

Town of Falmouth, Maine Proposed FY2016 – 2017 Budget



BUDGET PROCESS

- ▶ **Departments submitted requests**
 - **Management and finance**
 - reviewed operating budget requests from Department Heads
 - met with Department Heads
 - prepared and distributed proposed budget package to the Town Council

FY2017 Budget Challenges

- ▶ Health Insurance costs are projected to increase due to an 11% increase in rate offset by full-year savings due to switch from more expensive POS plan in January 2016
- ▶ New Collective Bargaining Agreements for Police and Public Works added \$62K in benefit costs.
- ▶ Payroll increases
- ▶ Retirement contribution % for MPERS increases by 6.7% in FY2017
- ▶ Increased IT costs as we migrate to a more secure and robust offsite data backup solution and the Microsoft O365 platform
- ▶ Library contribution projected to increase 7.9% (Library Plan B plus \$1,500 for internet access)
- ▶ Increased funding for Open Space Acquisition (\$100K)
- ▶ The Recreation and Adult Education special revenue fund required an additional appropriation of \$35K this year
- ▶ Funding new Senior Center estimated at \$75,000

FY2017 Solutions

- ▶ Non-Property Tax Revenues are projected to grow \$231K led by auto excise taxes.
- ▶ Electric and fuel rates are down significantly from FY16 levels producing \$40K in savings
- ▶ The disposal bag special revenue fund was able to absorb another month of collection fees reducing expenses by \$32K as revenues are projected to remain steady
- ▶ Expenses in all areas other than those identified as challenges were held to 2016 levels or below

BUDGET PROPERTY TAX RATE TOWN FY2016 vs FY2017

Town Tax Rate Calculation 2016-17

Estimated Valuation based on 1% Growth

	<u>FY16 BUD</u>	<u>FY17 BUD</u>	<u>\$ Change</u>	<u>% Change</u>
Expenditures	11,555,408.0	11,999,602.0	444,194.0	3.8%
Overlay	68,172.8	25,000.0	(43,172.8)	-63.3%
Non-tax revenues	(4,936,693.0)	(5,167,286.0)	(230,593.0)	4.7%
Net from property taxes	6,686,887.8	6,857,316.0	170,428.2	2.5%
Valuation (thousands)*	2,230,249.4	2,252,551.9	22,302	1.0%
Rate	3.00	3.04	0.04	1.5%

* Valuation Adjusted for Homestead and BETE

IMPACTS IN REVENUE

FY17 BUDGET TO FY16 BUDGET

AUTO EXCISE TAX	229,900
AMBULANCE CHARGES	37,740
INTEREST INCOME	23,000
INSPECTION FEES	7,875
BUILDING PERMITS	(37,010)
PLANNING BOARD FEES	(17,705)
STATE REVENUE SHARE	(12,765)
OTHER	(442)
	<hr/>
	230,593

SIGNIFICANT IMPACTS IN EXPENDITURES

FY17 BUDGET vs FY16 BUDGET

FULL-TIME SALARIES/SOC SECURITY	178,892	3% COLA, Police Stipend and 3rd shiftIncreases
TRANSFERS TO CAPITAL FUND	166,547	\$100K increase to Open Space CIP, \$75K increase in CIP due to senior center construction
RETIREMENT	61,171	Police Contract Plan Change, 6.7% MPERS rate change for all others
OTHER CONTRACTUAL SERVICES	38,940	Offsite network backup solution implementation
LIBRARY CONTRIBUTION	36,638	7.9% Increase
HEALTH INSURANCE	33,452	due to 11% increase in January 2017 rate offset by savings from switch to lower cost plans
OTHER PROFESSIONAL SERVICES	28,846	Ambulance billing chgs, software maint., County Assessing, Record Preservation
SOLID WASTE COLLECTION FEES	(32,000)	Reduction due to shift of one more month collection fees to Special Revenue Bag Fund
GENERAL ASSISTANCE	(25,000)	Adjusted to reflect actual spending levels for the last 3 years
ELECTRICITY	(22,520)	Reduced electric rate
MOTOR FUEL AND LUBRICANTS	(18,182)	Reduced unleaded and diesel rates
OTHER	(2,590)	Primarily reduced METRO ASSESSMENT
TOTAL	444,194	

