,000.00	4.2500%	66,937.50	416,937.50	483,875.00
8/1/2031			59,500.00	59,500.00	
2/1/2032	350,000.00	4.2500%	59,500.00	409,500.00	469,000.00
8/1/2032			52,062.50	52,062.50	
2/1/2033	350,000.00	4.2500%	52,062.50	402,062.50	454,125.00
8/1/2033			44,625.00	44,625.00	
2/1/2034	350,000.00	4.2500%	44,625.00	394,625.00	439,250.00
8/1/2034			37,187.50	37,187.50	
2/1/2035	350,000.00	4.2500%	37,187.50	387,187.50	424,375.00
8/1/2035			29,750.00	29,750.00	
2/1/2036	350,000.00	4.2500%	29,750.00	379,750.00	409,500.00
8/1/2036			22,312.50	22,312.50	
2/1/2037	350,000.00	4.2500%	22,312.50	372,312.50	394,625.00
8/1/2037			14,875.00	14,875.00	
2/1/2038	350,000.00	4.2500%	14,875.00	364,875.00	379,750.00
8/1/2038			7,437.50	7,437.50	
2/1/2039	350,000.00	4.2500%	7,437.50	357,437.50	364,875.00
	<u>7,000,000.00</u>		<u>3,123,750.00</u>	<u>10,123,750.00</u>	<u>10,123,750.00</u>

ETHAN K. STRIMLING (MAYOR)
BELINDA S. RAY (1)
SPENCER R. THIBODEAU (2)
BRIAN E. BATSON (3)
JUSTIN COSTA (4)

**CITY OF PORTLAND
IN THE CITY COUNCIL**

KIMBERLY COOK (5)
JILL C. DUSON (A/L)
PIOUS ALI (A/L)
NICHOLAS M. MAVODONES, JR (A/L)

**ORDER AUTHORIZING GENERAL OBLIGATION BONDS
IN AN AMOUNT NOT TO EXCEED \$7,000,000**

FOLLOWING a public hearing of the City Council of the City of Portland, Maine, held upon due notice pursuant to Article VII, Section 9 of the City Charter, **IT IS HEREBY ORDERED THAT:**

There be and hereby is authorized and approved the incurring of indebtedness by the City of Portland and the issue and sale of general obligation bonds and notes in anticipation thereof in the aggregate principal amount not to exceed Seven Million Dollars (\$7,000,000) to be used to capitalize the City's Housing Trust Fund established by Section 14-489 of the City's Code of Ordinances and distributed by the City's Division of Housing and Community Development in the form of grants to be used to provide financial support for qualified affordable housing projects, and all other costs related and ancillary thereto (the "Projects").

BE IT FURTHER ORDERED:

1. That the Finance Director be and hereby is authorized to prepare, issue, and sell such bonds in the name of and on behalf of the City, in the aggregate amount of \$7,000,000 (the "Bonds") at one time, or from time to time, as one or more separate bond issues, which may be in a issued on a lump sum or on an as-needed basis, and to determine the date, form, minimum denomination, interest rates (as term bonds or serial bonds or some combination thereof, and which may be a fixed or variable rate, or some combination thereof), maturities (with the last maturity not to exceed the maximum term permitted by law) and all other details, terms and provisions, not inconsistent herewith, including the form and manner of their sale and award as he may approve, such approval to be conclusively evidenced by the execution thereof;

2. That the Finance Director be and hereby is authorized to borrow money in anticipation of said Bonds by the issuance and sale of notes or renewal notes in anticipation of said Bonds ("BANs"), at one time or from time to time, as one or more separate BANs, which may be in a issued on a lump sum or on an as-needed basis (which may be in the form of a line of credit obligation), and to determine the date, form, minimum denominations, interest rate (which may be a fixed or variable rate, or some combination thereof), maturities (with the last maturity not to exceed 3 years from its date of issuance) and all other details of each issue of BANs, including the form and manner of their sale and award, subject to the provisions of the law, the City Charter and this Order;

3. That the Finance Director be and hereby is authorized to provide that any of the Bonds and BANs be made subject to call for redemption, with or without premium, prior to their stated dates of maturity, as provided in 30-A M.R.S.A. §5772(6), as amended;

