



RESULTS

2nd FOLLOW-UP COVID-19 FINANCIAL IMPACT SURVEY March 3, 2021

The results of NHMA's Second Follow-up COVID Financial Impact Survey are complete. Once again, we will use this information to provide state and federal officials with an updated report of actual and projected expenses, revenue shortfalls, and delinquencies causing budgetary, capital and infrastructure impacts among New Hampshire municipalities and village districts. This survey was issued on January 29 and was due February 18, 2021. It is the second follow-up to the initial membership survey completed on April 20, 2020, when 127 municipalities responded. The following results represent the responses of 69 of the total 234 New Hampshire towns and cities, plus 6 village districts. The data is reported as of period ending December 31, 2020.

The 69 municipalities who reported range in population category from towns with a population of between 25-1,999 to a city with a population greater than 20,000, in addition to the 6 village districts which responded.

The following narrative and charts summarize the comprehensive set of data received from the towns, cities, and village districts.

I. COVID-Related Revenue Loss and Payment Delinquencies

Because CARES Act reimbursement could not be used for any revenue shortfall, the survey looked at actual revenue losses and increased tax and utility fee delinquencies experienced since the inception of the pandemic and projected through next December 31, 2021. Revenue losses occurred for all revenue types through December 31, 2020, and are projected to continue, though to a lesser extent, with the greatest revenue reductions being realized in recreation fees, parking fines and fees, building permit fees. Motor vehicle fees, the second largest revenue source for most municipalities, was much less impacted by the pandemic with average revenue increasing by approximately 1 percent.

Property tax delinquencies have increased, but only minimally—less than 1 percent in the past 12 months. However, nearly 40 percent of those responding have concerns the delinquency rate will increase with the next billing cycle due in July. Only 2 percent reported an increase in receiving notice of property foreclosures.

The deadline for property tax abatement applications is March 1; and while several respondents stated it is too early to gauge, the majority reported they do not anticipate an increased number of tax abatement applications for either commercial or residential properties, though several of the larger municipalities anticipate an increase in abatement applications for commercial properties.

Water and sewer utility billing delinquent amounts have increased significantly; they are approximately 40 percent more than one year ago. This increase is most likely due to executive orders prohibiting utility service disconnections and collection activities as well as state and federal moratoriums on evictions and foreclosures.

II. COVID-Related Expenses

The survey looked at numerous categories of COVID-related expenses, and we asked municipalities to report their actual COVID-related expenses incurred during the 12 months ending December 31, 2020, which were not reimbursed, and to project additional COVID-related expenses to be incurred over the next 12 months through the December 31, 2021. Responses indicated expenses are projected to continue to increase in several categories, most notably police, fire, emergency/rescue, town meeting, overtime pay, public assistance/welfare, COVID-related supplies, and health departments.

IV. Municipal Responses to Budget Shortfalls

Of the municipalities reporting, the total amount of budget shortfalls reported over the past 12 months was \$147,607, with notable causes cited as increased welfare assistance (one smaller municipality reporting a 982% increase) and a decline in unanticipated revenue. However, the total amount of budget shortfalls projected for the next 12 months is reported to be much higher, with \$2,052,975 in total shortfalls being reported. As a result of shortfalls, the following budget actions and municipal responses are reported:

- Delay or cancellation of infrastructure projects
- Reduction in parks and recreation services
- Reduction in library services
- Implementation of a hiring freeze
- Drawing down of budget reserves
- Closing facilities
- Reducing public services
- Reducing social services
- Reducing sanitation/waste management
- Increasing fees
- Delay of road repairs

