



Maine Municipal Association

# 2009 Federal Issues Paper



[www.memun.org](http://www.memun.org)

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The 2009 Federal Issues Paper is a publication of the Maine Municipal Association. The purpose of the paper is to highlight federal issues that are of concern to Maine municipal officials and to reflect the policy positions adopted by the MMA Executive Committee.

## Introduction

These are not ordinary times and this 2009 edition of the Maine Municipal Association's *Federal Issues Paper* is atypical as well.

Instead of the traditional litany of concerns and suggestions regarding any number of federal programs, Maine's municipal leaders would like to send a very simple and targeted message to Washington this year.

It is obvious that the primary focus of Congress in 2009 will be on rebuilding the nation's damaged economy.

To that end, local government is ready, willing and able to get those rebuilding projects up and running.

The 2009 *Federal Issues Paper* is organized into just two major topics: (1) How Maine's local governments can best assist in stimulating the economy; and (2) Our strongest possible support for the Delegation's efforts to increase the federal highway truck weight limit to 100,000 lbs. The *Paper* closes out with a brief description of a website resource we are trying to develop that would assist Maine's municipalities in their interactions with the federal government.



# Economic Stimulus and Local Government

It is probably no surprise that every town and city keeps a long list of construction projects that need to be done but cannot be accomplished for lack of resources. The length and breadth of that list of municipal projects became apparent when MMA surveyed its membership on that question in November 2008.

The results of that survey have helped us frame the 2009 *Federal Issues Paper* in two ways. In an effort to determine the various categories of need, we asked the municipal leaders how they would spend a single stimulus dollar if it were provided to them. Their direct responses laid out the various categories of need from the municipal perspective, as well as the proportional allocation of stimulus resources. The respondents also offered insights regarding the most appropriate distribution systems that should be used to allocate stimulus resources.

**The Categories of Construction-based Investments.** Although the spending priorities on construction projects obviously vary from town to city, if all Maine’s municipalities were rolled into one, and its leaders were given a single stimulus dollar, they would recommend spending it the following way:

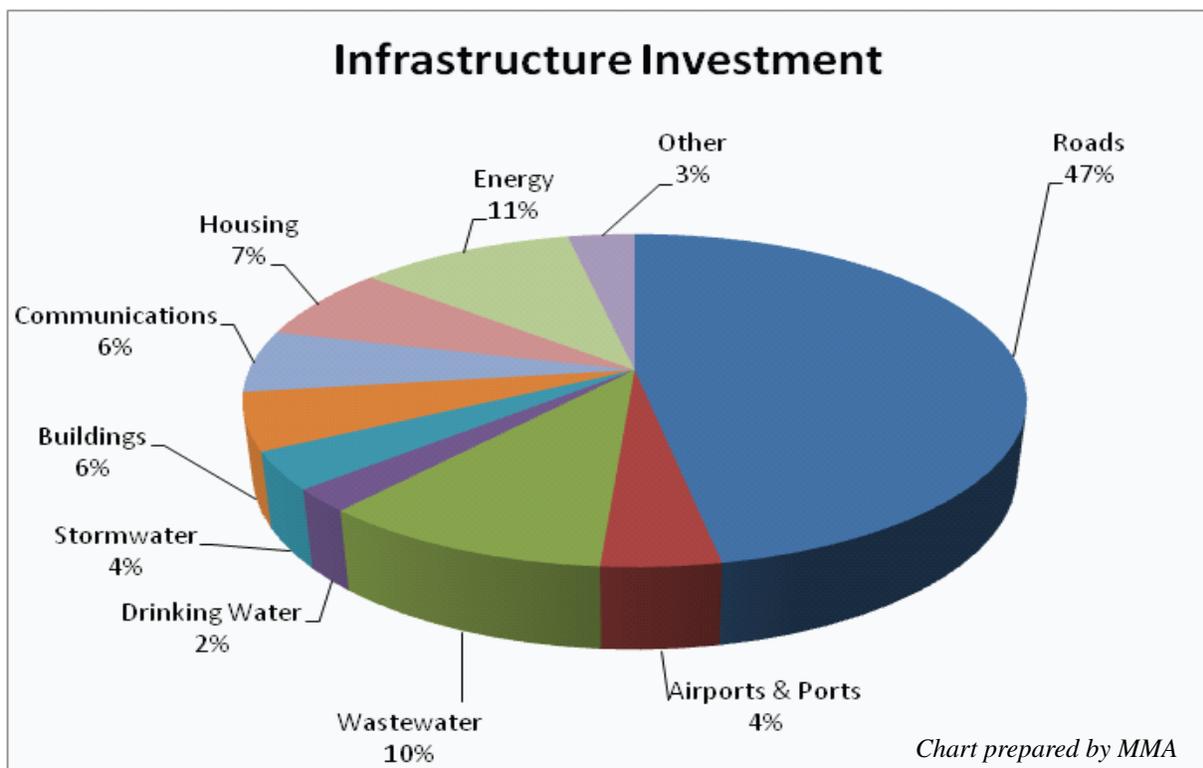
**51% on Transportation**, made up of 47% for Roads and Bridges, with an additional 4% for ports and airports;

