



SED CO

Board of Directors Meeting
Thursday – February 16, 2023

8:00am – 9:30am

This Meeting is in Person (Hybrid Option Available)

3rd Floor at SEDCO Office Building

Meeting Agenda

- I. Call to Order
- II. Brief Round Table with Members
- III. Approvals
 - a. Meeting Summary
 - b. Financial Report
- IV. Draft Budget
- V. Updates & Discussion
 - a. Vision Committee Summit Proposal
 - b. Revision to Outdoor Storage Definition
 - c. Rate of Growth Ordinance (Feb 15, Council workshop)
 - d. Location of 2023 Annual Meeting?
 - i. Black Point Inn
 - ii. Greenhouse at Highland Farm
 - e. MEREDA Highlights
 - f. Grant: Understanding Homelessness
 - g. Subcommittee on Small Business Resource HUB
- VI. Adjourn

ONLINE Meeting Location:

For Board Members/Liaisons - Board members may choose to sign in as panelists if they cannot be in person. Please let Magda know. All Members will receive a login the day before the meeting.

For Guests: please go to:

https://us02web.zoom.us/webinar/register/WN_KQhbXFmJSCuxiHi2LtkyZA



Meeting Summary

SEDCO Board of Directors Meeting

December 15, 2022

Call to Order

Chair Jonathan Crasnick called the December 15, 2022, meeting of the SEDCO Board of Directors to order at 8:05am with the following members in attendance: Jon Crasnick, Travis Kennedy, Jim Hartley, Jason Perkins, Hellen Cella in person, and Allen Paul attended via zoom. Rick Shinay, was absent. A quorum of the board was declared. Also, in attendance were: Town Manager Tom Hall, Councilor Liaison Nick McGee via Zoom, Andrea Killiard and Kevin Freeman - Strategic Plan Subcommittee, Executive Director Karen Martin, and Economic Coordinator Magdalena Slawiec. The meeting was held at 360 US Route One, Third Floor Conference Room.

Round table Discussion

- Seadogs Restaurant opened in Scarborough.
- Crisp is moving to Gateway Shoppes Plaza.
- Atlantic Credit Union is still planning on building a branch in Scarborough.
- Starbucks in Marden's was approved by the Planning Board.
- Retail – much slower than it used to be. Businesses are worried about January. Hopefully sales will go up in the Summer.
- Manufacturing – concern about 2024, manufacturing is slowly coming back to US, pricing is going down a little, labor shortages and supply chains are largest concerns.
- Finding contractors for small project became challenging.
- Town is preparing for the budget season. 5 senior staff members were recently hired.
- Council – new appointments, 2 - 3 weeks ahead of schedule, working on the goals.
- Schools – discussion about a new 25 acres site for school.
- Piper Shores – still on target for certificate of occupancy for May 30; struggling to find people to work.
- Many "help wanted" signs in the stores.
- People are not masking in the stores even though there are many outbreaks.
- Banks are healthy. There is a lot of availability for projects; not a lot of real estate transactions, drop in residential, young women start new businesses.

Approvals - Minutes & Budget

The September 2022 Meeting Summary and Financial Report were moved seconded and approved by the Board. All were in favor.

SEDCO's Audit was completed.

GMO – SEDCO Considerations – (take a look at different components of the growth management and give some feedback on how it affects what SEDCO is trying to accomplish.)

Annual allocation of permits is 144 total residential permits – GMO affects only residential development. 30 of those permits are available in non-growth management areas, rural areas.

Restrictions - no more than 20% of those permits can be allocated in one area.

Exemption process requires super majority from Council. When the Council sets an ordinance in the town, they would like it to stick so everyone knows the rules without Council to take it every other meeting. The Council is waiting for feedback from different boards and committees on that matter.

Affordable housing is not included in 144 number.

