

# Memo

**To:** City Council

**From:** George D. Lapointe

**cc:** City Manager, City Clerk, City Treasurer

**Date:** 8 August 2024

**Re:** FY24/24 budget considerations

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## ***A. Summary***

In the past week City Council members have heard from our friends and neighbors that the property tax rate increase in our recently approved budget is too high.

I propose that on Monday, August 12, we vote to reconsider the final budget vote. I propose further that we approve a target property tax increase for the budget -- my suggestion is 10%, but others may have different thoughts.

Then I propose that we meet again after August 20 as a City Council, cut enough budget items to reach the target, and approve a new budget.

The following memo provides details about where we are and how I suggest that we proceed.

## ***B. Background***

The Hallowell municipal budget as passed results in a 19% increase in the average tax bill. This large increase has resulted in a petition effort to require that the budget be revised. Addressing this public concern can be done through the petition process, which can take a relatively long period of time to finalize if passed by Hallowell voters, or through a motion to reconsider the motion that approved the budget. Reconsideration of the motion must be made by a Council member who voted in the affirmative on the motion that approved the third reading of the budget.

The budget as passed was the result of two rounds of budget reductions that yielded \$262,435 in general fund reductions (see Table 4). Significantly reducing the budget further will require substantial additional cuts. For example, reducing the tax increase from 19% to 15% will require an additional \$131,855 in budget reductions or revenue enhancements. To reduce the 19% tax increase to 10% will require an additional \$289,002 in budget reductions or revenue enhancements.

My sense is that people believe that changes to the budget should result in a budget increase of around 10%, requiring \$289,000 in additional reductions. I believe that changing the budget in a minor way, e.g. 2-3%, would not be seen as serious response from the perspective of people questioning the tax increase.

**C. The Budget – fixed costs**

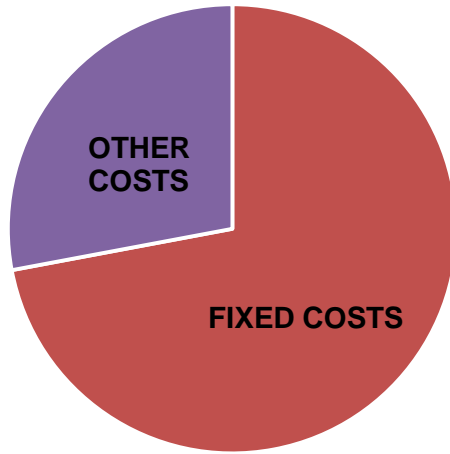
When examining the Hallowell municipal budget, it is necessary to look at the fixed cost portion of the budget which is shown in the table below.

**Table 1: Fixed and other costs in Hallowell municipal budget**

<b>Budget Categories</b>		
<b>Category</b>	<b>Budget Amount</b>	<b>% of Total</b>
RSU 2	\$3,976,066	44.29%
County Budget	\$397,342	4.43%
Insurance	\$525,547	5.85%
Hydrant Costs	\$184,500	2.06%
Elections	\$11,200	0.12%
CEO	\$25,000	0.28%
Assessor's Agent	\$42,104	0.47%
Debt Service	\$328,921	3.66%
Salaries	\$977,365	10.89%
Total Fixed Costs	\$6,468,045	72.05%
Other costs	\$2,509,111	27.95%
Total Budget	\$8,977,156	

Shown graphically, it shows that the bulk of the budget, 72%, is from costs that must be paid.

### Fixed Costs As Percentage of Budget



#### D. The Budget – Variable Costs (where the cuts might come from)

Some potential budget adjustments for Council discussion and consideration are included in the table below. Note that these are suggestions for discussion at this point. It is also important to note that these reductions will come from the portion of the budget that is not fixed costs.

**Table 2: Potential budget adjustments**

	Budget Doc. Number	Budget Item	Reduction Amount	Cumulative Reduction
1		Change TIF capture rate from 100% to 75-80% (Est. amount)	\$30,000.00	\$30,000.00
2	35-08	Admin / Dep. Clerk II	\$46,474.00	\$76,474.00
3	35-61	Grant Writer - shift 50% to TIF	\$7,500.00	\$83,974.00
4	30-07	Inaugural Reception	\$400.00	\$84,374.00
5	30-14	Inaugural Photos	\$175.00	\$84,549.00
6	35-48	Animal Control Officer	\$5,000.00	\$89,549.00
7	47-01	PD Office Lease Payment	\$33,000.00	\$122,549.00
8	54-01	Salt & Calcium Chloride	\$5,000.00	\$127,549.00
9	51-06	PW PPE	\$1,000.00	\$128,549.00
10	55-11	Bulky Waste Disposal	\$2,500.00	\$131,049.00
11	55-13	Wood Waste	\$3,000.00	\$134,049.00
12	58-05	Playground Repairs	\$2,000.00	\$136,049.00

13	20-20	Trails / Construction		\$2,000.00	\$138,049.00
14	20-22	Stewardship		\$1,000.00	\$139,049.00
15	60-02	Hubbard Free Library		\$10,000.00	\$149,049.00
16	60-06	Children's Holiday Party		\$510.00	\$149,559.00
17	60-08	KVCAP		\$2,125.00	\$151,684.00
18	60-09	Spectrum Generations		\$1,700.00	\$153,384.00
19	60-14	KV Hospice Volunteers		\$510.00	\$153,894.00
20	60-28	Hallowell Pride Alliance		\$425.00	\$154,319.00
21	60-32	AARP / Age Friendly		\$1,700.00	\$156,019.00
22	20-21	Road Paving		\$75,000.00	\$231,019.00

There are other budget items that can be added to this list to result in a higher reduction in spending and a concomitant reduction is Hallowell tax bill. Reductions must be weighed against a reduction in services needed to keep Hallowell running and vibrant.

