

Town Council Special Meeting

Minutes

May 11, 2020

Chair Kuhn began the meeting at 7:01 pm.

Roll Call

All Councilors were present and answering roll call.

Item 1 Public Hearing and Order relative to a new license for the Cumberland Farmers' Market Association to establish a summer market.

Councilor Hemphill motioned; Councilor Trickett seconded.

Chair Kuhn opened the public hearing.

Jack Uminski asked why the Council did not say the Pledge of Allegiance.

Chair Kuhn closed the public comment period.

Councilor Cahan asked would the Council's options would be if the Council did not feel that the Farmers' Market was following social distancing measures and wanted the Farmers' Market to adjust and they did not. Nathan Poore said that the first revision that Councilor Cahan was asking about was the section allowing the Council to revoke the license without cause. He said that the second section gives the Council and staff the ability to immediately suspend the license upon emergency. He said the first section allows the Council to take action for any reason and the second section is based on cause.

Councilor Trickett expressed concern that the only options for Council action were to terminate the license entirely or not. Mr. Poore said the Council could determine within 30 days that it would not terminate the license agreement. He said that action could be taken based on not agreeing with the Town Manager's decision or the Farmers' Market having come into compliance during the suspension period. Councilor Trickett asked what would happen if attendees were not in compliance with social distancing requirements and the Council wanted to suspend for now but not terminate the license. He said that he wanted to make sure that the Council was not put in a position where its only option was to terminate the entire Farmers' Market season. Councilor Trickett suggested deleting the words after 30 days so it would just read "pending Council action."

Councilor Trickett moved to amend the proposed 2020 market license, section 12, sentence beginning, "In the event..." to strike all the words between "30 days" and the period. Councilor Asherman seconded.

Chair Kuhn opened the public comment period.

Jack Uminski of 7 McKenzie Lane felt it would be wise to postpone the vote until there was more certainty around the interpretation.

Chair Kuhn closed the public comment period.

The amendment carried unanimously.

The order carried unanimously.

Item 2 Order to adopt the fiscal year 2020-2021 General Fund budget and appropriate the budgeted funds to the various departments pursuant to Article V of the Falmouth town Charter and the relevant sections of the Maine state statutes.

Pete McHugh, Finance Director, provided an update on the current budget. He said since the last Council meeting the Town had collected an additional \$9.1 million in property taxes. He said the Town is pacing the same as last year when the collection rate was 99%. He felt that with being able to collect revenue through July and August, the Town should come out as budgeted with excise tax. He said that the Town was \$150,000 better than budget on state revenues. He said that School Department's state funding is on track through April as well. He said that the Town was \$179,000 better than budget on interest income. He said that operating expenses were now underspent to budget by \$560,000. He described concerns about having a negative Community Programs fund balance due to the loss of the recreation program, after school care, and low summer camp enrollment. He said that if the balance ended up negative, the Town would have to find other sources for those funds. Chair Kuhn asked for clarification on what Mr. McHugh meant when he said other available funds. Mr. McHugh said it could be uncommitted fund balance or contingency funds. Mr. Poore hoped by the end of the fiscal year to have one line in contingency that covers everything. He said the amount is close to matching the needed amount. He said if that is not enough then staff would have to come before the Council. He said that unfortunately he had to furlough two part-time staff effective the end of the week. The Town will assist them with unemployment benefits. He said that a couple of Community Programs staff will be moved over into the Parks Department at least half time for a few weeks to assist with seasonal parks work.

Chair Kuhn said that the budget development process has been anything but business as usual. She described how the budget had to be revised to accommodate the COVID-19 economic circumstances. The new budget eliminated \$1.3 million in planned expenditures on the municipal side and \$715,000 on the School Department side.

