



Office of Mayor Miro Weinberger

MEMORANDUM

TO: Board of Finance, City Council
FROM: Mayor Miro Weinberger
DATE: March 23, 2020
RE: COVID-19 Emergency Resolution #1

On Monday, March 16, I issued an [executive order](#) declaring a coronavirus emergency in the City of Burlington. The executive order directed the closure of bars and restaurants, suspended disconnections of water and electric utilities for nonpayment, established an emergency paid leave policy for City employees, curtailed some municipal services, and authorized the reassignment of City employees to assist with needs related to this public health crisis.

As I write this memo the public health crisis continues to rage and much of my and the City's effort over the last week has been focused on doing all that we can to save as many lives as we can by slowing the spread of the virus. We are far from done with those efforts and I will continue to update the Council and the public on our work in this area in the days and weeks ahead.

In parallel with the public health crisis, we have a massive and growing economic crisis that we must begin to figure our way through. This memo and accompanying resolution are focused on initiating the first steps toward addressing the economic crisis. Since declaring the emergency, the Administration has been working hard to understand the impact that this crisis will have on the City's resources and how the City can best serve our constituents in such unsettling times. In this memo, we are sharing our initial COVID-19 Response Plan, and asking the Council to authorize the following additional urgent steps so that the City can use our resources to respond quickly and effectively to this pandemic:

- 1. Provide meaningful relief to Burlington residents and businesses by delaying or waiving certain fees and tax deadlines;**
- 2. Take steps to protect the City's financial health given expected reduction and delays in City revenues;**
- 3. Establish the Burlington COVID-19 Resource and Recovery Center;**
- 4. Appropriate \$1 million of Burlington Telecom revenues toward the costs of addressing this crisis; and**
- 5. Approve the Emergency Work and Paid Leave Policy.**

It is important to note that we almost certainly will need future emergency resolutions as this crisis evolves.

Overview of Burlington COVID-19 Response Plan

We believe that more than a thousand residents of Burlington lost their jobs and source of revenue suddenly and unexpectedly last week, and dozens if not hundreds of Burlington businesses that were thriving until March 2020 suddenly face a very uncertain future. There are huge questions in

the community about how Burlingtonians will pay for food, rent, mortgage payments, and make good on personal guarantees on small business loans. After enjoying years of strong and stable economic growth, with very little warning, our community finds itself in scary and uncertain economic times.

Clearly the City must do everything we can to protect and support the residents and businesses that have been hit so hard and suddenly by this crisis.

The City also must take action to protect its own financial health. The COVID-19 pandemic undoubtedly will have substantial impacts on the City's finances. We anticipate that over the fourth quarter of this Fiscal Year some of our major revenue sources – which had been on track to be very strong – will be dramatically reduced. Further, we anticipate that even property tax payments, historically a very stable source of income for the City, will in many cases be delayed (and allowing delays for impacted property taxpayers is one of the more meaningful steps the City is considering to help our constituents). In short, the final quarter of this year will almost certainly be the most challenging quarter the City has faced in decades.

Fortunately, as a result of our financial reserves, the funds from the Burlington Telecom transaction with Schurz Communications, and our recently restored AA credit rating, we are in a strong financial position to absorb both reduced and delayed payments and to provide meaningful financial relief to members of our community who have been suddenly financially damaged by the COVID-19 crisis. This memo lays out our initial plan for responding to the economic crisis.

Steps to Support Residents and Businesses and Protect the City's Financial Health

As noted above, we expect the City will experience significant revenue reductions and delays in the remaining three months of FY 20. While we are still in the early days of this crisis, we expect these challenges may be even greater in FY 21. To ensure that the City is able to perform its critical functions now and in the future, and to help our constituents, we will need to make financial adjustments in the months ahead. We are making separate plans now for both reduced revenues and delayed revenues.

Reduced revenues

As noted in the attached chart, of the approximately \$20 million we have budgeted to receive in the remaining three months of FY 20, our initial projections are that the City could lose \$5 million as a result of reduced economic activity or closed City facilities or functions.