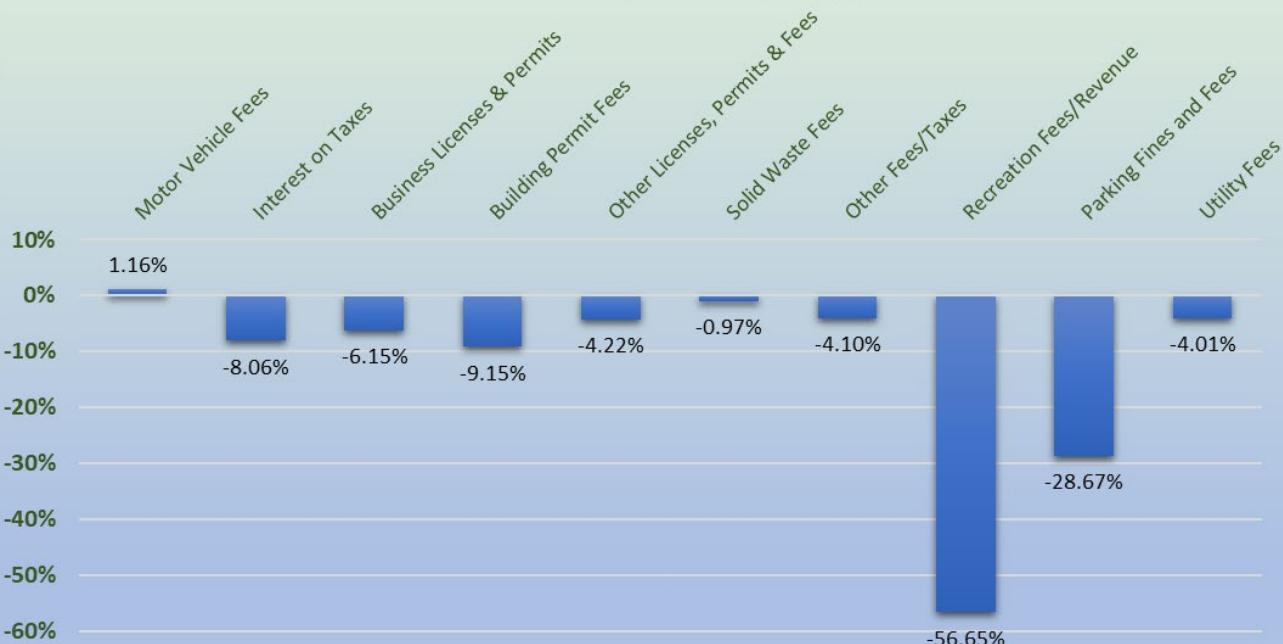
It is clear the pandemic continues to have a very significant impact on municipalities' revenues and expenses and will continue to require extraordinary measures to address these budget shortfalls. Also, as the current 2022-2023 state legislative budget process determines state aid and revenue sharing levels over the next two years, and as further federal COVID-related relief for local governments is considered, additional short- and long-range planning changes will most certainly be necessary.

A special thanks to all who took the time to complete and submit these survey results.

