

Town of Falmouth, Maine Proposed FY2021 – 2022 Budget



FY2022 Budget Challenges

- ▶ Fire-EMS Department – The \$1.4 million impact of the Fire Department expansion in FY21 was offset by COVID 19 expense cuts of \$1.4 million
 - Reductions included 4 open positions, delayed COLA for Police and non-union employees, operating expense reductions and capital deferrals.
- ▶ Staff Wage increases
 - 2.5% non-union COLA July 1, 2021.
 - Police and Public Works CBAs expire June 30, 2021.
 - Restore previously cut positions –Executive Assistant, Police Officer, Engineering Technician and Parks Maintenance position – these positions were left unfilled as part of COVID expense cuts in FY21 (\$278K).
- ▶ Benefit Cost Increases
 - Workers Comp and Maine PERS retirement (\$120K)
- ▶ Partial restoration of FY21 COVID expense cuts (\$357K)
- ▶ Comprehensive Plan funding (\$40K)

FY2022 Solutions

- ▶ Non-Property tax revenues are projected to grow \$307K including \$196K in auto excise tax increases, \$197K in state revenue sharing and \$49K in growth-related permits and fees.
- ▶ The Budget initially projected operating expense to grow \$1,897K or 13.7%. The Finance Committee asked staff to make an additional \$731K in budget cuts to reduce operating expense growth to \$1,164K or 8.4%.
- ▶ Staff rebuilt the 10-year CIP plan in the summer of 2020 to bring CIP balances to pre-COVID levels by FY2024.
- ▶ Excluding the impacts of Fire-EMS expansion and the addition of a portion of the FY21 COVID expense reductions, the Town mil rate would have had no increase in FY22.

FY22 SOLUTIONS

<u>Base Budget Scenario</u>	2021	2022	VARIANCE	%
	BUDGET	BUDGET		
Operating Expense (Town Only)	13,811,149	15,708,049	1,896,900	13.7%
Overlay	20,093	20,093	-	0.0%
Non-Tax Revenue	(6,056,254)	(6,363,000)	(306,746)	5.1%
Net From Property Taxes	7,774,988	9,365,142	1,590,154	20.5%
Valuation (\$000)	2,353,228	2,376,760	23,532	1.0%
Estimated Tax Rate	3.30	3.94	0.64	19.3%
 <u>10% Increase Scenario:</u>				
Reduce Capital Appropriation (Capital Deferrals)		(617,000)	Defer Tank 4, Open Space	
Wastewater IT allocation increase		(60,000)	To reflect actual WW IT expenses	
Falmouth Memorial Library request		(28,158)	1st pass included larger increase	
Miscellaneous Budget reductions		(26,000)		
Total Reductions		(731,158)	-4.7%	
 New Net From Property Taxes	 7,774,988	 8,633,984	 858,996	 11.0%
Estimated Tax Rate	3.30	3.63	0.33	10.0%

FY22 SOLUTIONS

<u>Base Budget Scenario</u>	2021	2022		
	BUDGET	BUDGET	VARIANCE	%
Operating Expense (Town Only)	13,811,149	14,975,221	1,164,072	8.4%
Overlay	20,093	20,093	-	0.0%
Non-Tax Revenue	(6,056,254)	(6,363,004)	(306,750)	5.1%
Net From Property Taxes	7,774,988	8,632,310	857,322	11.0%
Valuation (\$000)	2,353,228	2,376,760	23,532	1.0%
Estimated Tax Rate	3.30	3.63	0.33	10.0%
Fire-EMS Increase	1,373,017	167,435		
Post Covid Expense Adjustments				
(Reduction in FY21, Restoration in FY22)	(1,358,090)	635,000		
Total	14,927	802,435		
Adjusted Net from Property Taxes	7,760,061	7,829,875	69,814	0.9%
Adjusted Tax Rate	3.30	3.30	-	

Budgeted Property Mil Rate Town FY21 and FY22

Estimate Valuation based on 1% Growth

	FY21	FY22	\$ Change	% Change
Expenditures	13,811,233	14,975,221	1,163,988	8.4%
Overlay	20,093	20,093	0	0.0%
Non-tax revenues	(6,056,254)	(6,363,004)	(306,750)	-5.1%
Net from property taxes	7,775,072	8,632,310	857,238	11.0%
Valuation (thousands)*	2,353,228	2,376,760	23,532	1.0%
Mil rate (PROPOSED at Budget)	3.30	3.63	0.33	10.0%