- Opening Thoughts:
 - We need a predictable system in place for the Town and developers. The developers want to know ahead of time what is ahead of them - planning involved in the process.
 - The numbers that are out there are too limiting. We may be always facing constant requests exemptions. The number does not allow for large developments like Downs. It is for the Council to decide if we want large developments in the town. We need to decide how many do we really want and need.
- #1 question – Variable answer
 - Rate of growth is very important for Scarborough. We need to convey the message to the Council when the growth rate is important for businesses and economic development.
 - Review committee should be created – annual (combination of council and committees such as affordable housing, conservation committee, SEDCO, school board, member from the public).
 - There is value in adding affordable housing into the ordinance - is more strategic as the whole. Adding to the ordinance rather than having exemptions is another way to do that.
 - It was mentioned that annual review would not work as times change and financial situation of businesses and developers change too.
 - Developer may not look at Scarborough if we review it annually because they cannot plan to that. There is a lot of time and expense required – the number can change on them during that time. The word may get out and large developers may be discouraged to come to Scarborough.
 - We should be adding to ordinances instead of adding to exemptions.
 - Look at the historic data – what was the average number is previous 10 years.
 - Comp plan is a growth plan.
 - How do we handle traffic? We need to get to a capacity where we can support mass transit of some kind. We do not have a number to make it happen now. How to grow but minimize traffic? We have only a few ways to reroute traffic now so look at the capacity.
- Is exemption process beneficial?
 - We need it – there always be an exemption.
 - If the total # was higher we would have less exemptions. We need a better #.
- How does the Council make a decision whether an exemption should be allowed?

- Build it in the ordinance - If you want to have affordable housing in town then build in affordable housing into ordinance. Affordable housing does not require GMO permit. If we want work force housing – make it a part of the ordinance in the growth areas. If affordable housing and workforce housing are acceptable in town make the ordinance in the growth areas.
- We should not put anything in stone because everything changes so fast. Now our priority is work force housing but in a few years, it might be something different. We should have something that works for current times but there should be a committee that looks into it every year anyway.
- Fairness issue – suggestions on limits, how do you allocate and redistribute this number?
 - We need to hear what developers have to say. Size of the project seems to be a problem. It does not seem fair for smaller developers when larger developers come a take most of the permits.
 - Consider projects that support local economy, support local owners, support workers who can afford to live in this town.
 - Do not put strain on local traffic. Do not make difficult for workers to get to their work.
 - People look for certainty.

Adjourn

The meeting adjourned at 9:30AM. Motion to adjourn was made by Andrea and seconded by Jon.