**18% on Housing**, made up of 11% to make Maine’s housing stock more energy efficient and 7% to create more affordable and “workforce” housing;

**16% on Water/Wastewater infrastructure**, made up of 10% on improving or constructing wastewater treatment plants and community septic systems, 4% for storm water management and 2% for drinking water infrastructure;

**8% on Communication and Energy Investments**, made up of 6% for broadband installation and 2% for wind power investment; and

**6% on Public Buildings**, including conventional construction as well as school and municipal building retrofit projects for energy conservation purposes.



What follows is a little more detail with respect to each category:

## Transportation

The “best bang for the buck” is how municipal officials describe investments in state and municipal roads and bridges. Not only would investments in the state’s infrastructure help to repair its many inadequate roads and aged bridges, it would put people to work. Road and bridge construction projects are labor intensive, requiring engineering and design professionals, heavy equipment operators, project managers and manual laborers, to name a few. Simply put, investments in Maine’s transportation infrastructure will generate good paying jobs for Maine people.

In addition to creating jobs, transportation resources would help address deep deficiencies in Maine’s road and bridge infrastructure. It is no secret that Maine’s transportation infrastructure is deteriorating. Hard winters, increases in the prices of steel and petroleum-based products used to repair and maintain roads and bridges, and structural decreases in the state and federal funds available to fund infrastructure projects have all contributed to the declining health of Maine roads and bridges.

In a December 10, 2008 report card on Maine’s infrastructure published by the Maine Section of the American Society of Civil Engineers (ASCE), Maine’s road network received a grade of D while bridges in Maine received a D+ rank. According to the ASCE report, the percentage of state roads determined to be in good or fair condition dropped from 81% in 2005 to 73% in 2006. Thirty four percent (34%) of Maine’s bridges are rated as deficient. The national average is 25%. A copy of the ASCE’s report can be found at: <http://maineasce.org/downloads/ReportCard/Final/Maine%20ASCE%20Full%20Report%20Card.pdf>.

While there is an obvious need and ready-to-go willingness to fix our roads and bridges, the existing state and federal funds are inadequate. The Maine Department of Transportation estimates that \$500 million will begin to bring the state’s road and bridge network up to standard. However, the state’s Highway Fund is unable to generate the necessary revenue. Over the upcoming biennium (FY 2010 and FY 2011) the state Highway Fund deficit is projected at \$385 million.

**From the municipal perspective the best way to distribute transportation infrastructure improvement dollars is through the Maine Department of Transportation and its local transportation planning groups.** A direct and undedicated provision of federal transportation resources to the Maine Department of Transportation would be available to fund projects on federal, state and state aid roads. At the state level, the municipalities would advocate for the same gross distribution allocation that occurs, under Maine law, with regard to state appropriations to MDOT’s budget, which is 90% for MDOT and 10% for local road assistance. The Department’s six-year (2010 – 2015) transportation capital improvement plan reveals that every area of the state is in need of this infrastructure funding. A copy of the Department’s plan can be found at the following address: <http://www.maine.gov/mdot/planning-documents/pdf/Six-Year%20combined%202010-2015a.pdf>.

**The municipal community also has a recommendation for distributing the federal funds provided to the state with respect to the funding of “minor collector” road repairs.** Currently, state-owned minor collector roads are repaired only if a community contributes one-third of the cost of the repair work and if the state can actually make available its two-thirds share of the project cost. Since municipalities are having difficulty repairing just their local roads and the state continues to focus its limited resources on larger state roads, the minor collector road network continues to deteriorate. **To ensure that some attention is provided to these roads, municipal officials urge the Congressional Delegation to advocate for requiring states, particularly Maine, to use a portion of any new federal funding for minor collector roads.** By requiring that funds be invested in the minor collector road system, the federal government can ensure that the entire transportation network will get much needed attention, rather than focusing only on certain classifications of roads.

## Housing

The municipal support for housing investments fall into two categories. The lack of energy efficiency in Maine's housing stock, and the need for more affordable and workforce housing.