* Adjusted for BETE and Homestead

IMPACTS IN EXPENDITURES

FY22 BUDGET vs FY21 BUDGET

FULL-TIME SALARIES/SOC SECURITY	543,690	July 2021 2.5% COLA, added Police Officer, Executive Asst., Eng Tech and Parks Maint.
RETIREMENT	82,890	MainePERS rate increase, wage additions and COLA
WORKERS COMP	48,140	Primarily impact of Fire-EMS additions
LEGAL SERVICES	34,500	Restore COVID reductions, union negotiations, short-term rental legal services
SOCIAL SERVICE AGENCIES	35,000	Wellness Committee budget request
OTHER CONTRACTUAL SERVICES	45,348	Restore COVID reductions
COMPUTER EQUIPMENT	50,000	Restore COVID reductions, FY22 Computer replacements
TRANSFER TO CAPITAL FUND	196,850	Transfer increase part of COVID reduction recovery plan
TRANSFER TO SPECIAL REVENUE FUND	69,000	Comp Plan funding (\$40K), senior recreation services (\$29K)
OTHER	58,654	Highland Lake (\$20K), contingency (\$69K)
TOTAL	1,164,072	

IMPACTS IN REVENUE

FY22 BUDGET TO FY21 BUDGET

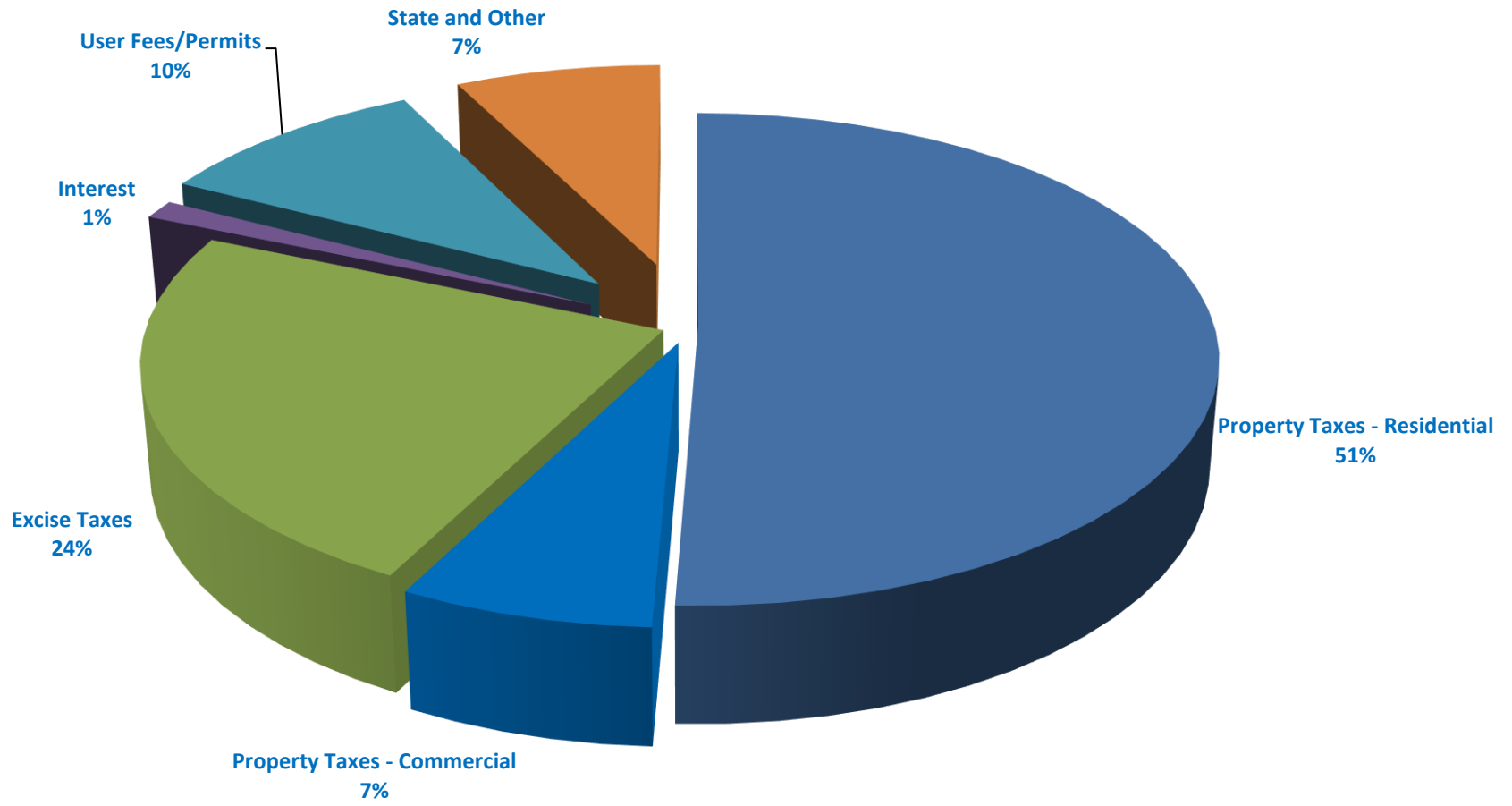
AUTO EXCISE TAX	196,645
STATE REVENUE SHARING	197,468
INTEREST INCOME	(149,000)
AMBULANCE CHARGES	(15,921)
BUILDING PERMITS	26,390
FRANCHISE FEES	10,000
ELECTRICAL PERMITS	8,840
PLUMBING INSPECTIONS	7,740
OTHER	24,589
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	306,751

