

Town of Falmouth, Maine Proposed FY2018 – 2019 Budget



FY2019 Budget Challenges

- ▶ Collective Bargaining Agreements for Police and Public Works expire on June 30, 2018. Negotiations are currently underway.
- ▶ Payroll increases
- ▶ Retirement contribution % for MPERS increase by 4.2% in FY2019
- ▶ Declining Ambulance Charge Revenue as the number of calls continue to increase due to reduced insurance payments and an increase in the % who have no insurance.
- ▶ Public Safety Costs increase significantly as the demand for Fire/EMS services continues to increase
- ▶ The Recreation and Adult Education special revenue fund requested an additional appropriation of \$15K this year to fund increased senior activities.
- ▶ The Fire/EMS Radio System requires a major upgrade in FY19 to improve coverage throughout the Town.
- ▶ The Town is funding energy efficient lighting replacements for Town Buildings in FY2019 to create future energy savings.
- ▶ A recent state audit of our BETE reimbursements found the State had overpaid the Town \$171,600 over the last three years. This item has been included in the overlay.
- ▶ Senior Tax relief funding in the amount of \$75K has been included in the overlay.
- ▶ The Town was unable to find a new tenant for the tower at Town Hall reducing revenue by \$27K.

FY2019 Solutions

- ▶ Non-Property Tax Revenues are projected to grow \$317K including \$171K in use of fund balance to pay the state BETE reimbursement.
- ▶ The FY2018 purchase of street lights from CMP and replacement of the lights with energy saving LEDs will reduce our electricity costs substantially.
- ▶ The disposal bag special revenue fund was able to absorb another month of collection fees reducing expenses by \$29K as revenues are projected to remain steady
- ▶ Expenses in all areas other than those identified as challenges were held to 2018 levels or below
- ▶ Through project deferrals and alternate funding methods, the Town CIP appropriation will be \$32K lower than the FY2018 amount.

BUDGET CHANGES FROM MARCH 8th SUBMISSION

Change Included in Budget Book

Add \$20K in Tercentennial Salaries (to cover July-Dec Wages)	20,000
Fund From TIF Funds	<u>(20,000)</u>
Tax Rate Impact	0

Change Since Budget Book Update

Add \$28K in FY19 Computer CIP for Replacement of PD Vehicle PC/Docking Station Systems	28,000
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BUDGET CHANGES FROM ORIGINAL SUBMISSION

Revenue

Increase Excise tax to reflect 3% growth over 2018	(16,142)
Use of Fund Balance to pay for BETE refund	(171,600)
Total Revenue Increase	(187,742)

Overlay increase for Library	26,363
Overlay increase for BETE Refund	171,600
Overlay Increase	197,963

Operating Expense

Delay EMA/FE/AEMT to January 2020	(33,925)
Dept 112 Reduce Registrar Hours to 23/wk, rate to \$20/hr	(7,030)
Move Library \$26K Reserve to Overlay	(26,363)
Dept 171 Move Balance in Invasives Special Revenue to Recreation Special Revenue	(5,000)
Dept 111 Office Equipment	(1,000)
Revised Longevity Pay	(5,111)
Dept 121 Computer Services	(900)
Police Department - various reductions	(4,324)
Fire Department - various Reductions	(10,000)
Capital Reductions (see Below)	(35,414)
Total Operating Expense Reductions	(129,067)
March 8 Change: Add additional SRO (6 months)	43,534

Total Tax Requirement Change (75,312)

Capital Changes

Replace Police Vehicle PCs and Docking Stations	28,000
Increase Public Works Building Appropriation	1,586
Move Street Lights to FY2018 (By previous Council Order)	(65,000)
Total Changes	(35,414)

Budgeted Property Mil Rate

Town FY2018 and FY2019

Estimate Valuation based on 1% Growth (Offset by BETE reduction)

	FY18	FY19	\$ Change	% Change
Expenditures	12,481,183	12,828,428	347,245	2.8%
Overlay	33,639	297,963	264,324	785.8%
Non-tax revenues	(5,538,061)	(5,855,896)	317,835	5.7%
Net from property taxes	6,976,761	7,270,495	293,734	4.2%
Valuation (thousands)*	2,284,519.1	2,303,285.5	18,766.4	0.8%
Mil rate (PROPOSED at Budget)	3.04	3.16	0.12	3.95%