Councilor De Lima said these are highly uncertain times that raise more questions than answers. She said that the approach the Council has taken and the direction it provided to Town staff has been to prepare a budget that prioritizes the safety of residents and staff and wherever possible to defer capital expenditures and other non-essential expenditures. She described the Fire-EMS Department staffing need and said that the COVID-19 has added to this need. She said that it will be necessary to add close to \$1.4 million to fund Phase I of the Fire and EMS Department's need which calls for the hiring of 14 additional staff. She said the \$1.4 million represents a 58 cent per thousand increase to tax bills. She said that the Town responded to this increased need by cutting expenses. She said the net impact of these cuts is a 15 cent increase rather than 58 cents. She said that the increases in non-tax revenues were in the works prior to the economic downturn. She said that the budget will call for sacrifices from both residents and staff. She said if revenues fall below projections the Town will continue to scale back. She said that the Council would reconsider the need to hire 14 additional Fire-EMS staff if call volumes drop below expected. She said the plan was to hire eight initially and defer the additional six until later in the year. She said the Council will continue to monitor the economy and provide adjustments to expense allocations as needed. She said as the Town plans for future years there will be a need for additional expenses.

Councilor Trickett said that Councilor De Lima did a good job of laying out the consensus and concerns that the Council shares. He supported this budget. He said he had struggled with a few issues but most of those have fallen away and the ones remaining are matters where what Councilor De Lima said are important. He said under the current situation it was important to budget prudently but then manage the budget and put staff in a position to be adapt to a very uncertain and changing environment. He said one of the challenges the Town faces is that the staff have really thought through where cuts could be made without impacting core

services before the budget was presented to the public. He said the two remaining things that were driving the budget were the Fire-EMS transition and capital improvements. He said he had not heard a credible plan for addressing the Fire-EMS Department's need that had unanimous public support two months before. He said if the need does change staff will have flexibility to adjust on the spending side. He said that the Fire-EMS transition has made it essentially impossible to present a flat budget without cutting services that are widely depended on by residents or by borrowing. He felt it was important to ensure that future budgets also have the flexibility to react to any of those scenarios. He said staff had cut capital improvements where they could but the remaining capital expenditures in the budget are necessary to give flexibility moving forward. He supported the trash bag and mooring fee increases. He said the user fee increases are reducing taxes. Currently, property taxes subsidize trash pickup and the harbor whether residents use the services or not. The increased fees will allow the services to be largely self-funded by people who choose to use them. He said that the mooring fee structure should be an ongoing Council discussion.

State Senator Cathy Breen she said that the Great Recession offers a model but is very different because the federal government is responding to this economic downturn very differently. She said the State's fiscal year ends June 30 and the State will be breaking even. She said it can be assumed that State revenues will be lower for March, April, and May 2020. She said the Legislature may choose to fill that hole with an appropriation. She said going forward the rate will increase to 3.78% so the increase in the percentage might offset the total number but it is too early to tell. She said that the State will know a lot more about cash on hand after the income tax filing deadline.

State Representative Teresa Pierce said that the legislature left \$192 million in the fund balance so that should bring the State even for this fiscal year. She said that a supplemental budget was created to maintain funding for critical expenses included K-12 education through the end of the year. She said that the state had received CARES Act funding to help pay for COVID-19 related school expenses. She said that the Consensus Economic Forecasting Commission will start meeting at the end of June so that it can make a recommendation to the Revenue Forecasting Committee which will meet in August. She said these meetings will provide a better assessment.

Councilor Cahan asked if the CARES Act funding came with restrictions on laying off and furloughing staff. Representative Pierce described three different components of the CARES Act for Education. She said all the funding was very student driven and all of the funds need to be put toward COVID-19 related expenses. Senator Breen said there was another \$1.25 billion that the State had already received in CARES Act funding which is specifically for COVID-19 related expenses and must be spent by December 30. She said it is not currently available to replace lost revenues. She said there is additional CARES Act funding being negotiated at the federal level that might be less restrictive. She said there is not anything in the CARES Act funding that dictates anything about hiring or keeping staff on, but it must be used specifically for COVID-19 related expenses and has to be used by December 30. Representative Pierce said it differs from the small business funds.