Charts of Survey Results Follow on Next Pages

12 MONTH REVENUE CHANGES

69 Municipalities Reporting



12 month period ending December 31, 2019 Compared to December 31, 2020

REVENUE CHANGES By Town/City Population Size

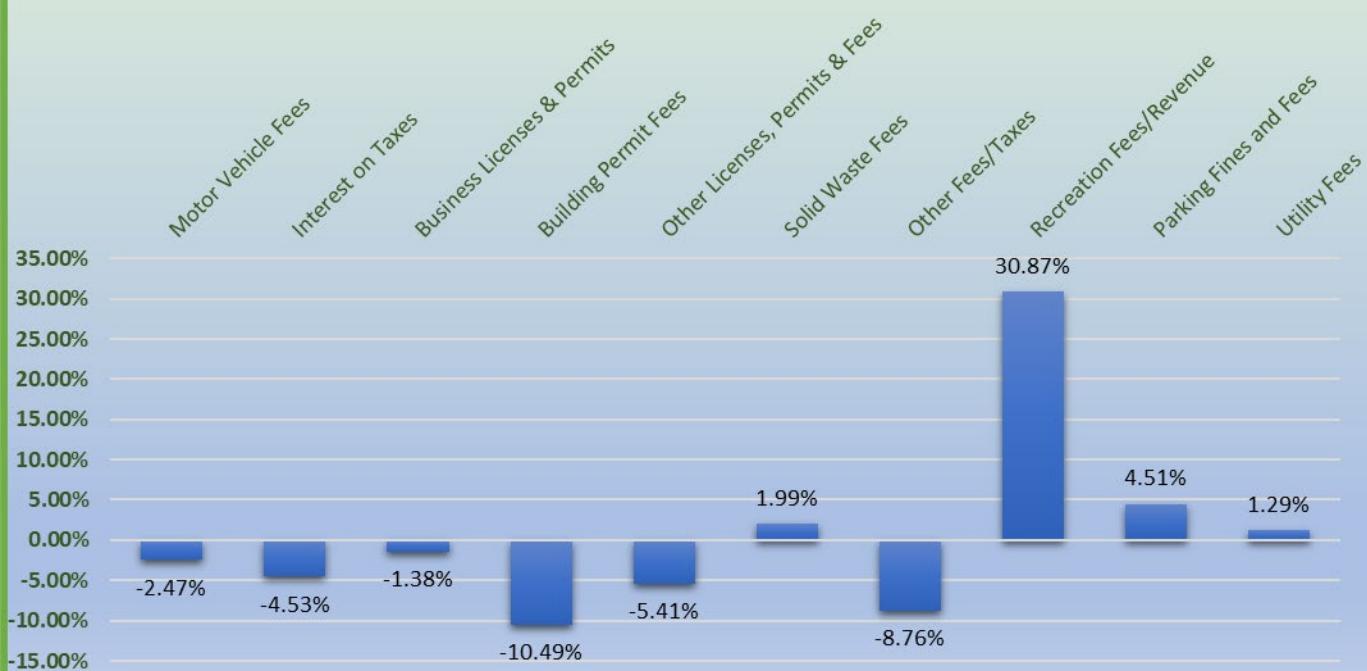


■ Size: 25-1,999 ■ Size: 2,000-4,999 ■ Size: 5,000-9,999 ■ Size: 10,000-19,999 ■ Size: 20,000 and greater
(16) (16) (17) (12) (8)

*High number of parking citations due to illegal use of nature trails during COVID.

REVENUE PROJECTION: 12 Months Ending 12/31/21

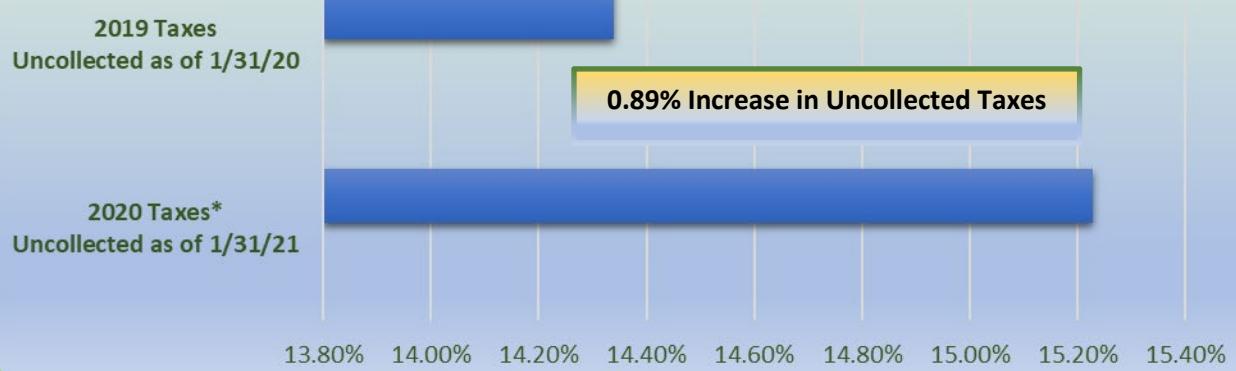
69 Municipalities Reporting



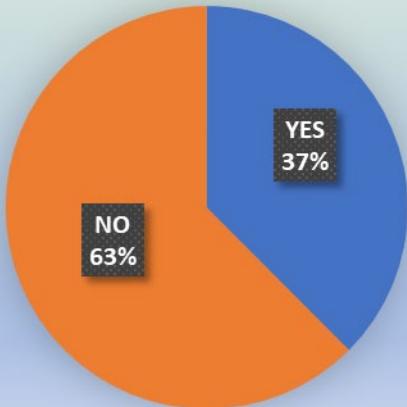
REVENUE Projection: 12 Months Ending 12/31/21 By Population Size