**E. Recommendations on process moving forward**

I suggest that Council consider the following steps moving forward.

First, a motion to reconsider the third reading of the budget that was passed on 29 July.

Second, considering a target for the budget reduction process, e.g. reducing the budget by \$289,000 to significantly reduce the increase in tax bill.

Third, directing Council members to suggest reductions in the budget, using the table that I compiled above or other reductions that Council members believe should be considered.

Fourth, a special Council meeting would need to be scheduled, probably after August 20, to vote on the proposed changes. To limit the discussion resulting from line by line motions, I suggest that Council consider a vote on a package of budget reductions that meet the target set by the Council.

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**Table 3: Reductions already made to Hallowell municipal budget**

**BUDGET REDUCTIONS APPROVED BY COUNCIL TO DATE**

<b>ITEM</b>	<b>NOTES</b>	<b>REDUCTION AMOUNT</b>
<b>18 July meeting</b>		
Ice Rink		5,200.00
Hybrid Cruiser		13,920.00
Body Cams		15,000.00
Water Delivery		15,000.00
1 ton plow truck	Shift to ARPA	23,196.00
Parks Coordinator		31,000.00
HS Vaping Ed Program		5,000.00
Sidewalks	Shift to ARPA	50,000.00
CM Outreach / Dev.		500.00
HFL funding	Shift to TIF	10,000.00
Postage		1,600.00
Council Chamber Chairs	Shift to TIF	600.00
City Manager Salary		4,959.00
Staffing Consultant		30,000.00
Advertising		1,500.00
Printing		1,000.00
CEO training / Travel		600.00
Building Maintenance		300.00
Dues		200.00
Office Supplies		450.00
Portable Radio		1,000.00
Misc. Tools		1,000.00
Tools and Supplies		2,000.00
Misc. Equipment		3,000.00
Tools and Supplies		2,500.00

Vaughan Field Gravel for Track		3,000.00
City Hall Holiday Lights		30.00
Children's Holiday Party		90.00
KVCAP		375.00
Spectrum Generations		300.00
Family Violence Project		165.00
KV Hospice Volunteers		90.00
Sexual Assault Crisis Services		135.00
Hallowell Pride Alliance		50.00
AARP / Age Friendly		300.00
Historic Properties		5,000.00
<b>28 July meeting</b>		
Animal Control Services		2,500.00
Water Delivery (PFAS)		20,000.00
Toilet Rental	Shift to TIF	875.00
Playground Repair		5,000.00
HS Education Program		5,000.00
<b>TOTAL</b>		<b>262,435.00</b>

**Table 4: Expenses funded by Downtown TIF**

<b>Budget Number</b>	<b>Budget Item</b>	<b>Amount</b>
05-12	PD - Construction	\$95,000
30-25	Chairs for Council Chambers	\$600
42-07	Zero Turn Mower	\$4,000
68-02	KSB Bond Payment	\$100,000
68-03	Street Light Repairs	\$6,000
68-04	Vision Hallowell	\$2,000
68-05	KV Chamber of Commerce	\$556
68-06	KVCOG	\$4,341
68-07	Summer Concerts	\$4,400
68-09	Flood Gauge	\$3,400
68-10	Rail Trail	\$5,000
68-12	Arts & Cultural Comm.	\$4,400
68-13	Sidewalks	\$80,000
68-16	HFL funding	\$26,000
68-17	Misc. TIF expenses	\$218,823
68-18	Holiday Garland	\$1,100
68-19	Old Hallowell Day	\$1,500
68-21	City Hall Cleaning	\$11,500
68-22	Legal Fees	\$22,000
68-24	Granite City Park	\$3,000
68-25	GCP Dock Maintenance	\$2,000
68-26	Fire Truck Lease payment	\$20,585
68-27	HD update / rewrite	\$5,000
68-28	Downtown Toilet Rental	\$4,065
68-29	Hallowell Pride Alliance	\$700
68-32	GCP Crane Repair	\$26,500
68-33	Winthrop / High Crossing	\$34,000
68-34	Perley Lane Improvements	\$600
68-35	SCBA	\$1,350
68-37	Recycling	\$6,500
<b>Total</b>		<b>\$694,920</b>

**CITY OF HALLOWELL**  
**PETITION TO NULLIFY APPROVED TAX INCREASE**

We, the Undersigned voters of the City of Hallowell hereby request the Hallowell City Council nullify the Hallowell City Council's Vote on Monday July 29, 2024 the Third Reading of Order r24-02, Adoption of the FY 25 Municipal Expenditure Budget.

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STATE OF MAINE  
COUNTY OF KENNEBEC, ss.

I, \_\_\_\_\_, affirm that I am the circulator of the foregoing nominating paper containing \_\_\_\_\_ signatures, and the signatures appended thereto were made in my presence and are the signatures of the persons whose names they purport to be.

(Signed) \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
(Notary Public / City Clerk)

If this petition is deemed insufficient by the City Clerk, he/she shall forthwith notify \_\_\_\_\_ at \_\_\_\_\_.

<b>Date and Time  Petition Received:</b>    
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**City Clerk's Certification**

Total Valid \_\_\_\_\_ Total Invalid \_\_\_\_\_

I hereby certify that the names of all the petitioners listed as valid appear in the voting list as registered voters in the City of Hallowell in the electoral division named in the petition.

Signature of City Clerk \_\_\_\_\_ Date Petition Certified \_\_\_\_\_