4. That the Bonds and BANs issued hereunder shall be signed by the Finance Director and by the Mayor, either or both of whose signatures may be by facsimile to the extent permitted by law, attested to by the City Clerk, under the seal of the City, and shall be in such form and contain such terms and provisions not inconsistent herewith as they may approve, their approval to be conclusively evidenced by their execution thereof;

5. That the Finance Director is authorized to negotiate, execute, and deliver, in the name of and on behalf of the City such contracts, agreements, loan or line of credit agreements, instruments and other documents and certificates as may be necessary or appropriate, as determined and approved by the Finance Director, in connection with the financing of the Projects, which contracts, agreements, loan or line of credit agreements, instruments and other documents and certificates shall be in such form and contain such terms and conditions, not inconsistent herewith, as may be approved by the Finance Director, such approval to be conclusively evidenced by his execution thereof;

6. That the Finance Director be and hereby is authorized to select the underwriter or bank, as applicable, for underwriting or purchase of the Bonds or BANs and the Finance Director be and hereby is authorized and empowered to execute and deliver such contracts, agreements or loan or line of credit agreements as may be necessary or appropriate in connection therewith;

7. That the Finance Director be and hereby is authorized to prepare, or cause to be prepared, a Preliminary Official Statement and an Official Statement for use in the offering and sale of the Bonds or BANs, such Preliminary Official Statement and Official Statement to be in such form and contain such information as may be approved by the Finance Director, with the advice of the bond counsel for the City, and that the use and distribution of the Preliminary Official Statement and the Official Statement in the name of and on behalf of the City in connection with offering the Bonds or BANs for sale be and hereby is approved;

8. That the Finance Director be and hereby is authorized to select the registrar, paying agent and transfer agent (the "Transfer Agent") for the Bonds or BANs and to execute and deliver such contracts and agreements as may be necessary or appropriate to secure their services;

9. That the Bonds or BANs shall be transferable only on the registration books of the City kept by the Transfer Agent, and said principal amount of the bonds of the same maturity (but not of other maturity) in minimum denominations of \$5,000 and any integral multiple in excess thereof upon surrender thereof at the principal office of the transfer agent, with a written instrument of transfer satisfactory to the transfer agent duly executed by the registered owner or his attorney duly authorized in writing. Upon each exchange or transfer of a bond the City and the Transfer Agent shall make a charge sufficient to cover any tax, fee or any other governmental charge required to be payable with respect to such exchange or transfer, and with respect to such exchange or transfer, and subsequent to the first exchange or transfer, the cost of preparing new bonds upon exchanges or transfer thereof to be paid by the person requesting the same;

10. That the Finance Director be and hereby is authorized to undertake all acts necessary to provide for the issuance and transfer of such Bonds or BANs in book-entry form pursuant to the Depository Trust Company Book-Entry Only System, as an alternative to the provisions of the foregoing paragraph above regarding physical transfer of Bonds or BANs, and the Finance Director be and hereby is authorized and empowered to enter into a Letter of Representation or any other contract, agreement or understanding necessary or, in his opinion, appropriate in order to qualify the Bonds or BANs for and participate in the Depository Trust Company Book-Entry Only System;

11. That the Finance Director and Mayor from time to time shall execute such Bonds or BANs as may be required to provide for exchanges or transfers of Bonds or BANs, all such Bonds or BANs to bear the original signature of the Finance Director and Mayor, and in case any officer of the City whose signature appears on any Bond or BAN shall cease to be such officer before the delivery of said Bond or BAN, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery thereof;

12. That if the Bonds or BANs, or any part of them, are issued on a tax-exempt basis, the Finance Director be and hereby is authorized and directed to covenant and certify on behalf of the City that no part of the proceeds of the issue and sale of the Bonds or BANs authorized to be issued hereunder shall be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause such Bonds or BANs to be “private activity bonds” or “arbitrage bonds” within the meaning of Sections 141 and 148 of the Internal Revenue Code of 1986, as amended;

13. That if the Bonds or BANs, or any part of them, are issued on a tax-exempt basis, the officers or officials executing the Bonds or BANs be and hereby are individually authorized to covenant and agree, on behalf of the City, for the benefit of the holders of such Bonds or BANs, that the City will file any required reports and take any other action that may be necessary to insure that interest on the notes will remain exempt from federal income taxation, and that the City will refrain from any action that would cause interest on the Bonds or BANs to be subject to federal income taxation;