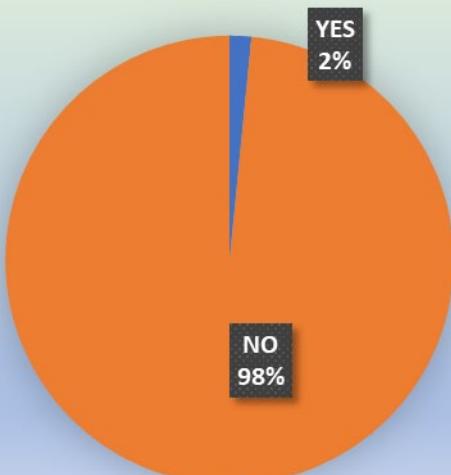
Current Year* Property Taxes Uncollected



Do you have concerns the delinquency rate will increase with the June/July tax bill?



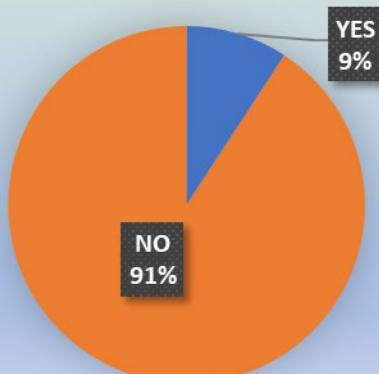
Are foreclosure notices increasing?



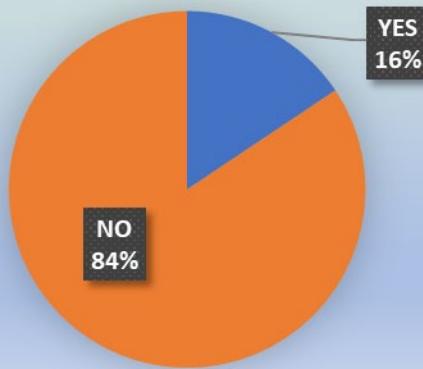
Do you anticipate receiving an unusually high number of abatement applications for commercial properties?



Do you anticipate receiving an unusually high number of abatement applications for residential properties?



Are you concerned about decreasing commercial property values due to COVID-related business closures?