SEDCO Budget Statement: FY 2023

INCOME/REVENUES (Based on Invoices)	2023 Budget	Transactions to Date	% of Budget	Remainder	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-22
Other Revenues (ads, partnerships, sublease, sponsors)	\$ 9,500	\$ 10,094	106%	\$ (594)	\$ 1,500	\$ 4,430	\$ 3,004	\$ 366	\$ 4	\$ 785	\$ 5					
Town of Scarborough (TOS) - Staffing	\$ 225,128	\$ 131,327	58%	\$ 93,801	\$ 18,761	\$ 18,761	\$ 18,761	\$ 18,761	\$ 18,761	\$ 18,761	\$ 18,761					
TOS - Marketing	\$ 13,500	\$ -	0%	\$ 13,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
TOS - Contracted Services	\$ 29,460	\$ 14,734	50%	\$ 14,726	\$ -	\$ -	\$ -	\$ -	\$ 14,734	\$ -	\$ -					
INCOME TOTAL	\$ 277,588	\$ 156,155	56%	\$ 121,433												
EXPENSES																
Staffing	\$ 168,312	\$ 98,182	58%	\$ 70,130	\$ 14,026	\$ 14,026	\$ 14,026	\$ 14,026	\$ 14,026	\$ 14,026	\$ 14,026					
FICA	\$ 10,300	\$ 6,006	58%	\$ 4,294	\$ 858	\$ 858	\$ 858	\$ 858	\$ 858	\$ 858	\$ 858					
Medicare	\$ 2,410	\$ 1,407	58%	\$ 1,003	\$ 201	\$ 201	\$ 201	\$ 201	\$ 201	\$ 201	\$ 201					
Dental Ins	\$ 265	\$ 154	58%	\$ 111	\$ 22	\$ 22	\$ 22	\$ 22	\$ 22	\$ 22	\$ 22					
Long Term Disability	\$ 850	\$ 497	58%	\$ 353	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71					
Health Ins	\$ 25,208	\$ 14,707	58%	\$ 10,501	\$ 2,101	\$ 2,101	\$ 2,101	\$ 2,101	\$ 2,101	\$ 2,101	\$ 2,101					
Pension	\$ 16,983	\$ 9,905	58%	\$ 7,078	\$ 1,415	\$ 1,415	\$ 1,415	\$ 1,415	\$ 1,415	\$ 1,415	\$ 1,415					
Unemployment Comp	\$ 200	\$ 119	60%	\$ 81	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17					
Workers Comp	\$ 600	\$ 350	58%	\$ 250	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50					
Staffing Subtotal	\$ 225,128	\$ 131,327	58%	\$ 93,801												
Marketing/Attraction of Scarborough - SEDCO	\$ 13,500	\$ 1,797	13%	\$ 11,703	\$ -	\$ 297	\$ 380	\$ 400	\$ 300	\$ 360	\$ 60					
Marketing/Attraction of region	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Marketing/Attraction Subtotal	\$ 13,500	\$ 1,797	13%	\$ 11,703	\$ -	\$ 297	\$ 380	\$ 400	\$ 300	\$ 360	\$ 60	\$ -	\$ -	\$ -	\$ -	\$ -
Rent & Cleaning	\$ 8,910	\$ 5,180	58%	\$ 3,730	\$ 740	\$ 740	\$ 740	\$ 740	\$ 740	\$ 740	\$ 740					
Utilities (Phone, Cell, Internet)	\$ 3,500	\$ 1,820	52%	\$ 1,680	\$ 260	\$ 260	\$ 260	\$ 260	\$ 260	\$ 260	\$ 260					
Meetings/education/conferences/travel	\$ 2,500	\$ 478	19%	\$ 2,022	\$ -	\$ -	\$ 102	\$ 60	\$ 89	\$ -	\$ 227					
Office Supplies + Technology	\$ 8,000	\$ 2,965	37%	\$ 5,035	\$ -	\$ 353	\$ 808	\$ 380	\$ 697	\$ 482	\$ 245					
Organization Dues/Subscriptions	\$ 2,250	\$ 1,950	87%	\$ 300	\$ -	\$ 38	\$ 452	\$ 340	\$ 165	\$ 315	\$ 640					
Events	\$ 8,500	\$ 6,471	76%	\$ 2,029	\$ -	\$ -	\$ 276	\$ 6,195	\$ -	\$ -	\$ -					
Professional Expenses	\$ 2,000	\$ 2,125	106%	\$ (125)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,125	\$ -					
MMA (insurance)	\$ 3,300	\$ 3,126	95%	\$ 174	\$ -	\$ -	\$ -	\$ 2,588	\$ -	\$ -	\$ 538					
Reserve	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Contracted Services/Operating Budget	\$ 38,960	\$ 24,115	62%	\$ 14,845	\$ 1,000	\$ 1,391	\$ 2,638	\$ 10,563	\$ 1,951	\$ 3,922	\$ 2,650	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENSE TOTAL	\$ 277,588	\$ 157,239	57%	\$ 120,349	\$ 1,000	\$ 1,688	\$ 3,018	\$ 10,963	\$ 2,251	\$ 3,922	\$ 2,710	\$ -	\$ -	\$ -	\$ -	\$ -

Net Budget

Reviewed by: _____



TO: SEDCO Board
FROM: Karen Martin, SEDCO Executive Director
DATE: February 10, 2023
SUBJECT: **All Boards Summit 2023**

Based on some preliminary discussions with the Town Manager, the Vision Committee began planning for an All Boards Summit in the May/June time period for 2023.

As some of you may recall, the Vision Committee, a joint committee of SEDCO and the Chamber, developed the concept of the All Boards Summit to promote communication and coordination between the many boards serving the Town of Scarborough.

The concept is to gather the leadership of all the Boards and Committees to discuss relevant issues. Some Summits have focused on committees sharing their work plans, while some have focused on major questions, like input on the Comprehensive Plan. Three previous Summits have organized and hosted by the Vision Committee. There were no summits in 2020 through 2022.