**Energy efficient buildings.** Maine's municipal officials were 'scared straight' by the extraordinary spike in energy costs in the summer of 2008. It is disheartening to see their constituents work so hard and sacrifice so much just to keep the deep cold at bay, and they are frustrated by the energy inefficiency of the housing stock into which both federal LIHEAP resources and state and local General Assistance dollars for heating oil are allocated. It is no secret that Maine's housing stock is the oldest in the nation, but age alone should not condemn it to forever suffer from inefficiency.

Unlike the municipal focus on transportation and wastewater-related infrastructure construction, this category is new to the municipal priority list, at least at this level of interest. **From every corner of the state, municipal officials would like to see the implementation of a housing rehabilitation program targeted exclusively to weatherization and energy efficiency.** The experience of municipal officials suggests that when weatherization and energy efficiency is merely one of a number of possible improvements that may be provided in a housing rehabilitation program, a greater preference is shown for the more visible improvements. Energy efficiency improvements, which are largely invisible, fall to the wayside.

Municipal officials are comfortable with the two primary systems that already exist to implement this weatherization program. **From the municipal perspective, the best method to distribute resources to effect this type of energy-related housing rehabilitation would be through the CDBG program as well as through the existing weatherization programs administered by the state's CAP agencies. With respect to the CDBG programs, the delivery system would be just like a conventional housing rehabilitation program except with the mandatory energy-conservation focus. The only significant change in that program that we would recommend for this specific element of the stimulus package would be waiving the median household income standard that would prevent a number of municipalities from participating.**

**Affordable and Workforce Housing.** Investments in affordable and workforce housing is also new to the list of issues municipal officials believe Maine's Congressional Delegation should address. While the home foreclosure trends that are currently crippling other states have so far avoided Maine, finding affordable housing is become increasingly difficult for the average Maine family.

According to the US Census, the median value of a Maine home in 2000 was just about \$100,000, higher in southern Maine and lower in the northern and eastern areas of the state. While it is safe to say that in the current economy home values are decreasing, the rate of decrease is not likely to match the median household income anytime soon. In 2000, the state's median household income was \$41,287. The disparity between median household incomes and home values is particularly evident in Maine's largest communities, which also serve as Maine's employment centers. In Bangor and Lewiston, for example, the 2000 median home value was \$87,250, while median household income was \$29,500. In Portland, the median home value was \$121,200 and median household income was \$35,650.

The smaller and more rural communities are also having similar troubles with affordable housing. In coastal communities, home values are clearly driving affordability issues, while in rural communities it is household income that drives affordability concerns. For example, in the Hancock County town of Gouldsboro, the median home value is \$98,600, while median household income is \$36,542. In the Aroostook County town of Van Buren, the median home value is \$45,900, while median household income is \$20,038. Taking these factors into account, municipal officials believe that some of the stimulus funds would be well spent on programs focused on developing affordable and workforce housing in Maine communities.

In a state that is proud of its 72% home ownership rate, the ability to provide for affordable housing is important. Equally important is the ability to provide opportunities for people to find places to live in the communities in which they work. **As is the case with the distribution of funds for energy efficient buildings, municipal officials believe that the state and regional housing authorities and the CDBG program are an ideal way for distributing resources to create affordable and workforce housing. Municipal officials however would advocate for developing a distribution model that does not rely solely on a municipality's median household income.** The distribution model should include other housing-related affordability factors to ensure that all communities wanting to develop or attract affordable housing can qualify for the revenue.

## **Water/Wastewater**

It would appear that investments in clean water and drinking water infrastructure projects satisfy many of the policy goals of the stimulus effort.

First, investments in these projects improve the environment. The infrastructure projects needed to provide drinking water and manage sewerage and storm water are investments that improve the quality of water. These investments are vital to not only meeting both state and federal regulatory requirements, they also represent responsible stewardship of the environment.

Second, investments in these projects produce a broad-spectrum of quality jobs. Like other infrastructure investments, these projects require “white-collar” jobs in fields like engineering and “blue-collar” jobs in fields like welding. The work is done by both public sector and many private sector employers. We believe these investments will help spur a broader economic recovery.

Third, both the environmental benefits and the economic benefits are long-term and sustainable. Investments in clean water and drinking water projects have long useful lives and so the environmental benefits are not one-time but rather ongoing. From an economic standpoint, these projects require workers to provide ongoing operations and maintenance. The revenues for ongoing maintenance and improvements will be made through a combination of long-standing federal, state and local (ratepayer) funding.

While not necessarily a stated policy goal of the stimulus effort, we believe it is also appropriate to assess the need for a particular stimulus effort in the context of any existing federal programs. As we have written in previous *Federal Issues Papers* and as you well know, federal investments in both clean water and drinking water programs have been flat-funded (drinking water) and drastically reduced (clean water) over the past decade. Thus, we believe these existing infrastructure investment programs should enjoy priority status in any stimulus effort.