SUMMARY: Mil Rate Impact

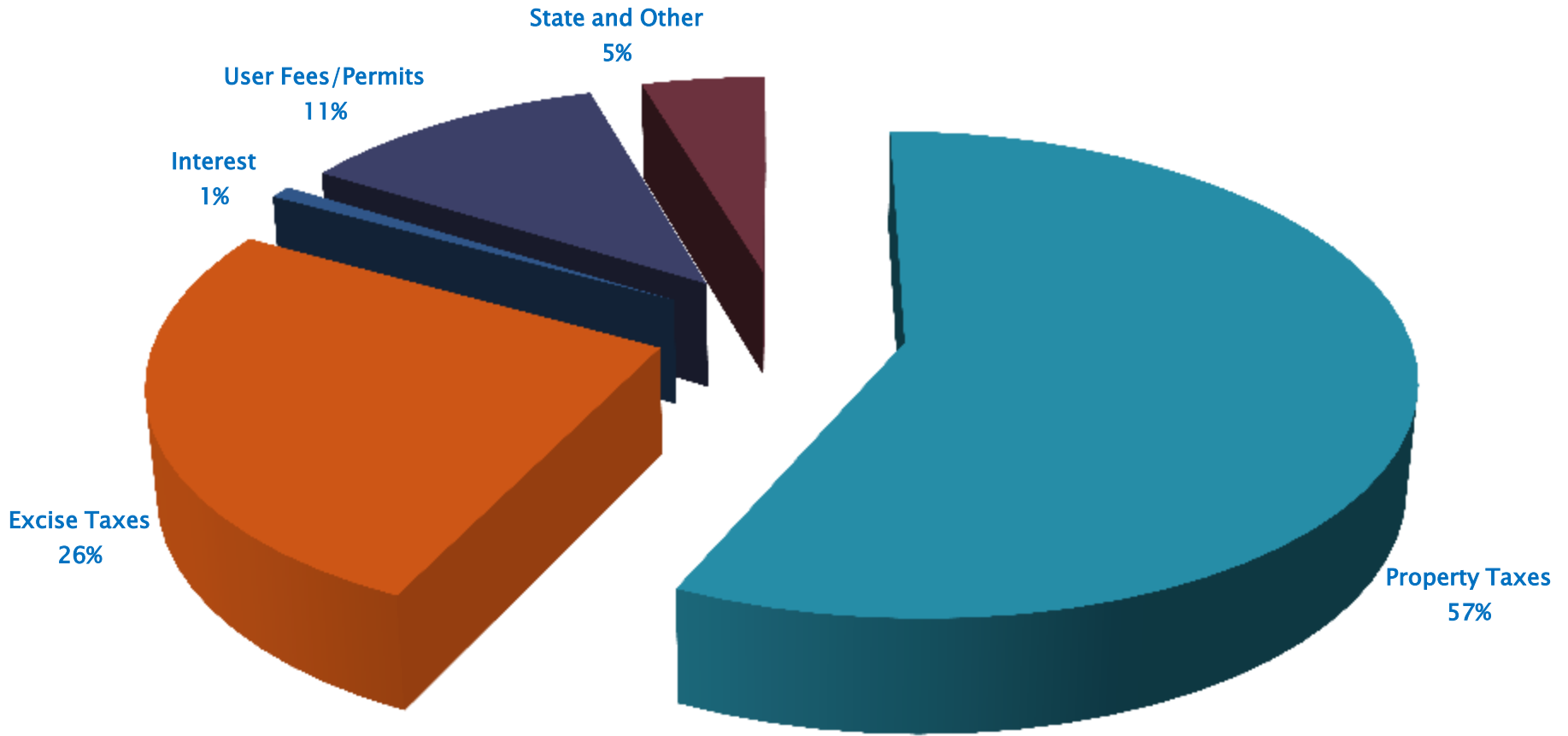
MUNICIPAL ONLY (Excludes School and County)