* Adjusted for BETE and Homestead

IMPACTS IN EXPENDITURES

FY19 BUDGET vs FY18 BUDGET

FULL-TIME SALARIES/SOC SECURITY	151,987	2.5% COLA, Added EMA/Firefighter, Dept 173 moved to Special Revenue
PART TIME SALARIES	133,799	Paramedic mid-2018 increase, increase Registrar hours, PW Flaggers, Open Space Ombudsman
TRANSFER TO SPECIAL REVENUE FUND	43,500	\$15K senior activities funding, Dept 172 moved to Special Revenue
CONTINGENCY	40,000	Conservative Budgeting
RETIREMENT	34,550	To Improve School Safety
ADD SCHOOL RESOURCE OFFICER	43,534	Library Budget Request
COLLECTION FEES	(29,000)	One additional month of Collection Fees covered by Bag Fee Special Revenue
OTHER CONTRACTUAL SERVICES	(34,050)	Moved Open Space Ombudsman dollars to Part-time salaries
TRANSFERS TO CAPITAL FUND	(3,849)	Reduced funding requirement for FY2019
OTHER	(33,226)	Primarily Street Line Painting and Other Professional Services
TOTAL	347,245	

IMPACTS IN OVERLAY

FY19 BUDGET TO FY18 BUDGET

Overlay	17,724
Senior Tax Relief	75,000
State Reimbursement for BETE	<u>171,600</u>
	264,324

IMPACTS IN REVENUE

FY19 BUDGET TO FY18 BUDGET

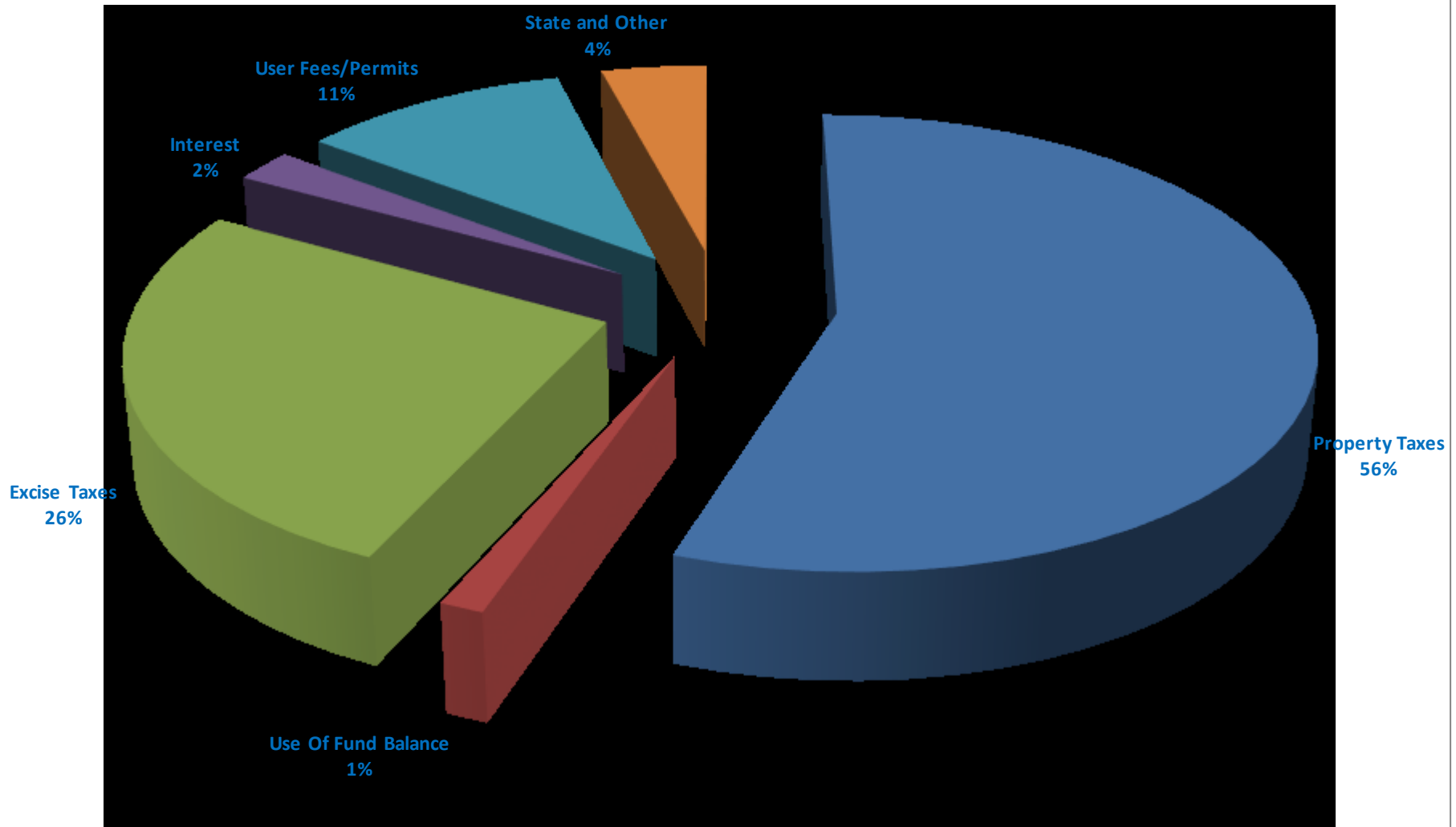
USE OF FUND BALANCE	171,600
AUTO EXCISE TAX	99,426
INTEREST INCOME	55,000
RECYCLING CENTER	10,935
MISCELLANEOUS REVENUE	27,400
TOWER LEASE	(27,486)
AMBULANCE CHARGES	(27,807)
YAR/N YAR ANIMAL CONTROL SERVICES	(13,044)
OTHER	21,811
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	317,835

