

# MEMO

TO: City Council members  
FROM: George Lapointe  
CC: City Manager, City Clerk, City Treasurer  
DATE: 27 June 2025  
SUBJECT: Process and remaining discussion items to finalize budget

There are a number of issues that Council needs to decide on to finish work on the FY26 City budget at the 1 July special Council meeting. Council needs to make decisions on these issues so that the Board of Assessors can meet to set the mil rate for the FY26 budget year. The issues include:

## **1) Target mil rate for FY26 budget**

The Finance Committee discussed three mil rate scenarios for Council decision making. This is a critical decision that must be decided before other budget discussions because it dictates follow on decisions about cuts needed to achieve these mil rate goals. The three scenarios are:

- a. A budget that will result in a decreased mil rate.
- b. A budget that will result in a static mil rate.
- c. A budget that will result in an increased mil rate

## **2) How to allocate funds curtailed in the current budget**

The curtailment that Council approved last year resulted in \$239,000 of budget reductions. The Finance Committee discussed whether to allocate all of these funds in one year or to spread out the allocation over two or three years. If all the curtailed funds are used in one year, this would result in helping with the FY26 budget but then that would be followed by a bump up in the following years. If the curtailed funds are allocated over two or three years, there would be \$119,500 or \$79,667, for the two or three year scenarios to use in budgeting for the coming years but obviously less for the FY26 budget.

The City Solicitor was consulted on whether this is a legal choice for the Council to make; their conclusion is that this a political / budgetary decision that the Council can make.

### **3) Police Department budgetary issues**

Council needs to make decisions on two major items in the Police Department budget. They are:

a) Replacement cruiser

Council needs to decide on whether to fund a new or used cruiser. There have been many discussions about whether new or used is the best way to go. Additionally, Council needs to decide whether to fund the purchase with general funds or TIF funds.

b) Funding for 5<sup>th</sup> Police Department position

The Police Department has had a vacant position (which would cost about \$100,000 to fill) for a couple of years and have promoted the idea that funding this position will ease the workload of the other four police officers and would allow more coverage in Hallowell both from time and area perspectives. Other interests have argued that the cost of a fifth officer is not warranted and that the coverage currently provided is sufficient for Hallowell's needs.

4) Community Service budget items

Council needs to decide on whether to include all community service budget items in a package that would be handled by an outside group, e.g. Vision Hallowell, or to continue the current practice of the City allocating funds to individual organizations.

5) Decisions on remaining items

Council needs to make decisions on the following budget items that remain without concurrence by the Finance Committee. While these are smaller budget amounts, they impact the Expense Budget and need decisions to finalize the FY26 budget. This list includes:

	<u>Different budget numbers from FC members</u>
1) KV COG Planner (35-12, line 96)	\$10,000, \$15,000
2) New Police Cruiser <sup>1</sup> (47-07, line 167)	\$0, \$15,000
3) Health Insurance Premium (50-01, line 198)	\$200,000, \$225,000
4) Officer 3 <sup>2</sup> (35-24, line 246)	\$0, \$62,649
5) Firearms (42-01, line 262)	\$2,000, \$2,500
6) Computer Line (42-62, line 266)	\$0, \$4,000
7) Consolidated Communications (53-02, line 429)	\$0, \$2,500
8) PD Main line (53-03, line 430)	\$0, \$792
9) FD Phone/Internet (53-06, line 432)	\$0, \$3,600
10)PW Phone/Internet (53-07, line 433)	\$0, \$1248
11)Internet (53-18, line 436)	\$5,000, \$3,500
12)Online Meeting Services (53-26, line 439)	\$0, \$1,500
13)City Tree Maint. (20-12, line 508)	\$0, \$1,829
14)Replace FD Shed (new, line 650)	\$0, \$10,000
15)Summer Concerts (68-07, line 704)	\$0, \$4,400
16)Old Hallowell Day (68-19, line 715)	\$0, 1,500

With Council decisions on these issues, a first reading and of the FY26 budget can take place at the regular Council meeting on 7 July. Council will discuss the dates of the second and third reading of the budget. A public meeting on the budget is also required but at least 10 days notice needs be given for the public hearing. Council also has the

---

<sup>1</sup> Same discussion item as above under Police Department budgetary items

<sup>2</sup> Same discussion item as above under Police Department budgetary items

option of doing the second and third reading at the same meeting. I have discussed the idea of a pause before final budget approval to ensure that issues such as occurred last year are not repeated. This will be a topic of discussion at the 1 July Council meeting.

The Board of Assessors will meet following the third reading to officially set the mil rate. Their meeting takes place after the final budget approval so that no changes to the budget can be made after the mil rate is set.

Please let me know if you have any questions.