Discussion in 2023 has focused on whether or not the Summit could be an effective vehicle for communicating and making progress on the 2023 Council Goals.

The Vision Committee is pleased to organize the Summit but would look to the Council and Manager for identifying goals for the event. Discussions to date has been focused on Greenhouse at Highland Farm, which provides plenty of space and parking for the number of attendees expected at an All Boards Summit.

TO: SEDCO Board
FROM: Karen Martin, Executive Director
Subject: Proposed Revisions to Outdoor Storage Regulations in Zoning Ordinance

SEDCO and the Planning and Codes Division are proposing revisions to the zoning ordinance that currently restrict commercial vehicles on business sites in some zones. The existing regulations have proved unnecessarily challenging to small businesses since they require that any branded vehicle be enclosed in a structure if it is to be parked at the place of business for more than 24 hours. Businesses often run afoul of the ordinance on Sundays when the business is closed. The vehicle is likely not moved within the designated 24-hour period. Technically, the vehicle must be parked in a fully enclosed area such as a garage.

The proposed revision takes commercial vehicles out of the definition of Outdoor Storage. It will allow businesses to propose screening, such as landscaping, rather than a structure for vehicles. This applies only to the commercial lots. For businesses with four or fewer vehicles, they may park with no additional screening. If a business has more than four vehicles they must, at the time of their site plan, show how their fleet vehicles will be screened. Performance standards will be included to assist the Planning Board in determining the adequacy of the screening.

The proposal is before the Long Range Planning Committee. LRPC requested that we seek input on the proposal, in particular the 4-vehicle cut off for requiring screening, from the business community. The proposal was sent out to the business community through our newsletter to seek input. We asked for comments by February 17.

These changes should provide relief to businesses throughout the commercial zones, while still providing screening of such vehicles on the site.

Housing Developers' Focus Group/Hosted by SEDCO January 10, 2023

On January 10, 2023 a group of local housing developers gathered at Town Hall to provide feedback on their experience with the current Rate of Growth Ordinance (GMO) and to provide suggestions for ordinance revisions. The list of invitees is attached.

The following statements are a condensed summary of the comments from participants:

Ordinance Background and History

The Town developed the GMO as a reaction to significant single-family development in the 2000's that placed demand on services infrastructure. The ordinance was developed BEFORE we had impact fees & before the zoning improvements from the 2006 comprehensive plan. Now, the Town has impact fees, zoning consistent with a comprehensive plan. Is a rate of growth ordinance still an effective tool when you have these other aspects of a Growth Management Program. The GMO is obsolete in light of the other growth management tools.

General Comments

- The GMO can't be a one size fits all approach.
- We have many difference kinds of zoning districts with different intensities. The GMO is not aligned with the Zoning Ordinance and the Comprehensive Plan.
- Scarborough is a very desirable community and is attracting high end investment in housing.
- Growth managed correctly holds down the property taxes through the creation of new value and the investments in Town infrastructure.
- Developers are looking at other communities in which to invest, given the unpredictability of getting permits.

General Experience with the Ordinance

- Predictability is a key aspect to development. You follow the rules in the zoning ordinance, but then you can't get permits and the process to seek redress is complicated and not predictable.
- The ordinance has hurt our business and hurt the Town by missed opportunity for quality projects, which create value and invest in infrastructure.
- The GMO looks backward, but developers have to follow the market.
- The GMO is good for affordable housing, but not workforce housing. (Affordable is exempt, but not workforce)

- The GMO creates a timing issue for pulling permits, causing projects to start at the worst time of the year.
- The timing also incentivizes bad design in order to speed projects up in the race to get permits.
- There is a sense that the GMO is fulfilling a political objective rather than a fiscal or planning objective

Suggestions:

- Get rid of GMO for a few years – there will not be a run on development since there is very little land in the growth areas to still develop and Scarborough is expensive to develop in.
- Create a more predictable system. If you plan to regulate, assign a cost to the development through additional fees. (Not a favorite position, but a price is predictable and straight forward.)
- Put out a clear rule book, continue to manage growth through quality zoning and you will get good projects.
- The idea of guaranteeing permits over a multi-year system has merit, but how would it work? Does it just create another rush on permits.
- When asked about a pool of permits, participants wanted clear rules about how to access them and perhaps different pools for different areas of town reflecting Zoning districts. Less subjectivity and more clarity are needed.