SUMMARY: Mil Rate Impact

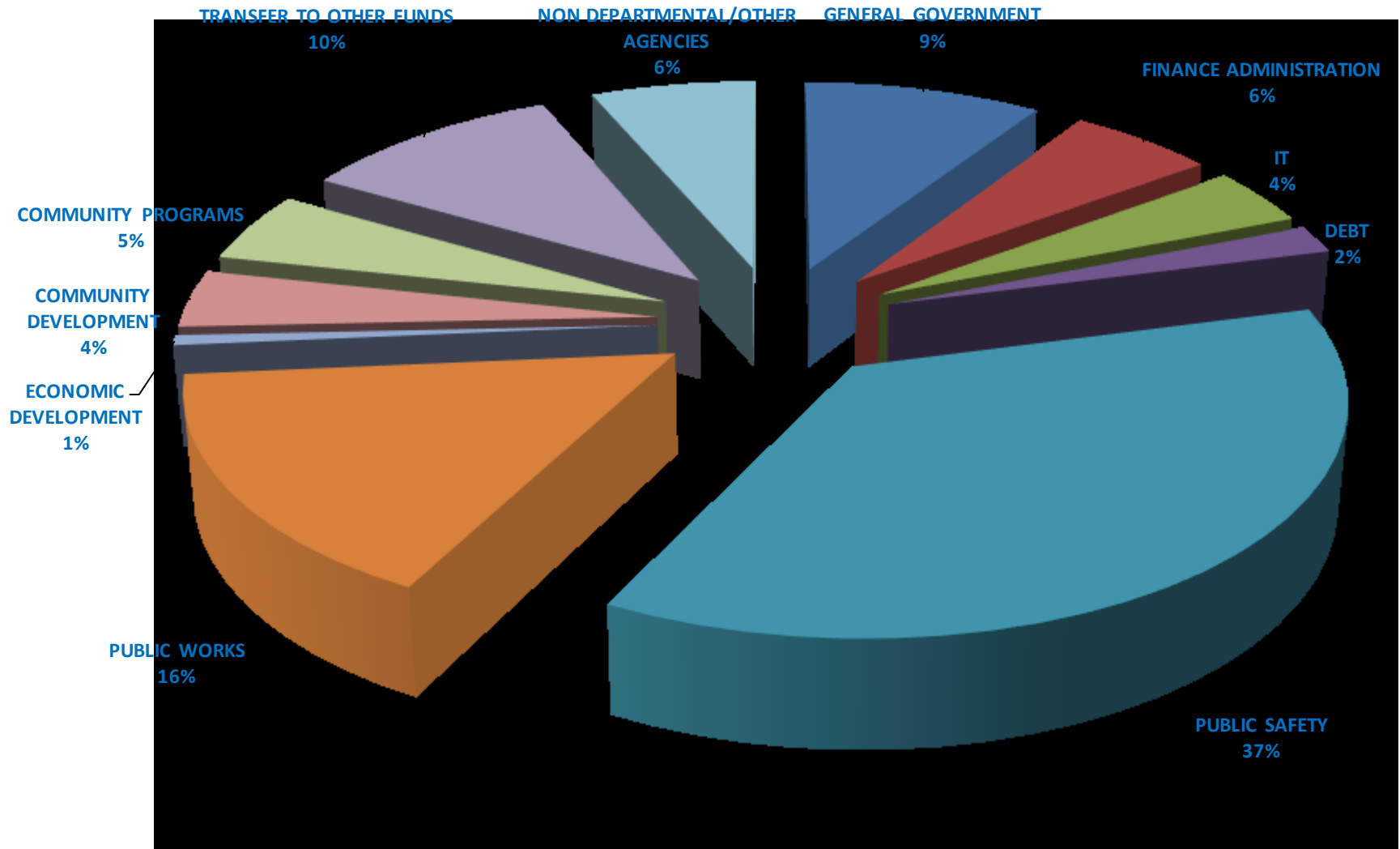
MUNICIPAL ONLY (Excludes School and County)