Finally, there is a clear interest in Maine's smaller communities for the construction of downtown community septic systems, which do not involve wastewater treatment. These projects can make a world of difference in the ability of the smaller downtowns to remain economically vital and attract commercial and denser residential development. At the same time, they may be too small to be included in the projects the state agencies or wastewater treatment administrators provide to you. These smaller projects should not be ignored in the stimulus effort.

We understand that the Maine state agencies that administer these programs have provided you with lists of shovel-ready projects. We also understand that these agencies have outlined some detailed comments on the timing of and distribution system for these stimulus funds. We agree with these policy goals, which are:

- 1. Spread the effort over 2 years with some funding made available in the short, intermediate and longer period in this timeframe;**

2. **Utilize grant programs rather than loan programs for purposes of both speed and to allow those local districts who do not have funds available to participate;**
3. **Remove “disadvantaged community” qualifications for receipt of grants;**
4. **Utilize existing distribution systems; and**
5. **Include resources for the smaller-project community septic systems that are more affordable and appropriate for Maine’s small-village downtowns.**

## **Communication and Energy Investments**

Municipalities support the policy to use the stimulus package to invest in so-called “new economy” infrastructure, including alternative energy and broadband expansion. While traditional infrastructure such as roads, schools and water treatment plants remain priorities for municipalities, it would also be prudent for the federal government to utilize the stimulus package to spur investments in newer, but just as vital, infrastructure.

**Cell Towers/Broadband.** While the City of Washington D.C. faces many difficult challenges, those that live and work in D.C. have access to wireless services. Also, high-speed internet service (or broadband) is also readily available in Washington D.C.

Not so, Washington County, Maine. In early January, Maine’s “ConnectME Authority” announced a state grant of over \$500,000 to a private company to help expand the availability of broadband wireless services to 29 municipalities in Washington County. The grant recipient, Axiom Technologies, will have to provide the balance of the project’s \$1.9 million cost. The source of revenue for the state grant is a surcharge the state imposes on telecommunications. Maine businesses and residents are paying more to help provide this vital technology statewide.

We believe the Maine Congressional Delegation can make a strong case to the incoming Administration that a portion of the federal stimulus package should be devoted to investments in broadband/wireless infrastructure in underserved communities.

This way, incoming President Obama and the Delegation can use their Blackberries in Washington County, Maine as well as in Washington D.C.

**Windpower.** It seems odd to call windpower a “new economy” technology but as the saying goes: *everything old is new again*. There is significant municipal interest in expanding the utilization of small-scale (under 100 KW) wind turbines to generate electricity. Saco, Maine invested significant resources in a wind turbine that will be used to help generate electricity for a new train station (which itself is an investment in the infrastructure necessary to help get people out of their cars where possible and extend the life of highways and reduce pollution).

Kittery, Maine has been utilizing a small-scale wind turbine at the Town’s transfer station for over a year. This turbine was built with both Town funds and a grant from Maine’s Renewable Resources Fund. The revenues for this state fund were generated by voluntary contributions by Maine citizens on their electric bills.

Similarly, the Town of Farmington installed a wind turbine at its wastewater treatment plant a couple of years ago and can easily envision an expansion of that program if construction resources were made available. In the next county over, the Town of Oakland has recently appropriated \$30,000 for the installation of a wind turbine to provide the electricity to power its transfer station operation. If the Town had the resources, two additional installations could power all the municipal government operations in that community.

The federal government does have incentive programs for municipal wind power generation (such as the

Renewable Energy Production Incentive - REPI). However, the incentive for the REPI program is a small per-kilowatt subsidy that lasts 10 years. Since the focus of the stimulus is jump-starting the economy, direct grants for construction would be more immediately effective. Also, the real focus of federal programs such as REPI is the generation and sale (not on-site consumption) of electricity. Half the states, including Maine, have never had a project receive a REPI subsidy.

Obviously, wind power satisfies many of this nation's long-term policy goals because it is non-polluting, helps reduce our dependence on foreign oil, is renewable and generates both high-tech and blue collar jobs.

**We urge the Delegation to make sure the stimulus package includes grant money for both broadband/wireless technology and windpower.**

**Public buildings.** It is not necessarily the case that the public buildings owned and maintained by Maine's local governments are any younger or more energy efficient than Maine's oldest-in-the-nation housing stock.