We will deal with this through a combination of expense reductions and use of unbudgeted but available funds, though our ability to immediately curtail substantial budgeted expenses in the remaining three quarters of the year is limited. We anticipate seeking budget adjustments at future meetings as this financial picture becomes more clear. Our goal will be to start FY 21 -- which could be a very challenging year depending on how long the COVID-19 crisis lasts -- with \$6.5 million of Unassigned Fund Balance (10% of current FY 21 projected budget) still unspent and available to us as a "rainy day" fund.

In order to achieve this goal it seems likely to us that we will need to expend all other reserves, including the nearly \$5 million of uncommitted funds from the sale of Burlington Telecom. It is possible that some of these losses will be reimbursed by federal disaster funds in the months ahead. We are tracking carefully all disaster related expenses and losses in the event that aid becomes available. *No action is needed on this at the March 23 City Council meeting, but we do anticipate*

bringing forward budget adjustment resolutions at future council meetings to address the expected revenue shortfalls.

Delayed revenues

We expect that many property taxpayers will struggle to make their June 12 payment as a result of the COVID-19 emergency. Further, while we all hope for a speedy economic recovery, it currently seems likely that many taxpayers will struggle to make their August 12 payments as well.

In order to provide some initial, immediate relief and peace of mind to distressed property taxpayers, we are proposing that the Council in its March 23 Emergency Resolution request that the Chief Administrative Officer report to the Board of Finance and City Council at the April 13 meeting with a plan to achieve the following goals:

- 1) allow taxpayers who are significantly impacted by this emergency to postpone the June 12 municipal property and business personal property tax payment to August 12 without penalty and interest;
- 2) explore if the same can be done with the education tax portion of the payment;
- 3) explore the possibility of allowing taxpayers a longer term payment plan in cases of severe hardship;
- 4) link any property tax timing relief to a requirement that the taxpayer pass that relief through to any residential and commercial tenants who are also impacted.

In the weeks ahead we will develop a plan that could provide further relief for distressed taxpayers as that deadline nears. I am considering substantial, emergency, multi-year borrowing as a strategy for funding payment plans for COVID-19 distressed taxpayers. Given that money currently can be borrowed at very low interest rates and that the City has strong legal protections to ensure that property taxes are eventually paid, this strategy has the potential to be a low-cost, low-risk way for the City to provide substantial relief to taxpayers that are hit hard by this emergency.

Immediate Adjustments to Taxes and Fees

To provide immediate financial relief and to lessen the burden on individuals and businesses during this crisis, the City undertook a review of its taxes, fees, and any other tools at its disposal. We sought and received feedback from community stakeholders, consulted with relevant departments, and made determinations based on an analysis of efficacy, feasibility, and budget impact.

The City already has taken the following temporary actions:

- **Utilities:** Suspended all utility (electric, water) disconnects for nonpayment
- **Parking:** Ceased issuance of parking tickets for meter and residential parking. We still are enforcing prohibited area violations and those that impact public safety, such as people being parked in a way that blocks traffic or pedestrians, handicapped spaces, or fire access.

The City is seeking authorization to take these additional actions:

- **Utilities:** Waive all delinquency and interest fees for residential and commercial customers through June 30.
- **Church Street Marketplace Fees:** The Mayor will convene a board of abatement under section 326 to consider abatement of common area fees as manifestly unjust for the remainder of the fiscal year. The President of the Council will appoint two councilors to

serve on that board. The board is also authorized to consider abatement of any other fees charged by the Marketplace.

- **City of Burlington Gross Receipts Tax (BCO 21-31):** All businesses subject to the taxes imposed by BCO 21-31 and known as the City's gross receipts tax shall be entitled to continue to collect the gross receipts tax, but will not be required to pay that tax to the City for taxes collected starting March 1, 2020, through June 30, 2020. All affected businesses will be required to continue to file the report on gross receipts and the amount collected for tracking and possible federal reimbursement of lost municipal funds, but may delay submission of the report due March 31 until April 30. This is intended to be a one-time only relief subsidy to these businesses as part of the City's overall relief effort.

A number of taxes and fees, including the Sales and Use tax, are set and administered by the State and not under City control. The City has been engaged on this issue and will continue to advocate at the State level for new sources of relief.