Net Expense Increase	347,245	0.15
Overlay	264,324	0.12
Increased Revenue	(317,835)	(0.14)
Municipal Share of New Added Valuation	(23,000)	<u>(0.01)</u>
Total Mil Rate Impact		0.12

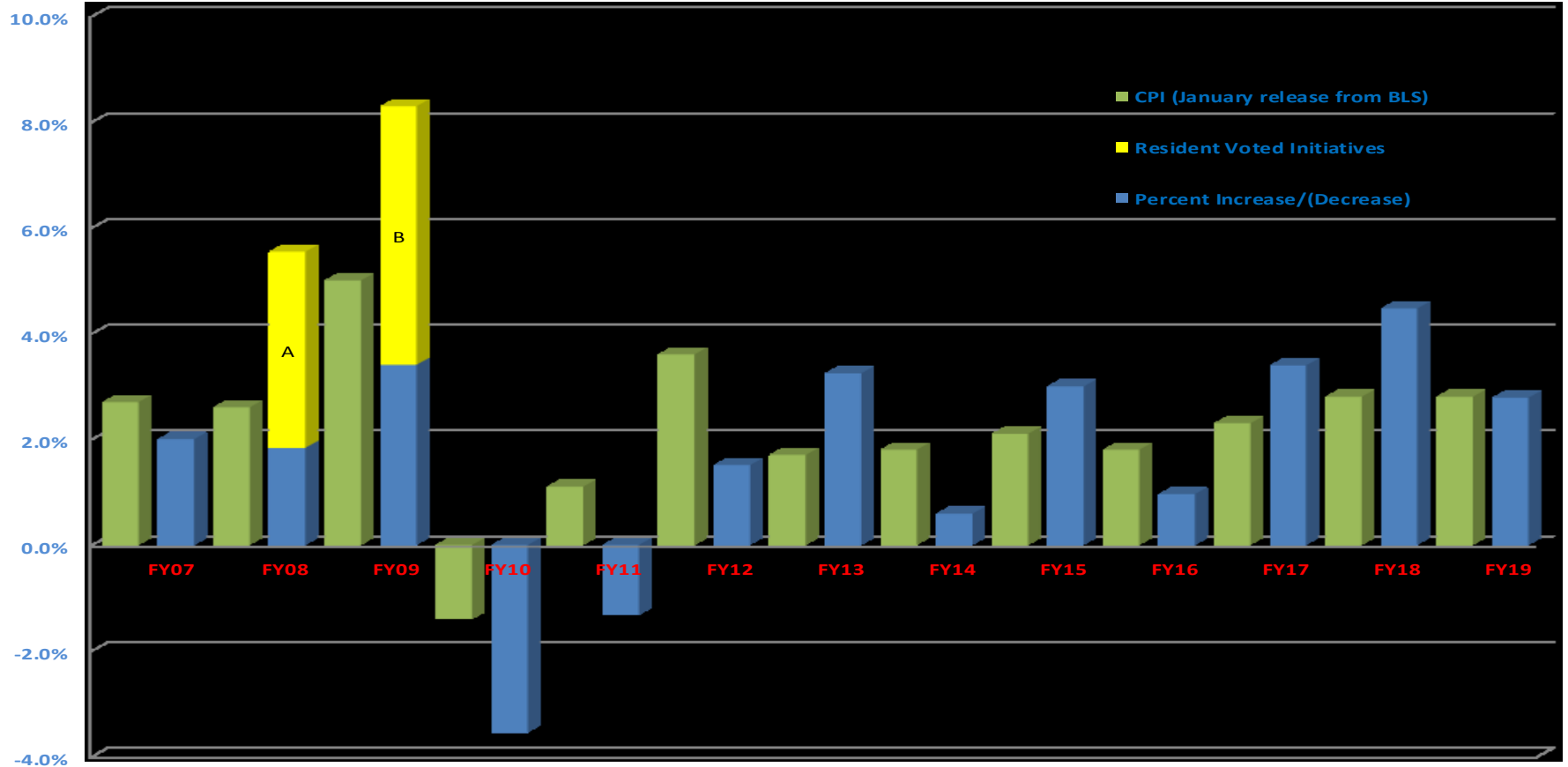
Town of Falmouth Sources of Revenue



Town of Falmouth FY19 Budget



Expense Percent Increase/Decrease