14. That the officers executing the Bonds or BANs be and hereby are individually authorized to covenant, certify and agree, on behalf of the City, for the benefit of the holders of such Bonds or BANs, that the City will file any required reports, make any annual financial or material event disclosure, and take any other action that may be necessary to insure that the disclosure requirements imposed by Rule 15c2-12 of the Securities and Exchange Commission, if applicable, are met;

15. That any or all of the Bonds or BANs may be consolidated with and become a part of any other issue of temporary notes or general obligation bonds authorized to be issued by any previous or subsequent order of the City Council of the City of Portland;

16. That the Finance Director, Mayor and Clerk and other proper officials of the City be, and hereby are authorized and empowered in its name and on its behalf to do or cause to be done all such acts and things, not inconsistent herewith, as may be necessary or desirable in order to effect the issuance, sale and delivery of the Bonds or BANs;

17. That if any of the officers or officials of the City who have signed or sealed the Bonds shall cease to be such officers or officials before the Bonds or BANs so signed and sealed shall have been actually authenticated or delivered by the City, such Bonds or BANs nevertheless may be authenticated, issued, and delivered with the same force and effect as though the person or persons who signed or sealed such Bonds or BANs had not ceased to be such officer or official; and also any such bonds or notes may be signed and sealed on behalf of the City by those persons who, at the actual date of the execution of such Bonds or BANs, shall be the proper officers and officials of the City, although at the nominal date of such Bonds or BANs any such person shall not have been such officer or official;

18. That if the Finance Director, Mayor or Clerk are for any reason unavailable to approve and execute the Bonds or BANs or any other documents necessary or convenient to the issuance, execution and delivery of the Bonds or BANs, the person or persons then acting in any such capacity, whether as an assistant, a deputy, or otherwise, is authorized to act for such official with the same force and effect as if such official had performed such act.

19. That the Bonds or BANs authorized by this Order are in addition to any bonds or notes previously authorized for the same or similar purposes;

20. That to the extent not payable from other funds, an amount sufficient for the payment of the annual payments of principal and interest on the Bonds or any BANs issued hereunder shall be included in the tax levy of each year until the debt represented by said Bonds or BANs is extinguished;

21. That during the term any of the Bonds (or bonds issued to refund such Bonds) are outstanding, the Finance Director be and hereby is authorized to issue and deliver refunding bonds to refund some or all of the Bonds then outstanding, and to determine the date, form, interest rate, maturities and all other details of such refunding bonds, including the form and manner of their sale and award. The Finance Director be and hereby is further authorized to provide that any of such refunding bonds be made callable, with or without premium, prior to their stated date(s) of maturity, and each refunding bond shall be signed by the Finance Director and by the Mayor, either or both of whose signatures may be by facsimile to the extent permitted by law, attested to by the City Clerk, under the seal of the City, and shall be in such form and contain such terms and provisions not inconsistent herewith as they may approve, their approval to be conclusively evidenced by their execution thereof.

ETHAN K. STRIMLING (MAYOR)
BELINDA S. RAY (1)
SPENCER R. THIBODEAU (2)
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CITY OF PORTLAND
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NICHOLAS M. MAVODONES, JR (A/L)

ORDER APPROPRIATING BOND PROCEEDS
IN AN AMOUNT NOT TO EXCEED \$7,000,000

IT IS HEREBY ORDERED THAT:

1. The sum of \$7,000,000 be and hereby is appropriated to be used to capitalize the City's Housing Trust Fund established by Section 14-489 of the City's Code of Ordinances and distributed by the City's Division of Housing and Community Development in the form of grants to be used to provide financial support for qualified affordable housing projects.
2. The appropriation set forth in Section 1 above is and shall be contingent upon the approval by the City Council of general obligation bonds for such purpose (the amount appropriated in said Section 1 to be adjusted to reflect the principal amount of bonds so authorized) and the issuance and delivery of such bonds (or notes in anticipation thereof) for such purposes. The foregoing appropriations shall also be applied to issuance costs for such bonds (or notes in anticipation thereof).