Net Expense Increase	444,194	0.19
Overlay Change	(43,173)	(0.02)
Increased Revenue	(230,593)	(0.10)
Municipal Share of New Added Valuation	(66,908)	<u>(0.03)</u>
Total Mil Rate Impact		0.04

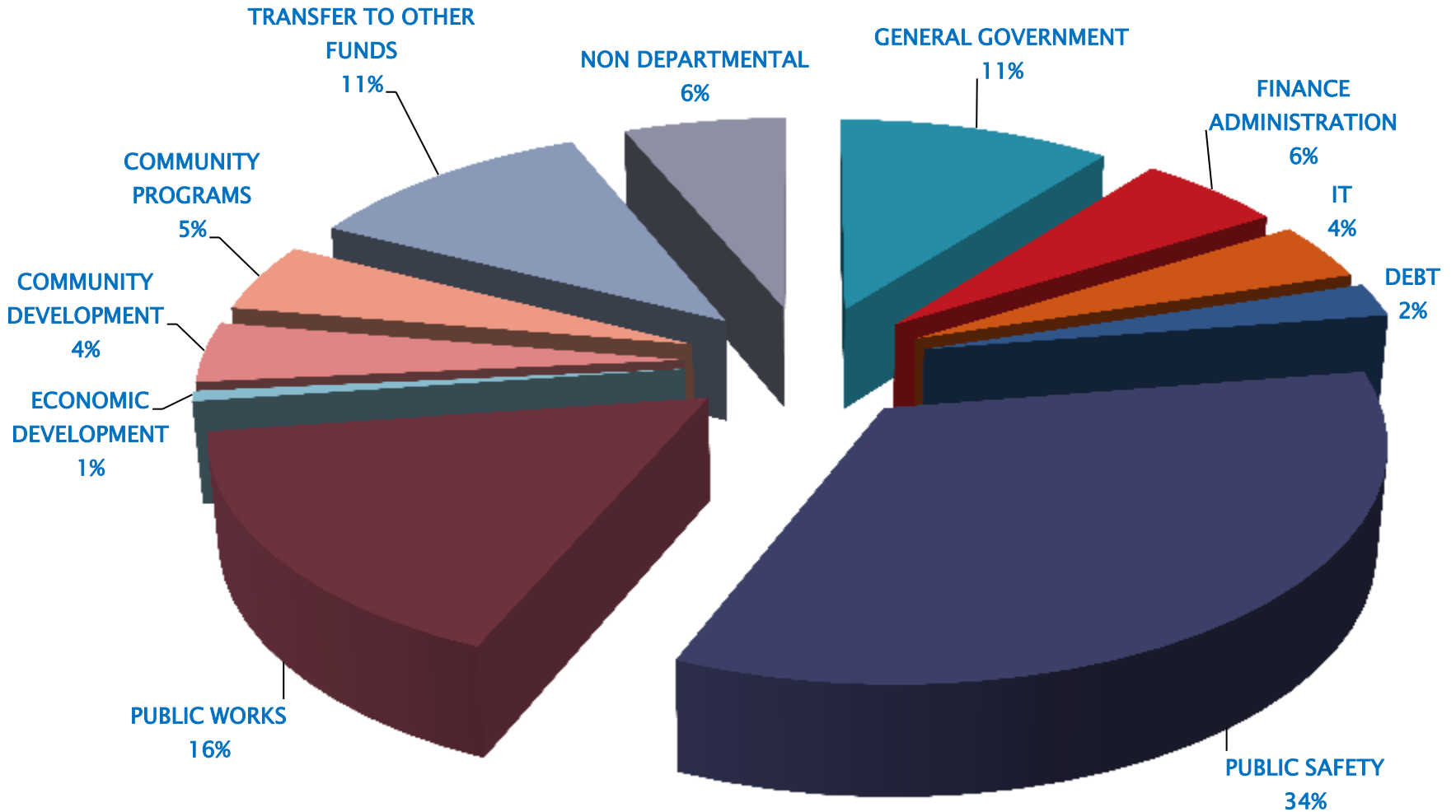
Property Tax allocation Based on FY16 mil rate - School 75.0%