SUMMARY: Mil Rate Impact

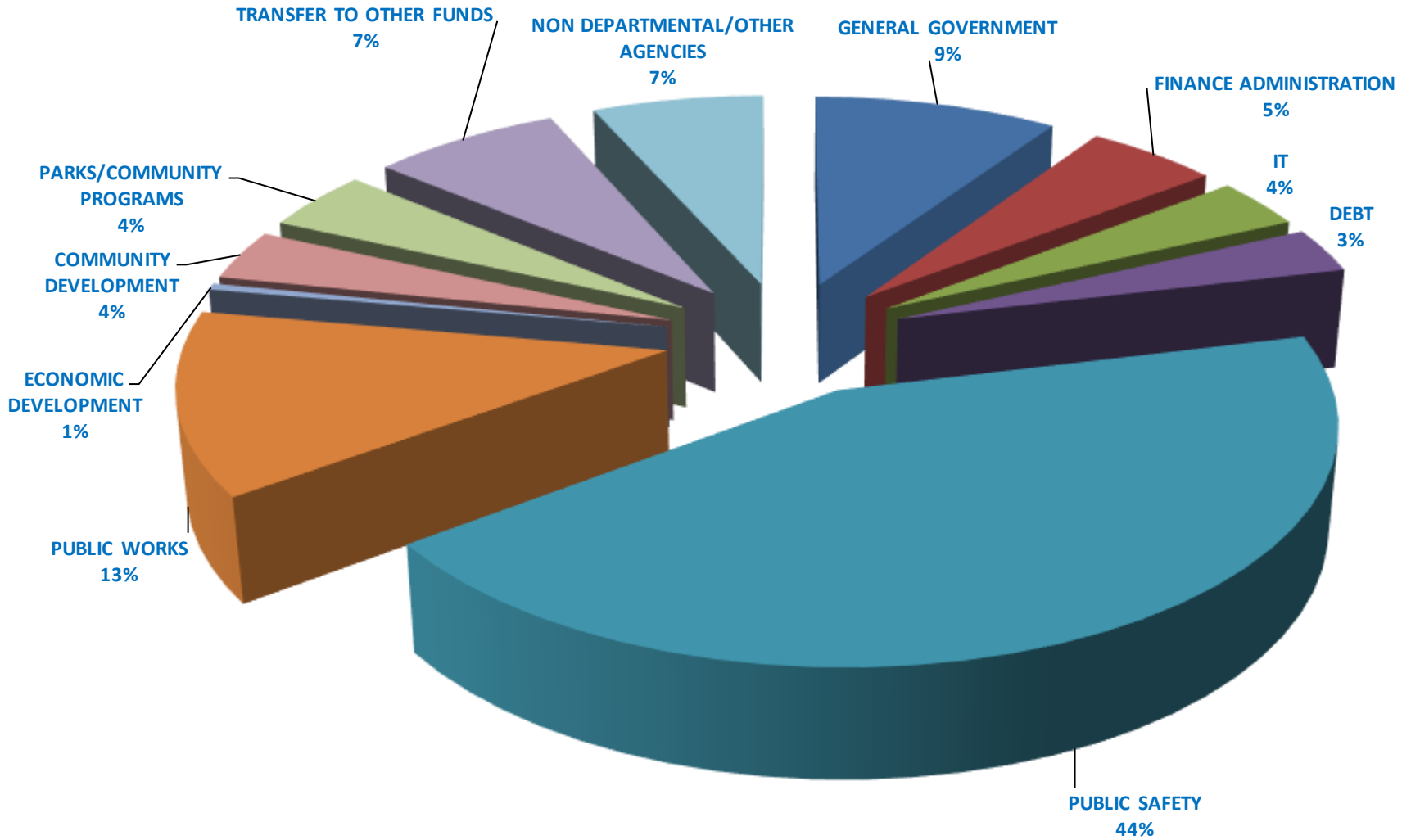
MUNICIPAL ONLY (Excludes School and County)

Net Expense Increase	1,164,072	0.49
Increased Revenue	(306,751)	(0.13)
Municipal Share of New Added Valuation	(71,303)	<u>(0.03)</u>
Total Mil Rate Impact		0.33

