



TOWN OF KITTERY

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REPORT TO TOWN COUNCIL

Meeting Date: March 19, 2020
From: Kendra Amaral, Town Manager
Subject: Response to COVID-19 Emergency

Our nation, state and town are working through an unprecedented emergency at this time. The Town Council has cancelled their March 23rd meeting, as a show of leadership and modeling social distancing to protect our community. In lieu of the meeting, I am providing a report of the Town's coronavirus response efforts and my projection for the short and long-term impacts.

The information in this report is based on what is known today. The situation is rapidly changing. As an administration, we are working to anticipate and plan for a number of scenarios.

This report covers the following topics:

- Town's Response to COVID-19
- Financial Short-and Long-Term Outlook
- New Legislation and Council Businesses
- Return to Normal Operations

It goes without saying that Kittery has an amazing team serving an amazing community. The leadership team has been resourceful, creative, and honest with their advice, recommendations, and actions. Each member of our staff has been ready to pitch in and help where needed. These are the "people helping in bad times" that Fred Rogers (Mr. Rogers) talked about.

It is also worth pointing out that Kittery's residents and business community have risen to the occasion and prioritized helping each other. I am so grateful for the direct community support they are providing, as the Town focuses on emergency operations and public health needs. This emergency has shown how strong and caring Kittery is.

TOWN'S RESPONSE to COVID-19

The specifics of this virus and its rapid spread internationally is well documented and does not need to be restated here. The Town's planning for this specific emergency began on March 9, when cases began to be reported in our neighboring states. At the time there were no confirmed or presumptive positive cases in Maine.

On March 11, I issued a policy to the Department Heads and staff pertaining to how we would address symptomatic staff, possible exposure cases, and staff concern. We cancelled all events, programs, and sports activities at the Kittery Community Center, and all programs at the Library.

We advised non-jurisdictional boards to cancel or postpone meetings for the time being. There was no confirmed case in Maine at this time. The State was only providing information about the testing and clinical information about the virus.

The first presumptive positive case in Maine was reported on March 12. We also received information that Portsmouth Hospital was treating up to five positive cases.

On March 14, the Kittery School Department, in concert with other area districts, made the determination to close schools for two weeks. In response, we implemented the next phase of our plan. I closed the Kittery Community Center and the Library. I closed Town operations to direct customer contact and required all non-jurisdictional boards to cancel their meetings. I requested the School Committee postpone their meeting (March 17) to the following week. At this time there were three confirmed cases in Maine.

The Maine CDC identified that one case was related to “community spread” meaning the patient contracted the virus within the State of Maine and not from a hot zone elsewhere or through travel. The Governor’s office was advising and suggesting schools consider remote learning, and people avoid groups of 250 or more.

On the morning of March 16, we setup Town Hall to provide service without direct customer contact. We utilized email, phone and drop off options for accessing municipal services. We assisted customers with new vehicle registrations, marriage licenses, and building permits in this manner. The traffic was slow, so staff used this time to catch up on other work.

On March 17, we received word that the State Bureau of Motor Vehicles was shutting down and the State had authorized funeral directors to process their own death certificates temporarily. The Courts and County Jail were indicating that we were not to transport prisoners unless absolutely necessary. The number of positive cases in Maine had jumped to 32 and the first positive case was identified in York County. The Governor’s Office was still simply advising that we limit meetings and do what we believed best for our communities.

Effective 6PM on March 17, I closed all non-essential Town operations through March 29. Essential operations include Fire, Police, Dispatch, Wastewater, and Public Works. Council Chair Spiller agreed to cancel the March 23 meeting. The School Committee meeting (rescheduled for March 24) was postponed again and the Planning Board meeting was cancelled. We transitioned to staggered shifts for Wastewater and Public Works to reduce the risk of “whole department” exposure. I directed all department heads to ensure that their departments checked and responded to voicemail and emails in a timely manner.

On March 18, the Governor mandated that restaurants stop all dine-in service and gatherings be limited to 10 people or less. At this point, state agencies were shutting down independently, leaving municipalities to figure out how best to protect our communities and the state as a whole.

Throughout this time, I and members of my team have stayed in direct contact with Maine CDC, York County Emergency Management, York Hospital, the Portsmouth Naval Shipyard, the City

of Portsmouth, Towns of Eliot and York, our social service agencies, the Chamber of Commerce, various local businesses and business groups, and various Town and City Managers throughout the state. I have shared my decisions, policies, and press releases with these entities, and have used their information to help in my decision making.

We began documenting all costs, lost revenue and lost productivity on March 11, anticipating the national disaster declaration. We have also setup a separate payroll code effective this week so we can track payroll and expenses through the emergency. This proactive effort will support the Town's efforts to recover costs through FEMA and MEMA in the coming months.

As of March 19, the state has confirmed community spread is occurring. There are three cases in York County, 52 cases statewide. New Hampshire has 39 confirmed cases including three cases in Rockingham County.

SHORT-TERM FINANCIAL OUTLOOK

I am working with Patricia Moore, our Finance Director/Assistant Town Manager on monitoring our financial position, expenditures and revenues. Our focus on building unassigned reserves, managing and investing funds wisely, and conservative budgeting practices have put the Town in a solid position to weather this disruption for the time being.

The Town is in good financial shape heading into this emergency. We have \$6.3M in unassigned reserves, or approximately 2.3 months of combined School and Town operating expenses. We have approximately \$8M in cash, and an additional \$2.8M in money market accounts.

As of March 17, our Treasury Note investments continue to be solid. We have a \$1M Treasury note that will mature in May, providing additional liquidity if needed. We are in regular contact with our investment advisor and are closely monitoring the bond market.