The Resident Voted Initiatives are the Police and Central Fire Buildings Debt in 2008 and Open Space in 2009.
CPI is based on June to June increase in CPI Exceptions: FY17 is Jan 2018 vs Jan 2017, FY18 and FY19 is estimated

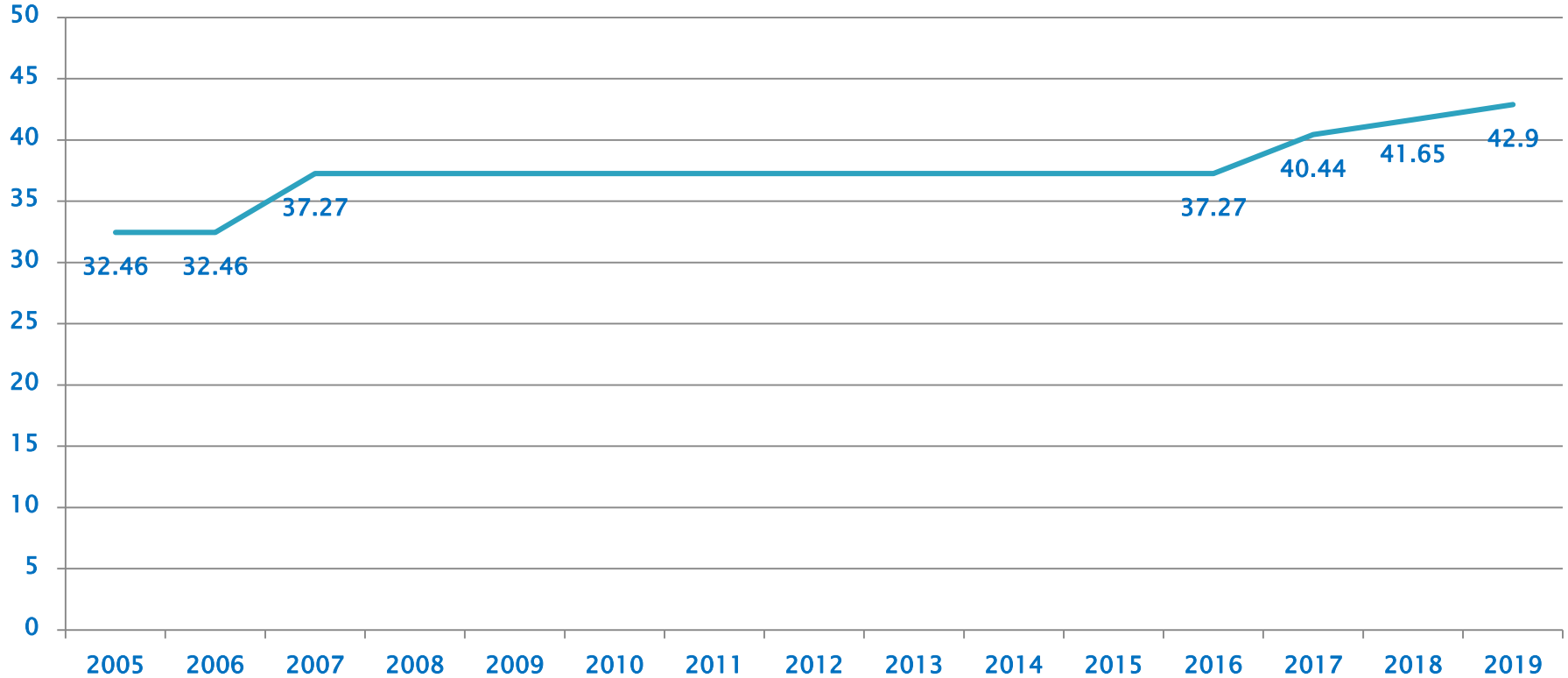
10 year average Town expense growth = 1.63%, 10 year average CPI = 2.18%