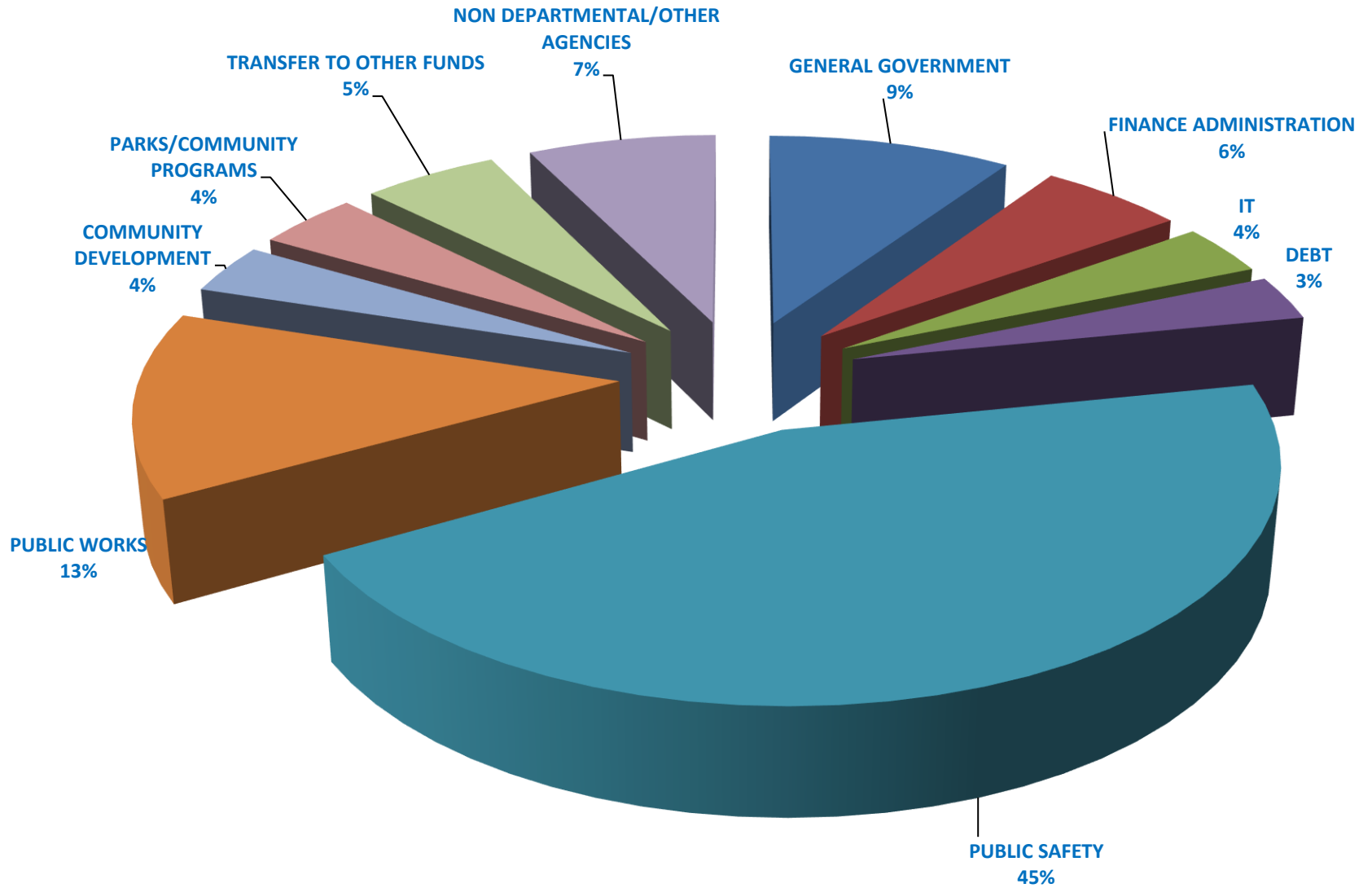
Town of Falmouth FY22 Sources of Revenue