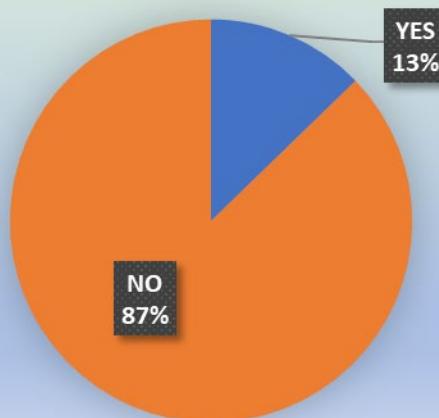


Utility Revenue Delinquency Impact

Average Amounts Reported



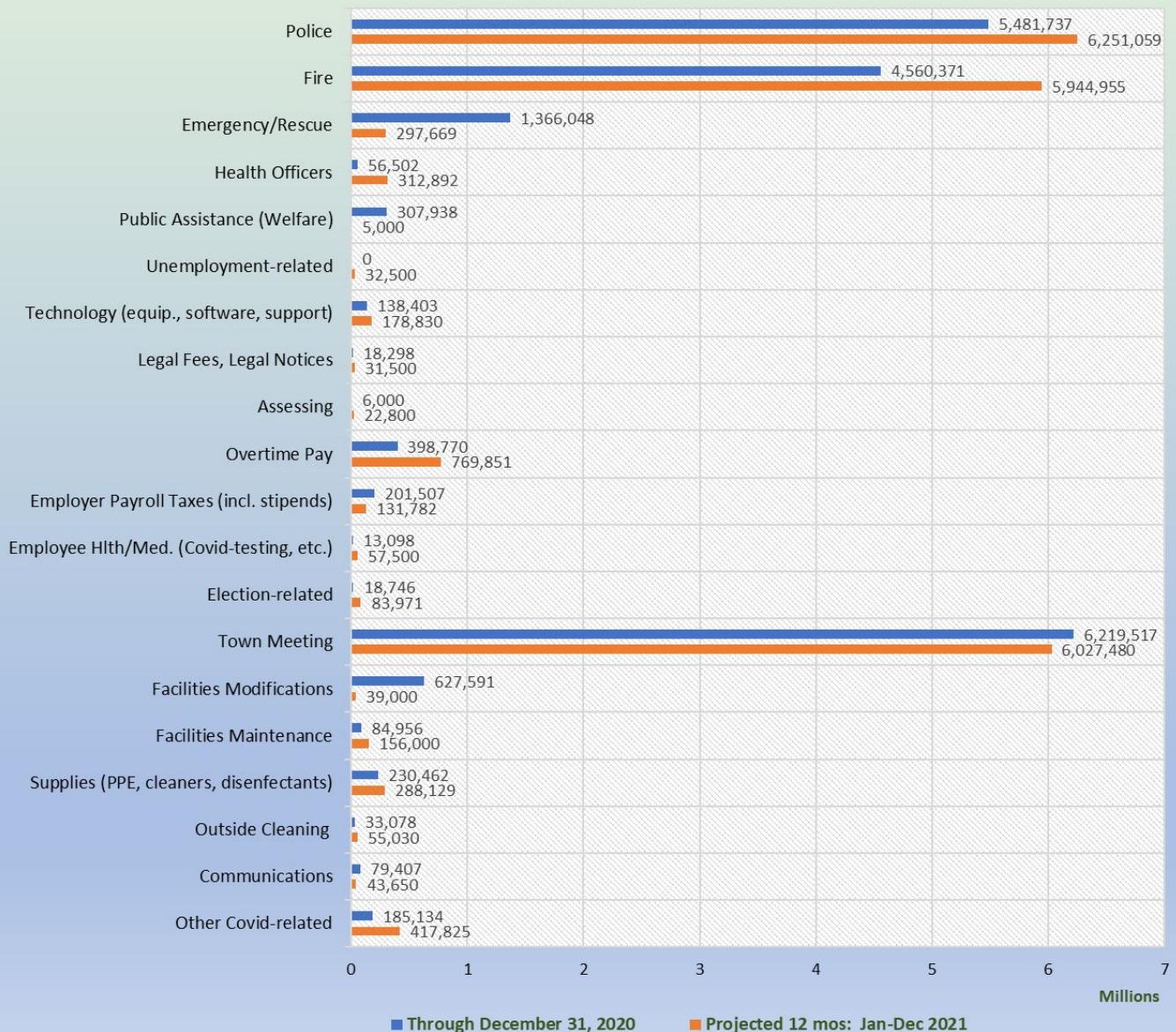
Will it be necessary to postpone/cancel utility infrastructure plans?



| | Utility Infrastructure Projects or Plans - Delayed or Cancelled due to COVID-Related Impacts: |
|---|--|
| • | We put a freeze on spending in 2020. |
| • | Potentially - our electric substation infrastructure and meters are all dated. They need to be updated. The cost for the substation upgrade is the \$300k range. We do not yet have quotes for the meters. |
| • | We have a major rehab going to town meeting 2021 for 3.2 million. We are looking to 60% sewer rates, 40% tax rate for debt service. |
| • | Upgrades. |