Chair Kuhn said it is too early right now to make projections in terms of what needs to be done with the budget between now and July when the State starts getting data. She asked what happens if the shortfall is greater than projected. Mr. Poore said once the Council sets the tax rate and passes the budget the tax rate cannot be changed so the only way to balance the budget is to cut expenses or transfer funds out of unassigned fund balance. Transferring funds is not sustainable so the Council would have to look at cutting expenses.

Councilor De Lima asked how realistic it was that there could be another round of federal funding to make up for lost state revenues. Senator Breen said the Legislature is in constant contact with the federal

delegation. She said the federal delegation is interested in helping to replace lost state revenues, but it is too early to know. Representative Pierce added that the difference in the response to date has been impressive.

Councilor Asherman he said that the Town has a tremendously robust budget process in Falmouth. He said there is a \$1.4 million increase in the budget for the Fire-EMS Department increases. He said that in order to do that the budget was cut by a million dollars. He said additional cuts would start impacting the safety and welfare of the community. He said that the fourteen additional staff amounts to two people per three different shifts. He also said that the positions will be phased in. He felt the Town had been conservative regarding revenue projections. He felt the resulting mil rate increase was reasonable. He said he was more worried about next year's budget. He was happy with this budget.

Councilor Cahan was also concerned about next year and the impacts. She said that she had thought about additional capital expenditure cuts but understood that if items are taken out now the Council will have to figure out a way to pay for them later and next year if the budget is worse the Town will not be able to cover those items. She felt this is the most prudent budget that the Town can move forward with right now to make sure that the Town is in the position that it needs to be to operate fully to meet the needs of the community. She felt that the Fire-EMS Department needs are imperative.

Councilor Hemphill echoed the sentiment that staff and councilors have worked hard to come up with a very conservative and well considered budget under the current circumstances. He said that the Council would like to have a lower budget but given the cuts that were made he felt it was a fair and accurate budget for Falmouth for 2020-2021.

Councilor Johnson said he could not think of a better group of people to serve on the Finance Committee. He believed in this budget and the hard work that has been done by all the staff and councilors. He said that that as the mooring fee increase does not need to be implemented in the near future, he would like to give it further consideration.

Chair Kuhn said that the budget is a compromise, and no one will see everything they wanted in the budget, but she hoped that everyone could see their influence in the budget. She clarified that the Fire-EMS Department increases are already being phased over five years. She said \$821,000 in planning CIP expenditures was taken out of the budget and spending has been limited to what is considered essential. She discussed the Library cuts and elimination of open space funding. She felt that the health and safety of our community now more than ever must be prioritized. She was comfortable moving forward on that basis with moving forward with the Fire-EMS Department increases. She described how other towns are also having modest increases.

Councilor De Lima motioned; Councilor Asherman seconded.

The motioned carried unanimously.

Item 3 Order to approve the fiscal year 2020-2021 Capital Improvement Plan and Tax Increment Financing District Plan spending budget.

Councilor de Lima motioned; Councilor Asherman seconded.

The motion carried unanimously.

Item 4 Order to approve the fiscal year 2020-2021 Wastewater Department Enterprise Fund.

Councilor De Lima motioned; Councilor Asherman seconded.

The motion carried unanimously.

Item 5 Order to adopt new sewer service rates, effective beginning with the normal billing cycle occurring after July 1, 2020.

Councilor De Lima motioned; Councilor Asherman seconded.

Chair Kuhn opened the public comment period; there was no public comment.

The motion carried unanimously.

Item 6 Order to amend the Falmouth Harbor Fee Schedule.

Councilor De Lima motioned; Councilor Hemphill seconded.

Chair Kuhn opened the public comment period.

Valentine Sheldon of Route 88 said there was only one Harbor/Waterfront Committee meeting this year which had no public comment opportunity on the mooring fee increase. He asked to hear Councilor Johnson's reasoning for the increase in mooring fees.