Town beat CPI increase in 9 out of 13 years

Wastewater FY19 Budget

- ▶ The Wastewater Enterprise Fund FY19 proposed budget includes expenditures of \$2,344,071 representing a \$15,701 increase or 0.7% over FY18.
- ▶ The Mill Creek Project is substantially complete and estimated to cost \$5.9 million.
 - The Project was financed through a low interest SRF loan through Portland Water District of \$4.9 million and \$1 million from the Wastewater enterprise fund undesignated fund balance.
 - The Town of Cumberland will pay for nearly 44% of the project cost.
 - FY19 debt service is projected to be \$294,032 with the Cumberland share being \$145,229
- ▶ Wastewater rate payers will see a \$1.25 per month or 3.0% rate increase effective with the July 2018 bill. The increase is necessary to pay for the new debt associated with the Mill Creek pump station.
- ▶ FY19 Capital expenditures are projected to total \$486K and includes \$305K in Sewer and Equipment replacements and \$104K in various facility and network projects.

Falmouth Monthly Sewer Rates



14 year average sewer rate growth = 2.3%

2018 Average Maine Town and City Sewer Rate = \$47.39 2018 Falmouth Sewer Rate = \$41.65 a difference of \$5.74

Wastewater Rate comparison

Municipality	Date Last Increase	% Increase	Annual Rate	Monthly Rate
Yarmouth	2016		\$ 350.00	\$ 29.17
Saco	2017	1.1%	\$ 374.00	\$ 31.17
Scarborough	2013	10.0%	\$ 396.00	\$ 33.00
South Portland	2017	4.4%	\$ 401.00	\$ 33.42
Lewiston	2017	17.9%	\$ 421.00	\$ 35.08
Wells	2013	3.8%	\$ 426.00	\$ 35.50
Kennebunkport	2016	3.8%	\$ 431.00	\$ 35.92
Auburn	2017	14.5%	\$ 441.00	\$ 36.75
Augusta	2011	35.0%	\$ 449.00	\$ 37.42
Bangor	2014	3.3%	\$ 488.00	\$ 40.67
Biddeford	2008	13.2%	\$ 493.00	\$ 41.08
Current Falmouth	2017	3.0%	\$ 499.80	\$ 41.65
Kittery	2017	17.6%	\$ 500.00	\$ 41.67
Proposed Falmouth	2018	3.0%	\$ 514.79	\$ 42.90
Freeport	2016	6.0%	\$ 546.00	\$ 45.50
Westbrook	2013	4.8%	\$ 550.00	\$ 45.83
Brunswick	2017	39.7%	\$ 581.00	\$ 48.42
Gorham	2006	37.0%	\$ 593.00	\$ 49.42
Brewer	2016	5.0%	\$ 642.00	\$ 53.50
Windham	2009	4.0%	\$ 651.00	\$ 54.25
Gardiner	2007	1.5%	\$ 676.00	\$ 56.33
Ogunquit	2014	4.0%	\$ 680.00	\$ 56.67
Sanford	2016	2.3%	\$ 684.00	\$ 57.00
North Berwick	2016	10.0%	\$ 697.00	\$ 58.08
Kennebunk	2016	15.5%	\$ 730.00	\$ 60.83
York	2017	2.1%	\$ 736.00	\$ 61.33
Portland	2015	8.2%	\$ 777.00	\$ 64.75
Cumberland	2015	1.9%	\$ 850.00	\$ 70.83
Cape Elizabeth	2015	5.4%	\$ 920.00	\$ 76.67
Average		9.9%	\$ 568.88	\$ 47.41
Median				\$ 45.50

Projected Valuation Numbers - Corrected BETE Estimate
Proposed Budget

	<u>Town</u>	<u>School</u>	<u>County</u>	<u>Total</u>	<u>TIF</u>	<u>TOTAL</u>
Expenditures	12,828,428	36,905,389	1,668,790	51,402,607	2,912,919	54,315,526
Overlay**	297,963	-	-	297,963	-	297,963
Non-tax revenues	<u>(5,855,896)</u>	<u>(7,912,245)</u>	<u>-</u>	<u>(13,768,141)</u>	<u>-</u>	<u>(13,768,141)</u>
Net from property taxes	7,270,495	28,993,144	1,668,790	37,932,429	2,912,919	40,845,348
 2018-19 valuation (thousands)*		2,303,285.5			176,874.6	2,480,160.1
2017-18 Valuation (thousands)*		2,284,519.1			175,123.4	2,459,642.5
Valuation Growth (1% excluding Homestead/BETE)		0.8%			1.0%	0.8%
 2018-19 rate (Proposed)	3.16	12.59	0.72	16.47		
2017-18 rate (Actual)	3.04	11.87	0.71	15.62		
 Mil rate increase	0.12	0.72	0.01	0.85		
 Pct. increase/decrease	3.95%	6.07%	2.05%	5.43%		