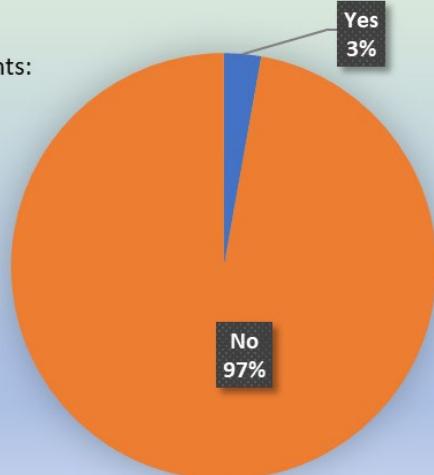
| |
|---|
| <ul style="list-style-type: none"> • Due to reductions in General Fund revenue, we have opted to pull back on any non-essential projects that we had budgeted to complete in the current fiscal year and are considering options to reduce expenditures next fiscal year, including freezing road paving projects for FY 2021-22, or deferring deposits into a series of our Capital Project funds. |
| <ul style="list-style-type: none"> • Due to reductions in our Parking Fund which has seen a dramatic reduction in revenue due to reduced activity in a very busy downtown area over the past 12 months. We have opted to complete a series of parking capital projects this year given our lower traffic levels but have postponed all projects that were planned for implementation in FY 21-22. |
| <ul style="list-style-type: none"> • For Water and Sewer Utilities there are two specific projects deferred due to COVID pandemic. <ul style="list-style-type: none"> 1) Water and Sewer Main Replacements – Oak/Broadway Area: This project has been deferred because of delays in the Broadway Culvert being completed. The culvert project incurred delays due to COVID restrictions making it difficult to get a specialized subcontractor into NH from out of state. The culvert project needs to be completed before the Water and Sewer Main replacement project can move forward. 2) Washington & Main Water Main Replacement – Deliberately put on hold due to downtown traffic disruptions that would occur, City did not want to further impact what little business downtown merchants are having due to COVID impacts. |
| <ul style="list-style-type: none"> • Rehab of Main effluent piping \$375,000 - Waiting on available State revolving loan funds. |
| <ul style="list-style-type: none"> • Reduction in preventative maintenance. (<i>Village District</i>) |

Unreimbursed COVID-Related Expenses 42 Municipalities Reporting



Did you incur a budget shortfall as of 12/31/2020?

Total Shortfall Amounts:
\$147,607

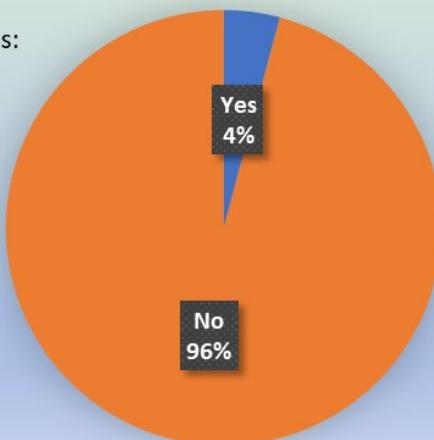


Shortfall Causes:

- Increased Welfare Assistance (982% over Welf. budget)
- Unanticipated Revenue Decline

Do you project a budget shortfall as of 12/31/2021?

Total Shortfall Amounts:
\$2,052,975



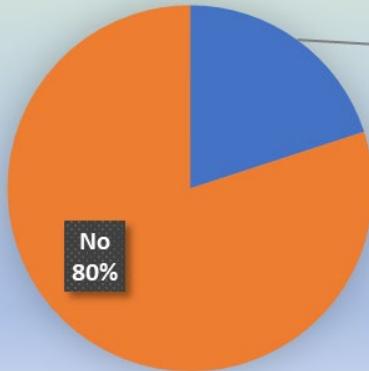
Shortfall Causes:

- Unanticipated Revenue Decline

Will it be necessary to postpone/cancel capital or infrastructure projects (other than utility) ?