John Winslow of 253 Gray Road felt this had not been properly vetted through the public. He did not believe it was a fair assessment to have the mooring holders pay a fee for something that the Town does not own. He said that the parking lot is funded through taxpayer dollars. He expressed concern about portions of Police Department expenses being funded through the mooring fees. He asked about the actual cost of running the Town Landing pier. He expressed concern about the cost of the police boat. He discussed how there were not user fees for other town facilities and public spaces. He felt it was not a level playing field.

Marjorie Getts of 33 Old Powerhouse Road said she had held a mooring since 1976. She said that the mooring fees are financing the Town Landing but most of the mooring holders in Town do not use the Town Landing.

Chair Kuhn closed the public comment period.

Councilor Johnson said he attended the first Harbor/Waterfront Committee meeting that he was eligible to attend once elected. He described trying to get on the mooring fee waitlist. He said he was surprised by the mooring fee cost compared to other areas. He is comfortable with the increase from \$60 to \$100 but wanted to take a look at the non-resident costs. He said there are many residents of surrounding communities who use the mooring field. He said he stood by the recommended increase.

Councilor Trickett said he supported the concept of increasing fees charged to license holders to cover the operating cost of Falmouth's waterfront. He said this has been in the works for years and was one of the first issues that people reached out to him about last summer. He said this is neither a surprise nor is the concept widely opposed. He was open to continued discussion on the exact structure. He felt it was appropriate to amend the harbor fee schedule but said that the Council has time to work on it. He encouraged good faith and constructive feedback on the schedule. He felt overall that the fees are not a substantial cost of what it

costs to own and operate a boat. He said that while the increased mooring fees would cover operating costs the Town would continue to contribute funding towards capital costs.

Councilor Asherman supported the increase. He did not think the \$40 resident increase was onerous. He agreed with Councilors Trickett and Johnson on the need to further consider the rate allocation.

Chair Kuhn felt in principle going to \$100 after not having an increase in many years is not unreasonable. She supported this because it would reduce the tax burden for the larger community. She expressed concern about the fee not being tied to what people are getting out of it. She expressed concern about the idea of turning everything in Town into user fees. She desired to spend time between now and next March when the fees are due considering the equity issues.

Councilor Trickett said it was his understanding that the reason the Council is voting today is because it forms a basis for the budget.

The motion carried unanimously.

Item 7 Order to adopt trash bag fee schedule changes, effective beginning July 1, 2020.

Councilor Hemphill motioned; Councilor Johnson seconded.

Chair Kuhn opened the public comment period.

Valentine Sheldon of Route 88 said that this is a double whammy. He said that by moving the bag fees over to residents those fees are being paid by residents and the hole in the budget that the Council has filled is also being paid by the residents. He was opposed to the increase.

John Winslow agreed with Mr. Sheldon's comments. He said the Council was shifting the tax. He said it is costing him more to live in Falmouth today than it six months ago because of taxes. He said shifting what used to be paid for by property taxes to a fee is still a tax. He said he is getting less and less services but paying more in taxes. He wished the school would do the same thing regarding adjusting expenditures with enrollment.

Chair Kuhn closed the public comment period.

Councilor Cahan said that she supported the issue because people have control over their own garbage. She said with the bag fees the amount of garbage that you have and that you are going to put in those bags is up to each individual. She said hopefully people will be able to increase their recycling and composting to reduce garbage and meet the needs of being more environmentally sustainable as a Town. She said this was a way of trying to put control back with the individual and keep the budget as low as possible.

Councilor Hemphill agreed that the increase in fees is a matter of fairness and felt that it properly apportioned costs to people who use the service. He felt it would provide an incentive for people to be wiser about their trash disposal.

Councilor Trickett said this is not designed to be a pass through. He said that the Town arranges for trash pickup but in the past did use tax money to pay for that. He said that now it will be that if want your trash picked up you must contract for it. He said this is a tax cut not a double whammy. He said that people who want curbside pickup are now going to pay the full cost and people who want to reduce their pickup will have a reduced cost. He was in favor of that flexibility and the concept in general.

