

MEMO

TO: City Council members

FROM: George Lapointe, Chair, Finance Committee

DATE: 26 March 2020

SUBJECT: 26 March 2020 Finance Committee report

The Finance Committee met via webinar on 26 March. The meeting was attended by Maureen AuCoin, Kate Dufour, Nate Rudy, Dawna Myrick, Chris Walsh (HABOT), and George Lapointe. The meeting agenda included:

- 1) Impacts of COVID19 emergency on City revenues
- 2) Discussion of changes needed to City budget process
- 3) Status of Assessing Department
- 4) Other Business
  - a. Potential assistance to Hallowell small businesses

### **1) Impacts of COVID19 emergency on City revenues**

Nate Rudy began the conversation saying that we should expect decreases in revenue sharing and excise taxes with the sudden downturn in the economy. Additionally, economic conditions will make it harder for some Hallowell property owners to pay their taxes. He said that he'd gotten no advice from Maine Revenue Service on how to proceed except that they anticipated declines in revenue.

Kate Dufour said that we should all be in an information gathering mode to ready the City to adjust it's budget when numbers do become available. She said that MMA staff is meeting weekly with state agencies and are developing a list of issues to watch. At this point, that include:

- a. Getting towns through the town meeting season
- b. Getting through school budget approval season
- c. What to do about seasonal residents who seem to be coming to the state earlier than usual
- d. Long-term fiscal capacity.

Nate Rudy said one thing that could be considered is pushing the tax date back. The Committee discussed this and decided to leave this issue for future consideration because tax bills aren't due until 1 September.

The Committee discussed the impacts of recent changes on the current year budget and concluded that this year's budget will not be greatly impacted by fiscal changes because about 93% of taxes have already been collected and the expenses budget is on track. The greater concern is for next fiscal year's budget.

## **2) Discussion of changes needed to City budget process**

Nate Rudy said that how long the current emergency lasts will greatly impact next fiscal year's budget. He plans to meet with department leads to discuss their respective budgets with a goal of reviewing new budget items and capital expenditures.

The Committee discussed the RSU2 budget which current estimates suggest will increase Hallowell's budget by about \$220,000. George Lapointe noted that this is preliminary budget number similar to the City's preliminary numbers. Nate Rudy added that the current lunch distribution system to homes while school is a non-funded, non-reimbursable budget item that could reach \$1 million.

The Committee will meet to further discussions on the budget and to hear from Department leads. The Committee will move ahead with a number of scenarios, e.g. flat budget, 5% reduction, to keep the budget process on track and will adjust these numbers as firm estimates become available.

## **3) Status of Assessing Department**

The Committee discussed the status of the Assessing Department which is important because 1 April is tax commitment day. Nate Rudy said that he'd checked in with Rob Duplessis, Assessor's Agent, and Rob told him that they were almost done with their work.

The Committee asked about personal property tax assessment and Nate replied that Rob said that this too was nearly done. The Committee discussed using last year's numbers for personal property tax if the process is delayed. Kate Dufour said that there would be some flexibility in how this is approached with the sudden changes due to the COVID19 emergency situation

## **4) Potential assistance to Hallowell small businesses**

George Lapointe said that he'd been approached by Mayor Walker about what the City might do to assist small businesses. Mayor Walker said that he was concerned that a number of small businesses would close and not re-open when economic conditions improve. George Lapointe said that he had two thoughts to relay. He thought that the City could hire a consultant, using TIF funds, to help identify available sources of assistance and make this information available to Hallowell businesses. He also mentioned that Hallowell businesses did not want loans when the City discussed assistance prior to Water Street reconstruction.

Maureen AuCoin said that she didn't think that the consultant was needed, thinking that funds could go directly to businesses rather than to a consultant. She'd been thinking of a TIF funded revolving loan fund to assist businesses.

Chris Walsh, HABOT, liked the idea of a consultant to help Hallowell businesses. He said that businesses were looking for funding to help with current hardships. He added that there are many unknowns and many people are doing their own research and that a good idea would be to centralize the gathered information and making it available to everyone in one place. George Lapointe offered to have the Finance Committee, and potentially other Council members, to meet with HABOT to discuss the current situation and to coordinate responses to the degree possible.

Nate Rudy said that there were already some central information sources, e.g. CEIs website or the recent DECD/DOL radio piece on Maine Public Broadcasting. He said that he'd checked with nearby towns. Farmingdale is small without much capacity but they were interested in hearing what information Hallowell might have available. Gardiner had tried a revolving loan fund in the past and found it not be successful. Augusta doesn't have a TIF revolving loan fund, and is thinking of gathering and disseminating information for businesses.

Maureen AuCoin added that we should keep track of requests for general assistance because of impacts of shutdowns on service staff and musicians, and that this budget line item could increase significantly in next year's budget.

Committee members agreed that there are currently many questions and issues, and not many answers, so they will revisit this issue at future Committee meetings, and other venues as needed.