Town of Falmouth FY21 Budget



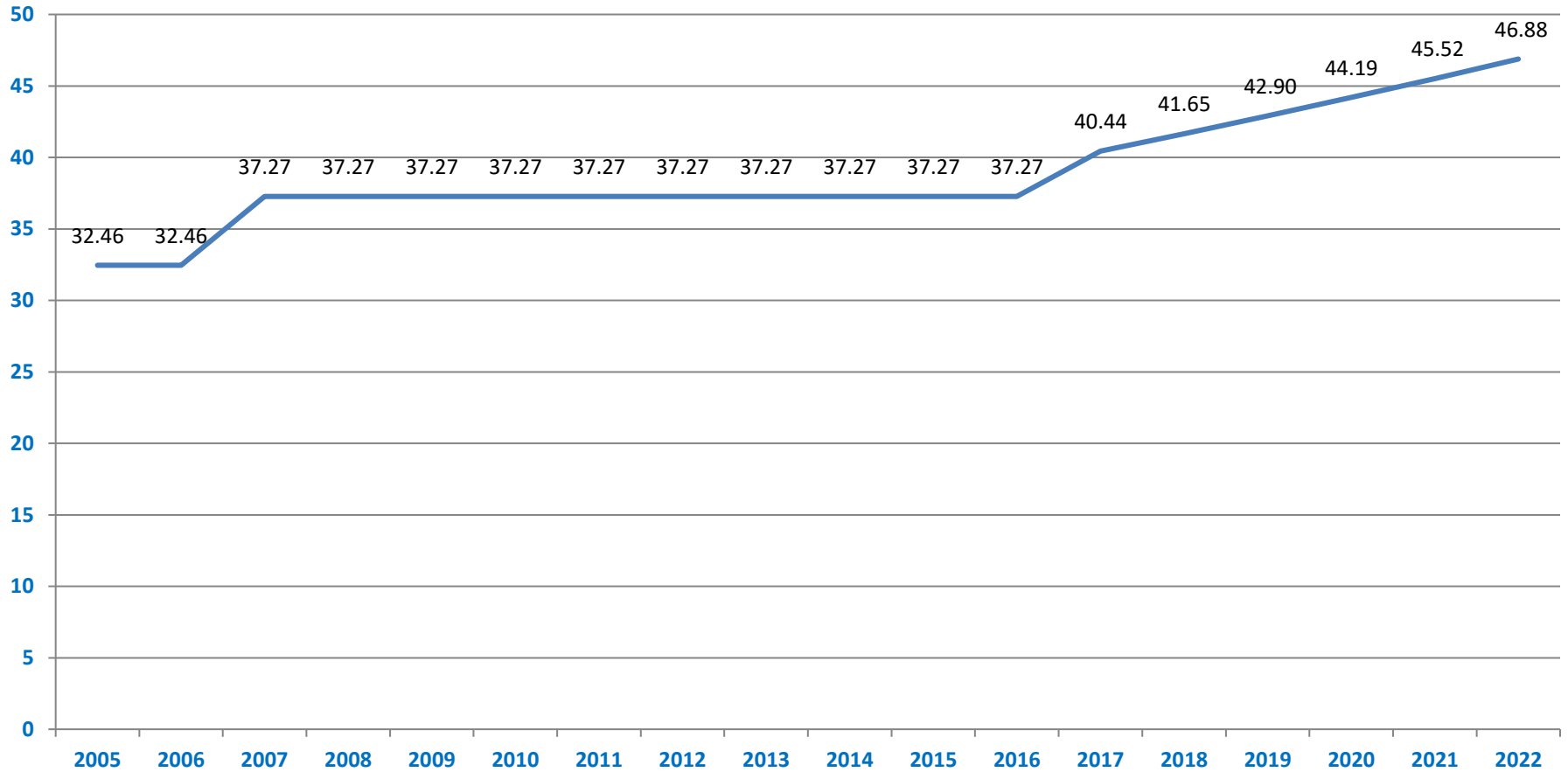
Town of Falmouth FY22 Budget



Wastewater OPEX Budget

- ▶ Proposed Operating Expense of \$2,814,411 is \$43,120 or 2.0% higher than the FY21 Budget
 - Increased wages and IT expense allocations make up the majority of the increase
 - Assumes West Falmouth Debt Service of \$360K (was included in FY21 but has been delayed).
 - Budget and projected fund balance is consistent with 10-year rate plan
 - Budget includes a 3% user rate increase from \$45.51 to \$46.88

Falmouth Monthly Sewer Rates



16-year average sewer rate growth = 2.4%

2019 Average Maine Town and City Sewer Rate = \$60.32

2022 Falmouth Sewer Rate = \$46.88 a difference of \$13.44

Wastewater Rate comparison

Municipality	Date Last Increase	% Increase	Annual Rate	Monthly Rate
Augusta	2019	-29.0%	\$ 348.96	\$ 29.08
Scarborough	2020	2.0%	\$ 396.00	\$ 34.00
Auburn	2016	15.0%	\$ 441.44	\$ 36.79
Kennebunkport	2018	3.0%	\$ 456.00	\$ 38.00
North Berwick	2018	10.0%	\$ 528.00	\$ 44.00
Falmouth (current)	2021	3.0%	\$ 530.28	\$ 45.51
Falmouth (proposed)	2022	3.0%	\$ 562.50	\$ 46.88
Wells	2013	3.8%	\$ 610.00	\$ 50.83
South Portland	2019	1.8%	\$ 651.48	\$ 54.29
Gardiner	2018	4.0%	\$ 694.72	\$ 57.89
Sanford	2016	2.7%	\$ 700.00	\$ 58.33
Ogunquit	2015	4.0%	\$ 748.00	\$ 62.33
York	2018	7.0%	\$ 768.48	\$ 64.04
Windham	2018		\$ 797.52	\$ 66.46
Kennebunk	2019	3.4%	\$ 800.04	\$ 66.67
Westbrook	2020		\$ 928.20	\$ 77.35
Gorham	2018		\$ 877.44	\$ 73.12
Cumberland	2018		\$ 1,068.36	\$ 89.03
Cape Elizabeth	2018		\$ 1,237.44	\$ 103.12
Portland	2019		\$ 1,302.96	\$ 108.58
Average			\$ 722.39	\$ 60.32
Median				\$ 58.33