No
80%

Yes
20%



| <u>Capital or Infrastructure Projects (other than utility) delayed or canceled:</u> | <u>Cost</u> |
|--|-------------|
| Road improvement projects (encumbered to 2021) | \$45,125 |
| Reconstruction of Town Road | \$1,000,000 |
| Fire Truck | \$650,000 |
| Road paving & other road repairs | \$290,000 |
| Delayed paving work | \$224,001 |
| Public Works Garage and Landfill Expense, Town Building Improvements | \$445,000 |
| Deferral of Contributions Into Bridge Capital Reserve Fund, Forcing 3-Yr. Delay in Repair of One of Our Red-Listed Bridges | \$375,000 |
| Roadway Improvements | \$300,000 |
| Highway/Rte. Congestion Mitigation | \$1,500,000 |
| Vehicle and Equipment Replacements | \$355,000 |
| Parking Lot Repaving | \$265,000 |
| Building Improvements | \$125,000 |
| Infrastructure (Roads) Reconstruction, Landfill Expense | \$580,000 |
| Street Reconstructions (3) & General Sidewalks | \$712,486 |
| Facility Improvements | \$115,000 |
| Cemetery Expansion | \$65,000 |
| Police Vehicles, Highway & Solid Waste Equipment | \$430,000 |
| Sidewalk Project | \$540,000 |
| Sidewalk Replacements | \$175,000 |

Municipal Functions Significantly Impacted By Budget Shortfall



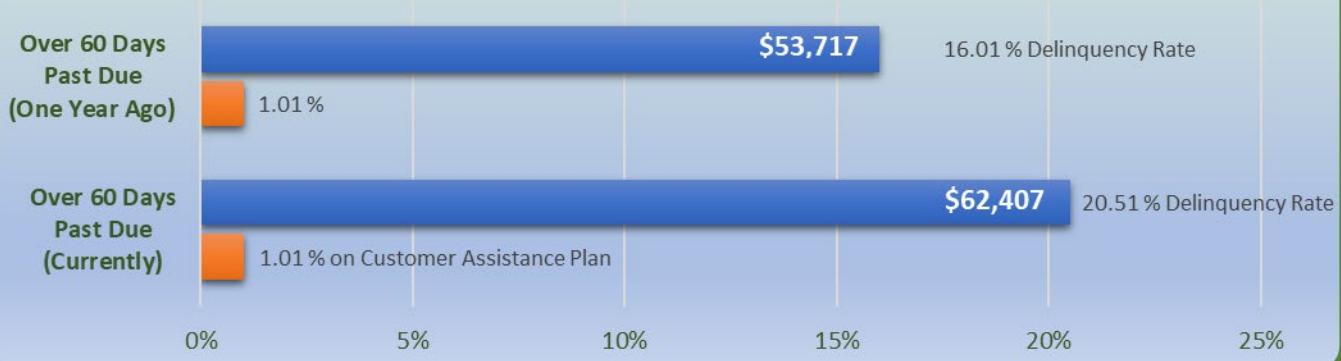


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VILLAGE DISTRICTS SURVEY RESULTS

Total: 6 Survey Responses Received (2 were incomplete)

VILLAGE DISTRICTS **Utility Revenue Delinquency Impact** Average Amounts, 5 Village Districts Reporting



VILLAGE DISTRICTS

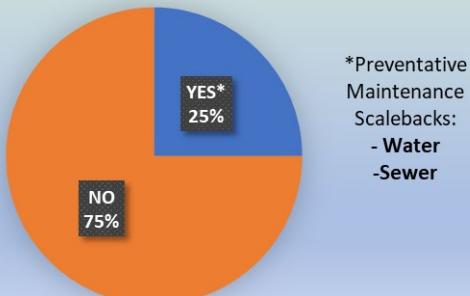
Unreimbursed COVID-Related Expenses

Total Expenses: 5 Village Districts Reporting



■ Through December 31, 2020 ■ Projected 12 mos: Jan-Dec 2021

Will it be necessary to postpone/cancel utility infrastructure plans?



Staffing Impacts
4 Village Districts Reporting
55 Total Employees