Questions from the Participants

- Is there a political will to support growth that invests in the town?
- What has the GMO done for the Town?
- Do you need the GMO if your impact fees are in place?
- How are you going to provide information on the benefits of growth to the citizens, such as steady property tax rates? Many are reacting to an emotional issue.

Invitees to January 10, 2023 Housing Developers' Focus Group On the Rate of Growth Ordinance

Developer	Attended
Kerry Anderson	No
Rhonda Anderson	No
Dan Bacon	Yes
Steve Berg	Yes
Kevin Bunker	No
Elliot Chamberlain	Yes
Ben Divine	Yes
Cory Fellows	No, but provided written comments
Joe Frustaci	
Peter Michaud	Yes
j. Michaud	Yes
David Miley	2 Representatives attended
Emily Mitchell	Yes, plus additional Representative
Mark Oleary	Yes
Bill Risbara	No
Roccy Risbara	Yes
Jack Soley	No
Cyndy Taylor	No

Maine Real Estate and Developers Association (MEREDA) Highlights from January 2023 Forecast Conference

TD Bank: Economic Outlook

James Marple, Senior Economist, Associate Vice President

- Inflation has slowed as global supply chain challenges ease
- Higher interest rates have led to sharp slowdown in real estate activity Nationally
- Overall economic data has remained resilient
- US economy likely to slow over next year
- Eventual relief on interest rates should lead to gradual recovery in real estate

Industrial Market

Justin Lamontagne, Designated Broker & Sam LeGeyt, Broker

- Lease rates for Industrial may have plateaued
- Medicinal Cannabis cultivation is slowing, Recreational is still strong
- Office space is being used as Industrial – particularly “flex space”
- Big box retail may be repurposed as industrial, but may run into zoning issues
- Speculative industrial space has been successful – Innovation District at The Downs is “THE model”
- Vacancy rates are still low, but there is starting to be a slight hesitancy in the Market
- Transactional volume increased in 2022, but transactional value plateaued
- Nearly 2 million SF of new inventory in the last 36 months, all of which has been absorbed
- Pond View Drive (in Scarborough) existing Space filled – leased to ECO-BUILD (75,000 SF)
- Total Southern Maine Industrial Market: 684 buildings, 20.9 million SF, 1.77% vacancy
- Ave lease rate leveled off in 2022 – just under \$9/SF for Year
- Ave Sale per Square Foot – just over \$95

Scarborough Vacancy – 1.1%

Predictions: No crashing of demand, Vacancy rate will rise slightly, Cannabis demand to slow, more subleasing arrangements. Despite these changes, Industrial is still a strong market in Southern Maine

Retail Market

Peter Harrington, Partner – Malone Commercial Brokers

- Total Metro Area: 6.6 million SF/4,23% Vacancy
- Scarborough: 1.377 million SF/ 1.0% Vacancy
- Scarborough represents 20.9% of market
- Biggest vacancy in region is Maine Mall Area (Sears' Space at 175,100 SF)
- Ave Lease Rate: Primary Market- \$26.10 (increase over 2021 at 23.30)
- Secondary Market: \$14.63 (Decrease over 2021 at \$17.20)
- Overall Averages: \$12-\$26.50 \$17.68 (decrease from 2021 of \$20.19)

Typical rates:

- Commercial Street: \$30 to \$55/SF
- Lower Exchange: \$50 to \$75/SF
- Sale of Space for Sea Dog: 5,115 SF - \$245/SF
- Sale of Restaurant Space on Fore Street - \$407/SF

- Maine Mall 98.5% occupancy
- Burlington Coat Factory leased, but change of use

In 2023, Retail Market will remain strong.

- Vacancies should remain low and lease rates should continue to rise, partly due to little increase in new retail construction.
- Home renovations will slow in 2023, which may affect consumer demand.