Councilor De Lima recalled paying a rubbish fee when she first moved to Falmouth. She felt that the new system for paying for bags is a much more equitable fee. She said she started composting to reduce her trash. She thought in the long run it could lead to changed behaviors on the part of residents.

Chair Kuhn agreed with what has been said. She appreciated the equity of the system and that it supported other goals along the lines of waste reduction.

The motion carried unanimously.

Item 8 Order to establish tax collection dates, interest rates, and payment application methods for 2020-2021 property taxes.

Chair Kuhn said the Council is required to set the property tax due dates and interest rates each year. She said at the April 27 meeting the Council discussed taking this up much later but found out that it needs to be passed at the same meeting as the budget is passed.

Mr. Poore said that Mr. McHugh surveyed eight communities regarding the rates that they planned to use. He said about half were about 7% and half were below. He said the lowest was 5%. He and Mr. McHugh felt that they wanted to be on the lower side but high enough to encourage people to pay taxes.

Councilor De Lima asked for clarification that the 9% interest applies to the taxes that were due in May and the 6% will apply to taxes due in November. Mr. McHugh said that was correct.

Councilor Asherman moved the order; Councilor De Lima seconded.

Chair Kuhn opened the public comment period; there was no public comment.

The motion carried unanimously.

Item 9 Order to schedule a special meeting of the Town Council for June 15, 2020 to consider an order to approve the FY21 School Department Budget as required by M.S.R.A. Title 20-A §1485, §1486, §2307. The Council may also consider an order to sign the July 14, 2020 Budget Validation Referendum and the Municipal Official Election warrant.

Mr. Poore said that the BVR legislation states that the vote has to be so many days before the election but it also puts a squeeze on the absentee voting timeline so if the BVR meeting is too early and some people submit the absentee ballots before June 15 there is a possibility that the absentee votes will not count. We always set this vote 30 days before the election.

Councilor De Lima motioned; Councilor Asherman seconded.

Chair Kuhn opened the public comment period; there was no public comment.

The motion carried unanimously.

Item 10 Discussion regarding COVID-19 updates and issues.

Amy Lamontagne, Assistant Town Manager, said that the Clerk's Department will open on May 26 by appointment only. She said that the second floor of Town Hall will not be opening to the public for several

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weeks. She said on June 1 offices at Public Works and Mason-Motz Activity Center will open. She said there will be no programming at Mason-Motz on June 1. She said that Public Works is finalizing plans to get back to full transfer station operations by June.

Mr. Poore said that the Town continues to conduct business despite buildings being closed. He said that Codes and Planning is on similar trending patterns as the last few years. He said all applicants are getting by without having personal contact with those staff.

Chair Kuhn said the Town was hoping to get boards and committees up and running during the month of June.

Councilor Cahan asked if Council meetings will still be remote through mid-July. Chair Kuhn said she assumed that would be the case.

Chair Kuhn said that there was discussion at the last meeting about potentially providing relief to businesses regarding wastewater bill rebates. She said since that time staff has organized vigorous programming to support businesses and connect them with sources of funding. She said that at the moment the plan for people who were looking for wastewater rebates is to connect them with existing COVID-19 relief funding.

Mr. Poore said that the Memorial Parade had been canceled. Town staff are working on virtual events. Ms. Fleming added that staff are seeking photos of Falmouth veterans and past Memorial Day celebrations. Photos can be submitted to Diane Moore by May 17.

The Lions Club Auction this June is also canceled.

John Winslow mentioned that the Falmouth Lions Club placed memorial flags in Pine Grove Cemetery. Councilor Trickett said that the display looked beautiful.

Councilor Hemphill mentioned that the Falmouth Focus continues to be published.

Adjourn

Councilor Johnson motioned; Councilor Cahan seconded.

The motion carried unanimously.

The meeting adjourned at 9:15 pm.

Respectfully submitted,

Marguerite Fleming
Recording Secretary