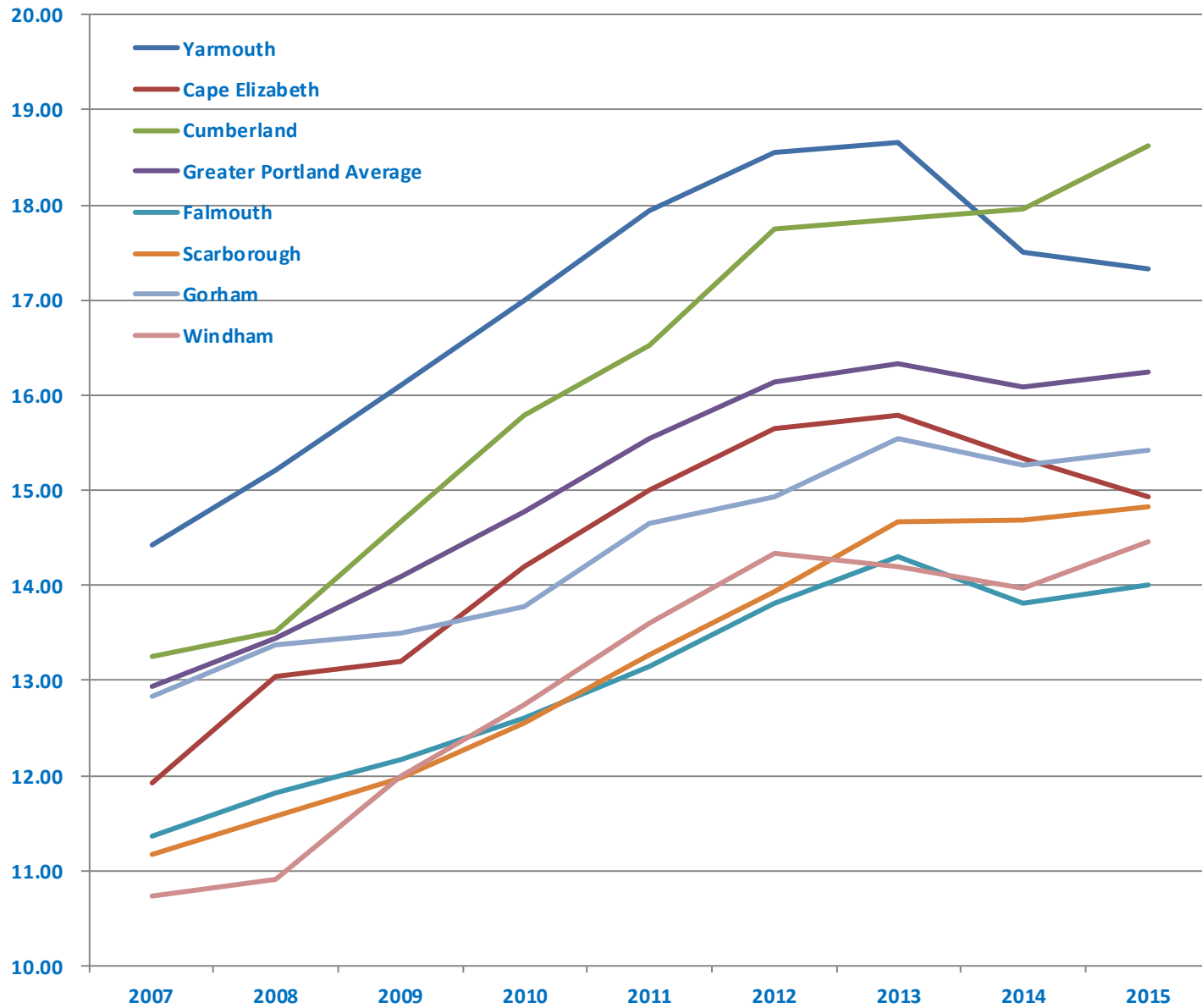
* Adjusted for BETE and Homestead

** Overlay incorporates potential Senior Tax Relief, Library Salary Reserve and BETE State Reimbursement

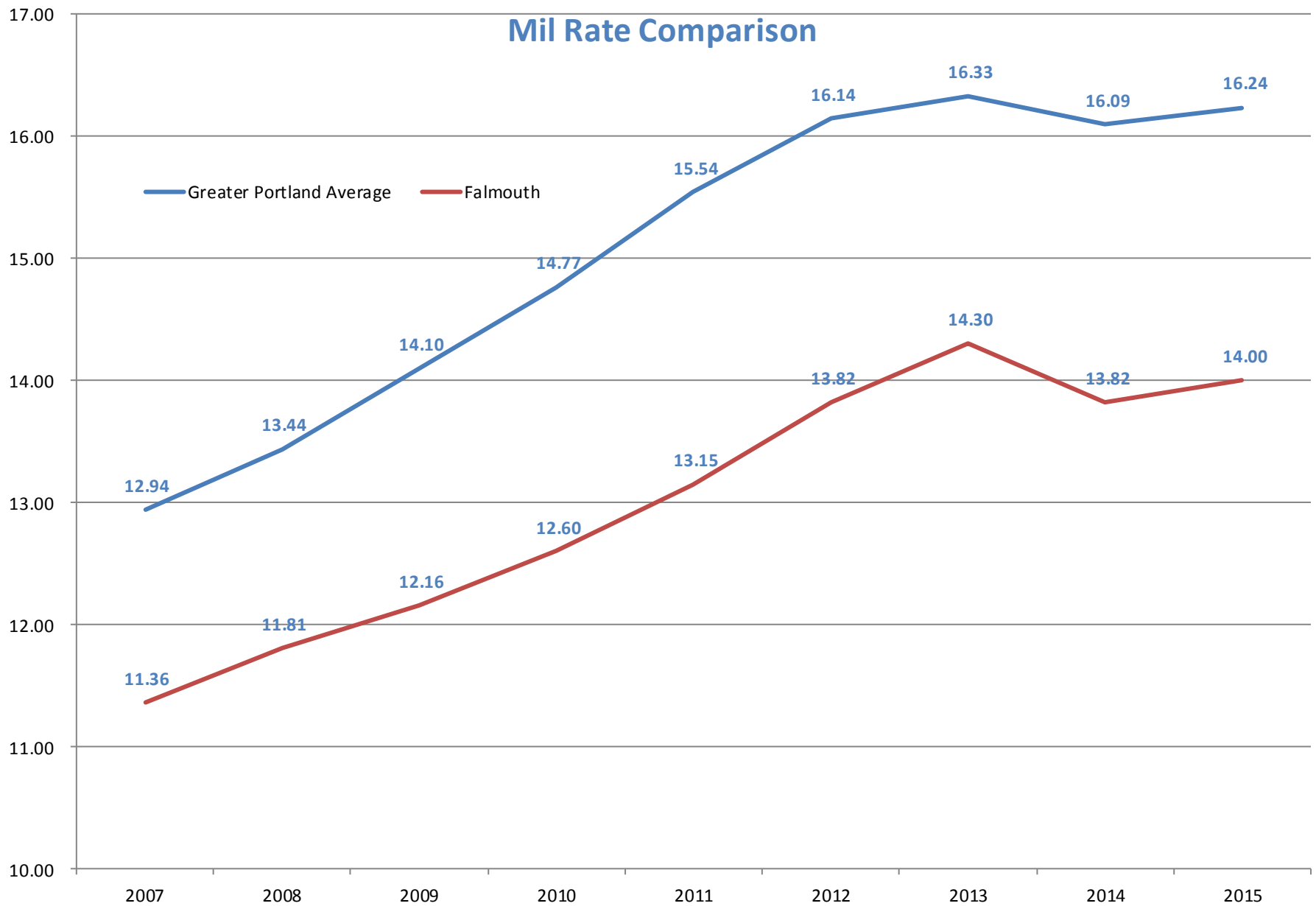
Town of Falmouth

- ▶ AAA Bond Rating
- ▶ Town Debt Outstanding = \$42.9 Million
 - Town Debt \$1.7 Million
 - School Debt (Local) \$8.6 Million
 - School Debt (State) \$25.6 Million
 - TIF Debt \$7.0 Million
 - Maximum Town Debt Limit = \$345 Million
- ▶ Lowest overall property tax mil rate of comparable communities (using 2015 state-adjusted valuations)
 - Falmouth 2015 rate = \$14.00 mils
 - Greater Portland Community average = \$16.24 mils

Greater Portland Mil Rate Comparison



Mil Rate Comparison



MIL RATE HISTORY

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Mil Rate	12.35	12.35	12.35	12.92	13.43	14.12	14.10 \$	14.63 \$	15.09	15.62	16.47
Avg Mil Rate Increase \$	0.41										
Compound Annual Growth Rate	2.92%										

Questions & Discussion