Property Mil Rate Calculation

2021-22

Projected Valuation Numbers

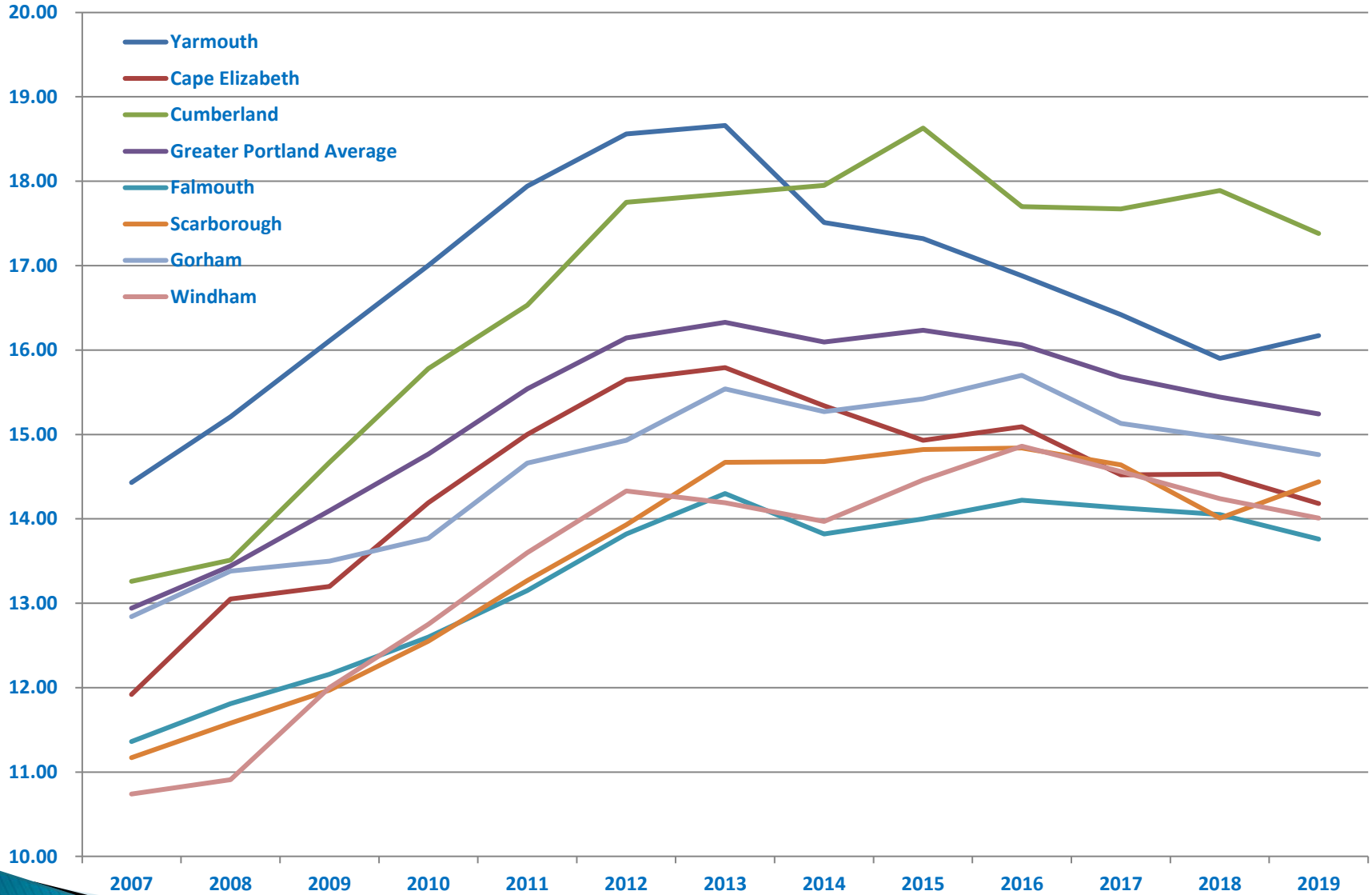
	Town	School	County	Total	TIF	TOTAL
Expenditures	14,975,221	-	1,869,657	16,844,878	-	16,844,878
Overlay	20,093	-	-	20,093	-	20,093
Non-tax revenues	<u>(6,363,004)</u>	<u>-</u>	<u>-</u>	<u>(6,363,004)</u>	<u>-</u>	<u>(6,363,004)</u>
Net from property taxes	8,632,310	-	1,869,657	10,501,967	-	10,501,967
2021-22 valuation (thousands)*		2,376,760.0			201,068.0	2,577,828.0
2020-21 Valuation (thousands)*		2,353,228.0			199,077.2	2,552,305.2
Valuation Growth		1.0%			1.0%	1.0%
2021-22 rate (Proposed)	3.63	-	0.79	4.42		
2020-21 rate (Actual)	3.30	-	0.77	4.07		
Mil rate increase	0.33	0.00	0.02	0.35		
Pct. increase/decrease	10.0%		2.2%	8.6%		