Burlington COVID-19 Resource and Recovery Center

As in every community in Vermont, and in much of the world, a large number of Burlington individuals, businesses, and nonprofits are facing an unprecedented and unanticipated financial crisis that will only be relieved by a combination of Federal, State, City, and community support. In Burlington, the City's critical contribution to this effort is helping route and connect Burlingtonians to information, existing resources, and the new resources that are already coming on line.

Today we launched the Burlington Resource and Recovery Center (RRC) to offer frontline assistance to Burlingtonians who need it. In the immediate future, our focus will be on ensuring access to health, food, and shelter. As the immediate health crisis recedes, the center will shift to addressing the recovery effort. This center will:

- Connect people experiencing homelessness with resources for temporary shelters that meet social distancing guidance;
- Assist laid-off workers in applying for unemployment insurance;
- Coordinate with and assist residents, particularly renters, who are concerned about housing security;
- Work with local and small businesses to navigate insurance claims or federal and state resources;
- Coordinate the dissemination of health guidance in other languages;
- Manage and streamline community volunteering efforts, including ensuring that volunteers are following all safety orders and connecting volunteers with people and organizations in need; and
- Respond to needs and opportunities for Burlingtonians we have not yet anticipated.

The work of the center will take three forms:

1. Constituent support (e.g., 1:1 consultations or rapid deployment of modest City financial support, including appropriating existing Small Business Administration Loan funds, CDBG dollars, or accelerated release of Housing Trust Fund appropriations);
2. Technical assistance and referrals to other organizations (e.g., routing a request to the appropriate State, nonprofit, or volunteer entity); and

3. A channel to identify gaps in assistance efforts and direct to appropriate authorities for attention as this crisis unfolds.

A city team already has been working closely with State agencies to respond by deploying resources toward serving our most vulnerable neighbors through the pandemic. For example, we have been collaborating with the State Department of Children and Families to ensure that people experiencing homelessness are safe during this crisis. Already, this effort has resulted in an expansion of the State's hotel and motel voucher program so that people staying in shelters can practice social distancing, work to secure a facility to ensure that homeless individuals who test positive or are suspected of being positive can be quarantined, and other efforts that are underway.

The Center will be resourced through an emergency City budget authorization and initially staffed by a team of CEDO employees reassigned to the RRC. The RRC will be overseen by Luke McGowan (CEDO Director, Burlington COVID-19 Resource and Recovery Coordinator) with assistance from Rachel Jolly (Assistant Director for the Community Justice Center (CJC)) on day-to-day operations. Darren Springer, the General Manager of Burlington Electric and former Chief of Staff for Governor Shumlin, will provide additional oversight and support to this effort. It is possible that additional City staff from other departments will be redeployed to the RRC if warranted by demand. We have confirmed with the State response team the need for RRC and are in active discussions over the details of how Burlington will be deputized to best serve the public most efficiently with this center.

Today the center began fielding inquiries with the goal of responding to all requests by either phone or email within 24 hours through our existing CEDO channels. This functionality will be scaled up in the coming days.

Appropriating BT Revenues Towards COVID-19 Resource and Recovery Center

I am proposing that the City immediately allocate \$1,000,000 from the Burlington Telecom proceeds to create a COVID-19 Emergency Account to fund the Emergency Operations Center and Resource and Recovery Center. The funds will be used for three things:

1. The salaries of the City workers staffing the Recovery Center;
2. Expenses incurred by the Emergency Operations Center;
3. Reserve for urgent needs that may emerge in the coming weeks.

The City would seek to reimburse any spending related to COVID-19 recovery efforts with federal FEMA Public Assistance and other bail-out funding for municipalities, should it become available. Generally, FEMA generally reimburses 75% of qualifying disaster-related expenses.

Emergency Work and Paid Leave Policy

On Friday, March 13, I directed Deanna Paluba, Human Resources Director, to develop an Emergency Work and Paid Leave Policy with the goal of helping our City employees remain healthy and provide them with flexibility to take care of their personal situations, while continuing to provide City services to the extent feasible. A draft of that policy was shared with the Council and employees on Tuesday, March 17. The policy directs many employees to work remotely and allows employees who are impacted by the unique circumstances of the public health emergency to take additional leave without drawing on their existing sick and vacation time.