Our revenue projections prior to the virus outbreak were on track to come in slightly above budget. As of February 29, we generated approximately 73% of our projected revenue from municipal operations (non-property tax revenue). We are projecting a \$130,141 surplus in property tax revenue for the year. There is one more tax bill due the end of May. At this time, I expect our collection rate for the third bill to be impacted by the virus emergency.

On March 12, I instituted a spending freeze. On March 16, I expanded the spending freeze to all non-essential capital (with a few exceptions). We will continue to pay staff through this emergency. We were projecting to be under budget \$145,000 for FY20, prior to the declaration of emergency and the institution of the spending freeze.

We have developed revenue projections assuming mass closures and social distancing protocols remain in place through April 30. Currently we are projecting a \$100,000 revenue loss in Recreation, a \$10,000 loss in boat excise tax, up to \$250,000 loss in motor vehicle excise tax, and \$50,000 loss in permits and planning fees. The recovery of small businesses, local employers, and consumer confidence will play an important role in both the FY20 revenue collection and FY21 revenue projections.

At this time, we believe we can finish FY20 without needing to utilize our unassigned fund balance. We also believe we have adequate cash to weather through September of 2020.

LONG-TERM FINANCIAL OUTLOOK

The unknown is how this national and international emergency will impact the economy and the Town. A number of factors are in play and will be affected dramatically by the duration of this event. A week can make a significant difference in whether a business can survive or not.

We are still developing our FY21 budget on schedule. Our revaluation effort is being finalized. Value is projected to increase over \$400M as a result. This is generally good news in terms of the Town's tax rate. However, it must be remembered, that a revaluation is simply a redistribution of the tax responsibility. Residential values are increasing significantly as a portion of the value, while commercial and business operations are shrinking as a portion of value. More simply, homeowners will be picking up more of the tax burden through this revaluation. We remain conscious of this as we develop our budgets.

We will be projecting decreases in municipal operations-revenue for FY21 as a result of the economic downturn associated with the virus.

I have asked Superintendent Waddell to consider additional options for the budget proposal in case the economic downturn is more significant than currently assumed.

I have been in touch with our bond advisor regarding the anticipated bond sale to support the Library project. He feels we are still in good position to proceed despite the market volatility. Because municipal bonds are considered safe, we will likely enjoy some sheltering from the market swings.

At this point, we do not know what the full impact of the virus will be. We are planning for significant disruption through the end of the fiscal year (June) and keeping an eye on the factors that will impact municipal finance in the coming year.

NEW LEGISLATION AND TOWN BUSINESS

On March 17, the Legislature adopted emergency legislation that amends a number of MRS 1 and MRS 30-A laws. I will not cover them in detail unless they directly affect the Town.

Municipal Budgets/Commitment of Taxes

The legislation allows municipalities to operate on the prior year's budget authorization until a new budget is approved. The Town's charter provides for this already. We do not anticipate needing to exercise this option at this time.

Assessors are authorized to commit taxes on the prior year's budget authorization until a new budget is approved.

Municipal Warrants

Municipal warrants may be signed outside of a public meeting. Town Charter and Council rules already allow for this. Councilors are currently remotely approving the personnel warrants for

the Town and School. We issued accounts-payable checks this week. We will hold off on the AP warrant for the week of March 23 and plan to catchup the following week with warrants

Elections/Ballots

Municipalities may postpone secret ballot elections and referendums. Our secret ballot is scheduled for June 9. We are not presently anticipating a need to postpone it due to social distancing requirements. It is unclear at this time, if the ballot referendum can be postponed based on financial uncertainty.

Remote Participation in Meetings

Public bodies may conduct their work through telephonic, video, electronic or other remote means of participation provided proper notice is provided, each member of the body can hear and speak to all other members of the body, the public is able to hear the proceedings and participate remotely as well, and all votes are taken by roll call.

We established a remote conferencing call account and have been using it for business meetings. Randy Buccini is looking into whether Channel 22 can tap into the remote conferencing call account to hold public meetings remotely in accordance with the new legislation.

At this time, we do not have any public meetings scheduled through March 29.

Registrations and Renewals

Motor vehicle, ATV and boats, trailers, and dog licensing and registrations are extended until 30 days following the termination of the declaration of emergency. Or put more simply, expiration of licenses and registrations are postponed.

Liquor licenses may be granted by the Municipal Officials without the benefit of a public hearing up to 30 days following the termination of the declaration of emergency.

COMMUNITY AND BUSINESS SUPPORTS

We are staying in contact with our social service agencies in town to ensure those in need are supported in town. The Fire Department is calling down through its special needs list to check in with those with medical limitations and ensure they have the supplies and support they need.

A few of our service providers are beginning to plan for a reduction in volunteer availability. We are working on options to help connect available and healthy volunteers with organizations in need.

We are working with the York County Chamber of Commerce and our local businesses. Adam Causey is looking into the recently announced federal and state stimulus efforts to determine how best to access and leverage those opportunities to support our local businesses and employers. We also are developing some options to stand up and administer a fundraising/grant program to support small businesses who will be hardest hit by social distancing practices.

It is recognized that people want to get out despite social distancing requirements. Chief Richter is enacting a temporary parking ban around the Fort Foster Gate to ensure people can safely turnaround and access the park.

CONCLUSION

The situation is still very fluid, and the protective measures and their durations are changing as the conditions in the state change.

I will continue to provide the Council with updates as we progress. I appreciate the questions and feedback you have been providing throughout.

Take care and stay safe!