

Town Council Finance Sub-Committee Meeting Notes

VIA ZOOM

January 27th, 2021 – 3:00PM

Members Attendance: Janice De Lima (Finance Committee Chair), Jay Trickett (Town Council), Ted Asherman (Town Council)

Others in Attendance: Amy Kuhn (Town Council Chair)

Nathan Poore (Town Manager), Peter McHugh (Finance Director), Amy Lamontagne (Assistant Town Manager), Susan Gibney (Assistant Finance Director), Maggie Fleming (Administrative Analyst), Ellen Planer (Town Clerk), Dwayne Brown (Wastewater Ops Foreman), Lucky D'Ascanio (Parks & Community Programs Director).

The meeting was called to order @ 3:00PM

- **Approve minutes of January 13, 2020 Finance Committee Meeting**
 - a. **Councilor Trickett made a motion to approve the minutes, Councilor De Lima seconded. The minutes were approved.**
 - b. **Councilor De Lima asked that staff provide responses to follow-up items included in the minutes.**
 - i. **Councilor Asherman had requested details on what was included in economic development spending in the TIFs.**
 - 1. **Staff replied that there were 2 major areas of spending: Business Promotion and Business Support. Business promotion included Business Forums geared to business retention and attraction, Events to promote the Town such as Shop Falmouth, Very Merry Falmouth, Falmouth 300th Celebration, and marketing materials to increase the Town's identity and "brand". Business Support spending included a Town Fiber Optic Survey and staff training for activities aimed at business retention and attraction.**
 - ii. **Councilor Asherman asked which road was being re-paved in the I-295 to Falmouth Road project.**
 - 1. **Staff replied that they will follow up with that at the next Finance Committee meeting.**
 - iii. **Councilor Kuhn requested that the Route 88 intersection project be included in the plan and asked if the project would be eligible to be included in a TIF.**
 - 1. **Staff replied that cost estimates are being performed by the Town Engineer and will be added to the plan. Theo Holtwijk (Director of Long-Range Planning and Economic Development) responded that an argument could be made to include this project in a TIF even though its not currently in the TIF approved list of projects. He will follow up on this and get a response.**
 - iv. **There was a request to include a bar graph showing CIP tax rates in the Budget Public Hearing presentation.**
 - 1. **Staff replied that there will be a graph added to that presentation.**

- v. Councilor De Lima had asked if the Brown property parking project is in the plan.
 - 1. Staff replied that it will be included in the plan once the Town Engineer has completed the cost estimate of a 2 phase parking lot with grass pavers, each phase to include 10-15 parking spaces.
- Lien/Foreclosure report.
 - a. Town Clerk Ellen Planer presented the Lien/Foreclosure report.
 - i. There are currently 7 properties approaching foreclosure this fiscal year. Ellen stated that most of these will be resolved before foreclosure.
 - 1. Councilor Kuhn asked if these properties are eligible for tax relief.
 - a. Staff replied that to qualify for the Senior tax program, taxes must be paid in full. They would be eligible to apply for a Poverty Abatement if they met income requirements.
 - b. Councilor Kuhn asked if taxes due are forgiven under a poverty abatement?
 - i. Staff replied that they are forgiven. Falmouth has had 2 poverty abatements. Residents can only claim a poverty abatement one time.
 - ii. There are currently 10 properties in Foreclosure.
 - 1. None of the property taxes currently due on these properties are approaching the property valuation.
 - a. Councilor Trickett asked if unpaid taxes approach the assessed value of a property, do we force a sale?
 - i. Nathan replied that he has not seen that for occupied houses but has seen that for vacant land. There are no properties in that situation in Falmouth currently.
- Senior Tax Deferral Proposal.
 - a. Finance Director Pete McHugh presented an additional senior tax program authorized by Maine State Statute Chapter 908-A.
 - b. Eligible seniors must be 70 by April 1st of the year being applied for and must have been the owner of the eligible homestead for the past 10 years. Income limit is 300% of the federal poverty level (\$25,860 per person).
 - c. The program requires establishment of a lien on the eligible homestead under section 552 and deferred taxes will accrue interest at a rate of .5 percentage points above the otherwise applicable rate for delinquent taxes.
 - i. Payment of deferred taxes would be required if the taxpayer dies, if some other person than the taxpayer becomes the property owner, or if the property is no longer the taxpayer's principal residence (other than for medical reasons).
 - ii. For properties no longer eligible, the Municipality send a certified letter with tax due, interest due, and payment date. Payment is due within 45 days of the notice.