* Adjusted for BETE and Homestead

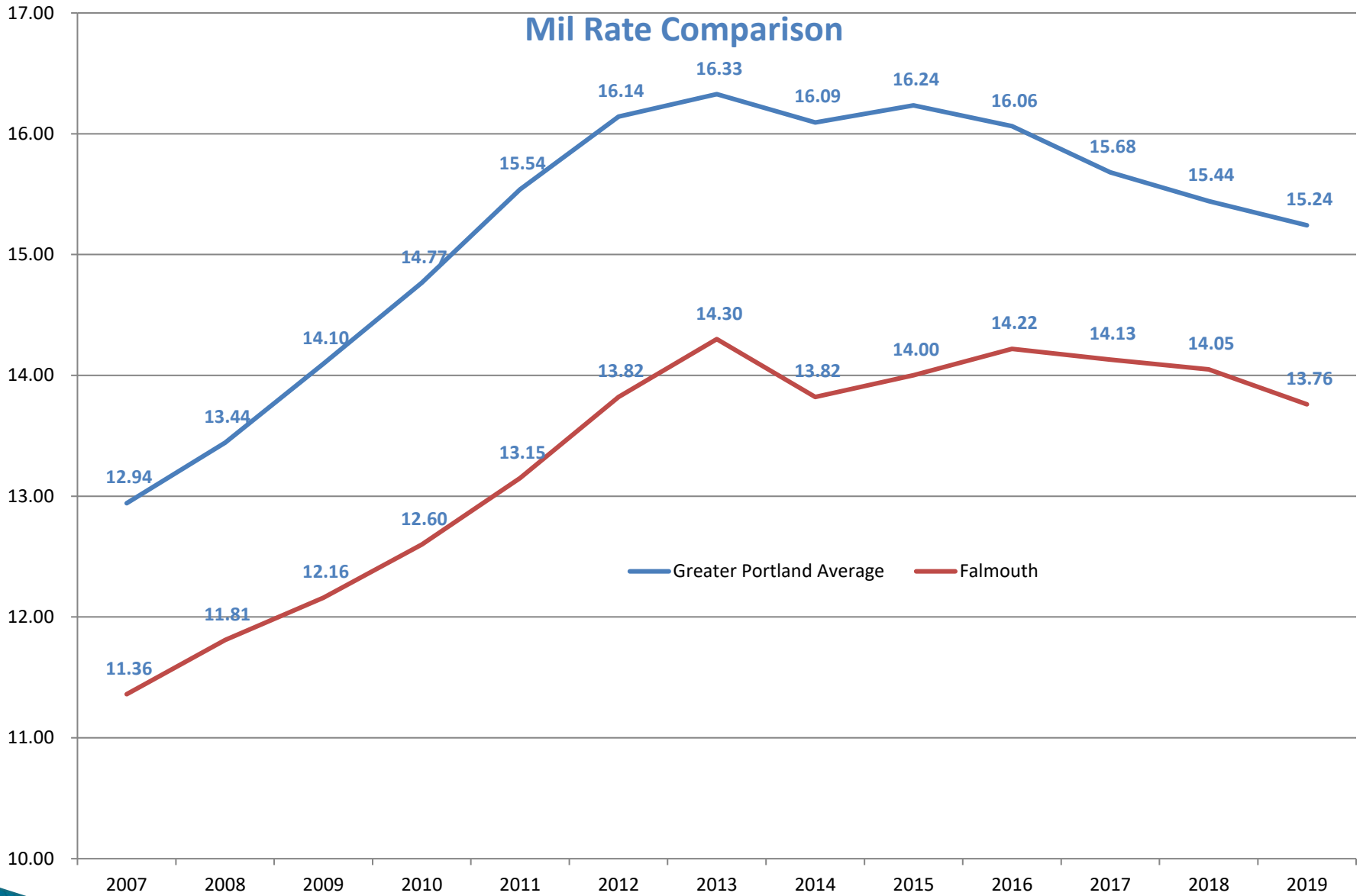
Town of Falmouth

- ▶ AAA Bond Rating S&P
- ▶ Aaa Bond Rating Moodys
- ▶ Town Debt Outstanding = \$38.8 Million
 - Town Debt \$3.9 Million
 - School Debt (Local) \$6.4 Million
 - School Debt (State) \$17.7 Million
 - TIF Debt \$10.8 Million
 - Maximum Town Debt Limit = \$374 Million
- ▶ Lowest overall property tax mil rate of comparable communities (using 2019 state-adjusted valuations)
 - Falmouth 2019 rate = \$13.76 mils
 - Greater Portland Community average = \$15.24 mils