Southern Maine Office Forecast

Nate Stevens - Partner, Designated Broker, The Boulos Company

- 350 buildings surveyed with 12.5 million SF of space
- Scarborough & Part of South Portland: 963,000 SF
- Medical Office: 1,443,000 SF
- Vacancy in 2022: 6.38%
- Vacancy in Scarborough/South Portland in 2022: approximately 3.5%, Down from 2021
- Granite Bay Care leased 19,400 SF in Scarborough at 482 Payne Road (GraniteBayCare.org)
- Gorrill Palmer Leased 12,900 SF at 300 Southborough Dr in Scarborough
- Demand expected to stay low, but steady
- Downtown Vacancy expected to rise
- Suburban vacancy expected to hold

Visitor Industry

Matthew Arrants, International Society of Hospitality Consultants/Certified Housing & Asset Management

- Nationally, Revenues Per Available Room and Average Daily Rates should fully recover in 2023
- Occupancy Rates will recover in 2025
- Hotel Demand forecast to Grow in 2023, Despite Expected Recession
- Business Traveler returns in 2023 - Nationally
- Group Travel Returns
- Increased International Travel anticipated
- Maine was one of the first markets to recover in the US
- Demand led to rate increases ... hitting \$1,000 a night
- Still Labor shortages
- Still a backlog of social group bookings like weddings
- In Maine, Revenue per room is expected to increase 2% to 5%

Residential Forecast

Dava Davin, Portside Real Estate Group

- All four major regions of the US recorded month over month and year over year declines in the number of existing home sales.
- For Maine, Median Home Sales prices have increased for 129 consecutive months - the longest streak on record
- SF Home Prices increased 12% - higher price every month in 2022 over 2021
- Median Price in Cumberland and York Counties: \$475,000
- Six days on Market in Southern Maine for SF
- Median Home Price for Town of Cumberland in 2022: \$712,250
- Building Inspections are Back! Fewer Buyers willing to wave inspections

- Full Asking Price is still the norm
- Out of State Buyers: 32.9% in 2022 (24.4% in 2019, 34.2% in 2021)
- Units trading over \$1 million nearly tripled since 2019 (824 units in 2022)
- Days on market for luxury homes – 8 Days
- Most expensive home sold in 2022: \$13.7 Million

In 2023:

- Housing Prices expected to level off
- Fewer transactions – tight inventory
- Still a sellers' market
- "Cream puff" homes will still cause bidding wars (Homes in perfect shape, in perfect location)

**Summary of CDBG Planning Grant:
Understanding Homelessness in Scarborough: Assessment & Strategy Development for
Addressing the Needs of Unhoused Individuals**

Our planning grant will assist the Town of Scarborough with understanding the nature of homelessness in our community and assist in developing appropriate strategies targeted to unhoused individuals. The Town is requesting \$10,000 in CDBG funds, to be matched by in-kind staffing time of \$5,000.

The Grant expenditures will be divided between two main tasks. First, we will use social workers in the field to assess the number, location and level of need for unhoused individuals in Scarborough. Next, we will use an expert in the industry to assist a local committee of stakeholders to develop appropriate strategies. Strategies may include identification of local and regional resources available to those experiencing homelessness as well as potential local policy or program development.

One outcome of the Planning Grant will be to assess the applicability of the CDBG Public Service Grant to our future policy and programs identified through the committee process.

Our Stakeholder Committee is already in place. The Committee is an outcome of our local diversion program, which includes a variety of professionals, often working with unhoused individuals. We will assess the need for additional stakeholders to join the group to oversee and complete the planning grant tasks.

Our budget will include approximately \$4,500 as part of the field assessment. An additional \$1,000 will be spent on outreach to the community, including residents, businesses and other local groups. This line item will also pay for any advertising and procurement costs. The remaining \$4,500 will cover the services of a policy specialist to assist the Committee in the development of strategies. We've used an average rate of \$60/hour for social service professionals, including fringe. Total funds requested from the program will be \$10,000, not including match.

While no match is required, we will be including match derived from staffing this project. Included in the match will be salary from the following:

Social Service Navigator - Public Safety Staff

Executive Director of Scarborough Economic Development Corporation.

Additional time from other staff members may be required.