- d. Councilor Trickett asked why anyone would do this?
 - i. Nathan replied that it may be psychological as there would be less stigma if it was part of a State program. There is also the assurance that the Town would not try to take the property.
 - ii. Councilor Trickett stated that he does not feel this program does anything other than charge additional interest and feels there needs to be legislation to make this program more flexible with interest charge rates.
 - e. Councilor Kuhn stated that it does offer protection but should be more flexible.
 - f. Councilor Asherman stated that this could help folks in more rural areas in Maine where Towns could potentially take the property. Since Falmouth is very stable the program does not offer much.
 - g. Councilor De Lima asked if there are any other options?
 - i. Staff responded that there are no additional options as the State dictates what can be made available.
 - ii. Councilor Kuhn stated that this program does not seem good because of the additional interest.
 - iii. Nathan stated that there are options for our existing Senior Tax Relief Program: Council can adjust the income level or remove the age requirement through a Council Order
 - iv. Councilor De Lima suggested that the income level be raised to \$50K and that \$60K be set aside to pay for it. There was agreement that this was worth looking into including this in the Budget.
 - 1. Nathan replied that staff will make that change.
- Finance Director Pete McHugh and Nathan Poore presented the proposed Special Revenue Fund Budget Plans and the Wastewater Capital Budget proposal covering spending over the period FY2021 – FY2030.
 - a. Pete McHugh presented an overview of the 22 Special Revenue Fund Budget requests including an overview of the revenue sources for these funds and the types of spending covered by these funds.
 - i. Councilor Kuhn asked if the Parks Maintenance Fund could be used for Underwood Park.
 - 1. Lucky D'Ascanio replied that this fund is used to cover “surprises” such as unanticipated equipment failure and has been used for a field drainage project.
 - ii. Councilor De Lima asked if the Very Merry Falmouth event was worth doing? Is there an opportunity to do a Wellness event?
 - 1. Councilor Asherman agreed that staff should look at that event.
 - 2. Councilor Kuhn agreed that the Town may want to come up with a replacement event.
 - b. Pete McHugh then presented the Recreation Special Revenue Fund and the causes of a negative balance.
 - i. Councilor Trickett requested that this revised presentation be sent to Councilors.
 - 1. Pete McHugh agreed to send it out.
 - ii. Looking at the Recreation Fund from FY2016 to the current Budget showed that the general Fund Contribution to the Recreation fund has decreased over the period from a high of \$194K in FY17 to the current FY21 funding of \$99K.

1. This was due to the elimination of the General Fund Recreation and Adult Education Departments in FY19.
 - a. This caused Senior services which is a non-revenue generating activity to have to be funded by recreation activity revenue.
 - b. Revenue projections at the time anticipated being able to do larger fee increases.
 - i. Comparisons to other Towns showed that there was not as much room to increase fees and be comparable on a cost basis.
2. COVID 19 has caused significant revenue drops in both FY20 and FY21 and has created the negative balances.
- iii. Staff has evaluated the allocations of the Parks & Community Programs Director and Deputy Director as well as the Department Administrative Assistant and found that the allocation to Parks was not sufficient to cover the time they spent on Parks and Open Space. The allocation to Parks and Open Space was \$42K.
- iv. In addition, the Recreation annual Appropriation was increased by \$29K to cover the cost of Senior services staff.
- v. The changes are now included in the FY22 Budget and bring the projected negative \$34K fund balance in FY21 to positive by Fiscal 22 year-end.
 1. Councilor De Lima asked how the Senior Service position is working out.
 - a. Lucky responded that the 2 Senior services positions have been furloughed since the pandemic began as senior do not want to do anything until the vaccine has been widely distributed.
 - b. Prior to COVID, the program was very popular and there were always seniors in the Senior Center Room playing cards and other games, and the senior trips were well-attended.
 2. Lucky also mentioned that the Department has begun a new senior outdoor activity program called SOAR where outdoor hikes are led by existing Parks and recreation staff members. The first hike was well-received and more seniors have signed up for the next hike.
- vi. Councilor Asherman asked how the \$42K in additional wages has impacted the Parks Department.
 1. Pete stated that the Parks Department now reflects total costs more accurately and the increase has been partially offset by savings realized when the Mason Motz Custodian retired. The Department now has a contract cleaning service which has produced significant overall savings.
 2. Nathan said that the entire picture will be presented at the next Finance Committee meeting in February where the proposed Special Revenue and Operating Budgets will be presented. Nathan also stated that reviewing employee allocations happens in all departments and that the Town is also evaluation the IT allocation to Wastewater.

- **Wastewater Capital Budget Proposal.**
 - a. Pete McHugh presented the proposed FY22 Wastewater Capital Budget proposal.
 - i. Total proposed spending is \$379K for the Wastewater Enterprise Fund.
 - ii. Highlights include:
 - 1. A Storage Garage to house vehicles and mobile equipment for \$125K. Dwayne Brown stated that this is needed to store vehicles and equipment that does not currently have protection from the elements. The site has been prepared and is ready for construction.
 - 2. Two generators, one replacement generator at the Johnson Road Pump Station and an additional portable generator to provide needed flexibility during widespread outages in staffing and availability.
 - a. Councilor Asherman asked if any of this capital is covered through taxes.
 - i. Nathan replied that the Wastewater Department is 100% funded from sewer usage fees.
- **Budget Status Update**
 - a. Nathan gave an update on Budget progress stating that the last 2 weeks were filled with Department Budget Reviews with only Wastewater remaining next week. As it stands right now, it looks like staff will be able to bring in the Budget with a mil rate increase below 10% as requested by the Committee. That does include deferring increases to future years.
- **Adjourn**
 - a. Councilor Asherman moved to adjourn and Councilor Trickett seconded. The meeting was adjourned at 5:00PM.

Respectfully submitted by Peter McHugh