Many of the community centers, fire houses, public libraries, town halls and even town offices in Maine were either built for the intended purpose many decades ago or are located in deconsecrated churches, converted school houses, old grange buildings or fraternal halls, or old residences that were built over a century ago. Throughout the State's history, our local governments have been frugally recycling abandoned old buildings into public-use facilities.

**If a guiding principle of stimulus investment is to create jobs in the short term and provide a sustainable long-term benefit, then a substantial program to retrofit Maine's governmental buildings to provide maximum energy efficiency is entirely warranted.**

## **Universal Federal Weight Limits at 100,000 lbs.**

Estimates show that in 2008 municipalities invested \$239 million in local road and bridge repair and maintenance efforts. In 2008, investments in local roads and bridges accounted for the third largest local government expenditure category, being out-paced only by local spending on K-12 education (\$1.2 billion) and public safety (\$258 million). Considering that funds are tight at the local level, municipal officials are looking for every opportunity to maximize the taxpayers' investments.

For that reason, municipal officials are appreciative of the efforts Maine's Congressional Delegation has made over the past few years in proposing legislation to increase the weight limit on federal highways in Maine from 80,000 to 100,000 pounds. 2008 legislation submitted by Senator Collins and cosponsored by Senator Snowe would have allowed an expansion of the weight limit in response to the crushing price of diesel fuel and the obvious energy inefficiency of running big rigs on small roads. The legislation, *Commercial Truck Fuel Saving Demonstration Act*, would have created a two-year pilot program permitting trucks carrying up to 100,000 pound to travel on the federal Interstate system whenever diesel prices were at or above \$3.50 per gallon. We also understand that Representative Michaud is working with the House Transportation Committee to include increases to the federal weight limits in this year's federal transportation funding reauthorization bill.

Municipal officials are greatly appreciative of these efforts because the uniform application of federal weight limits would level the playing field between the states that currently benefit from the 100,000 pound weight limit and those that do not. Local government leaders do not understand the public policy behind the current uneven and unfair application of national highway weight limits. Why should one state be spared from the damages that heavily loaded trucks cause on local and state roads while other states are not?

Over the past several years, we have supported Maine's delegation in its various efforts for a weight limit exemption in Maine. In past editions of the *Federal Issues Paper* we have provided examples of where the 80,000 pound limit currently imposed on Maine's federal highways has caused damage to state and local roads when trucks weighing over 80,000 are required to leave the wide lanes of the substantially built federal highway just to work their way down the relatively narrow state and local roads designed to handle more pedestrian and light commuter and commercial traffic. We have provided examples of where these heavily loaded trucks have compromised public safety and in a few tragic cases have taken the lives of Maine residents.

Municipal officials strongly believe that Maine's Congressional Delegation is in a perfect position to demand that the 100,000 pound limit be implemented on all federal highways. If the federal government is serious about maximizing its stimulus funding investments, one place to start is with the federal weight limit. By increasing the limit on the federal highway that runs 302 miles from Kittery to Houlton, federal investments made to state and local road and bridge infrastructures could be protected from the heavily loaded trucks that are currently being forced by federal policy to abandon the federal highway system in Maine to travel over local and state roads. **By increasing the weight limits in Maine, federal investments on state and local roads and bridge would be maximized, there would be a direct economic benefit to Maine's businesses, and products would be transported more safely and efficiently throughout the state.**

## **MMA's Project to Help Connect All Maine Municipalities with the Federal Government**

The results of the survey we conducted to help with the development of our 2009 *Federal Issues Paper* suggest that some municipal officials do not feel very connected with the federal government or knowledgeable about federal programs as they pertain to local government.

From time to time they might apply for a CDBG grant and develop a working relationship with the Maine Department of Economic and Community Development or a regional Economic Development District. If they are unfortunate enough to experience serious flooding or another emergency situation, the Federal Emergency Management Agency might be involved in the impact assessment and relief implementation. Many years sometimes pass without any direct interaction with the federal government at all.

For communities that do not interact with the federal government, however, the workings of Congress can appear confusing or out of reach, and the federal programs seem difficult to access.

MMA would like to help the elected and appointed officials in these communities, as well as their constituents, obtain a better understanding of the programmatic offerings of the federal government and gain easier access to information about the workings of Congress. Specifically, we would like to set up a space on our website where municipal officials (and anybody else) can obtain objective, easily-digestible, "resource center" information about the federal agencies, federal programs and activities of Congress that pertain to local government.

Perhaps there are some existing informational resources that would assist us in our efforts, or staff people in the congressional offices who would be willing to help us identify the most significant and viable legislation being considered by Congress that would impact local government.

We hope to discuss this project in greater length when we meet in March. Any help the Congressional Delegation could provide in this effort will be much appreciated.





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