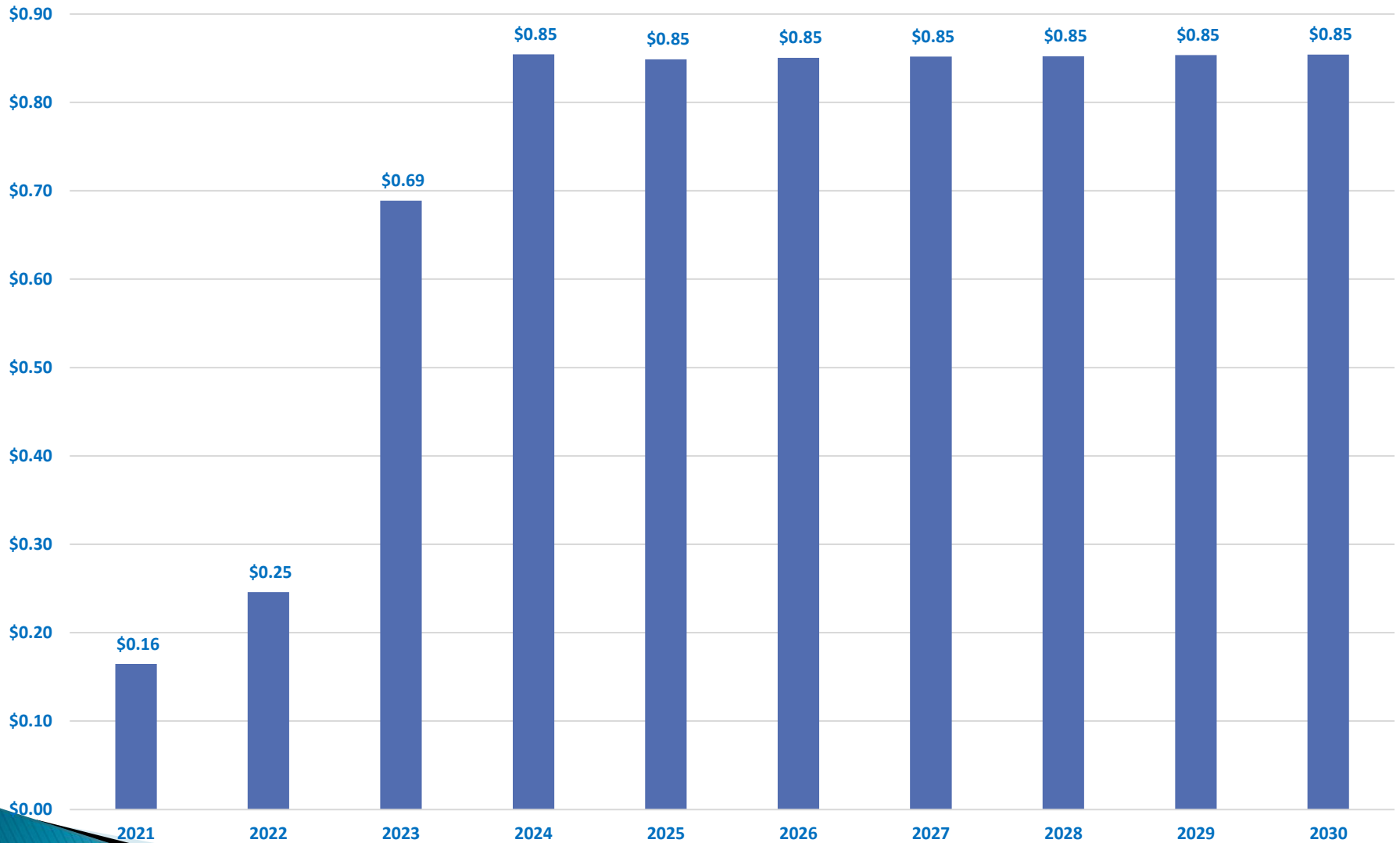
Greater Portland Mil Rate Comparison



Mil Rate Comparison



CIP TAX RATE



**TOWN OF FALMOUTH
Mil Rate Projection
Major Drivers**

DRIVER	FY21	FY22	FY23	FY24	FY25	FY26	FY27
COVID Expense Adjustments	(1,400,000)	635,000	765,000				
COVID Revenue Adjustments	352,984						
Phase I Fire-EMS Staffing	1,400,000	186,000					
Phase II Fire-EMS Staffing					1,400,000	150,000	
Central Fire Expansion Bond			135,000	430,000			
HR Director				135,000			
Facilities Director			125,000				
Blackstrap Road Reconstruction							320,000
Total	352,984	821,000	1,025,000	565,000	1,400,000	150,000	320,000
Valuation	2,353,228	2,376,760	2,400,528	2,424,533	2,448,778	2,473,266	2,497,999
Mil Rate Impact	0.15	0.35	0.43	0.23	0.57	0.06	0.13

Questions & Discussion