County 4.5%, Town 20.5%

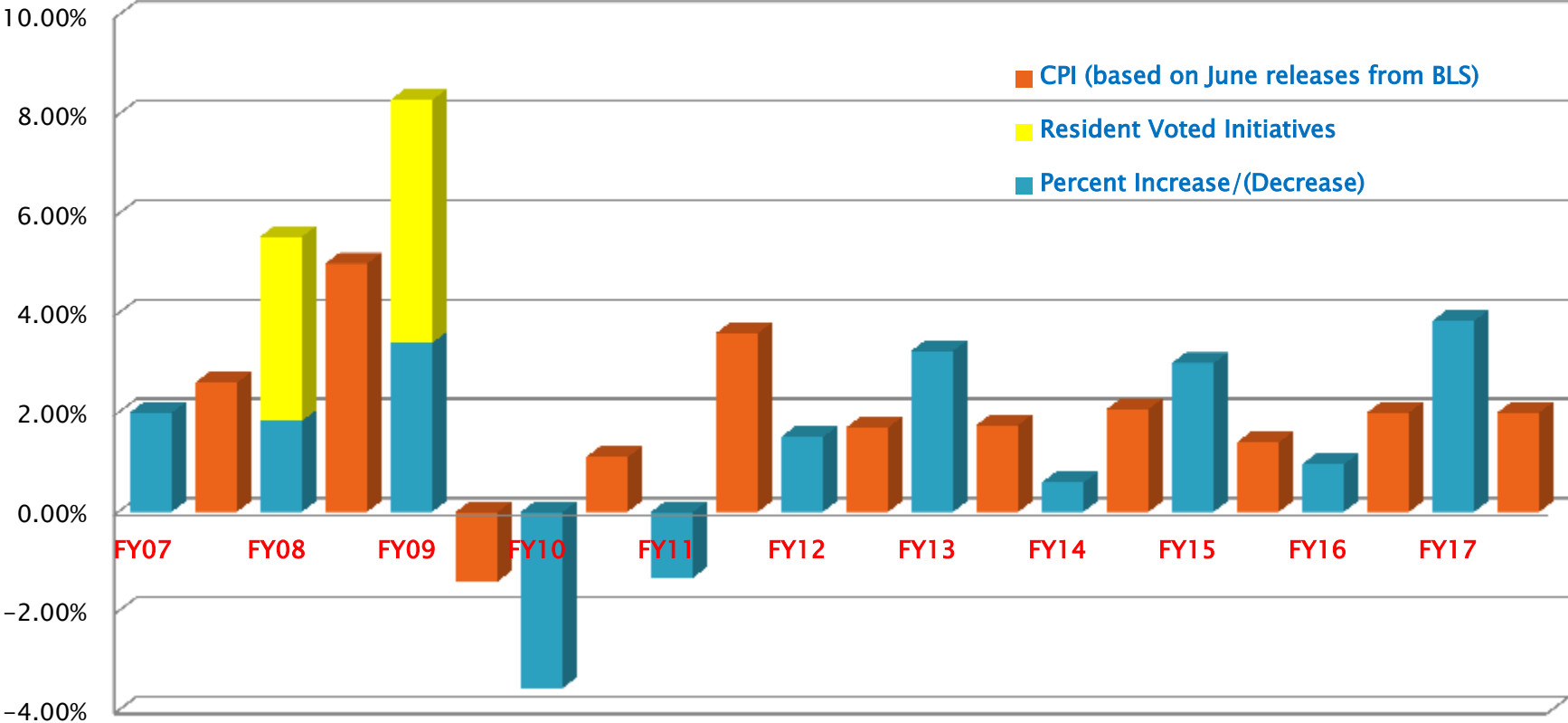
Town of Falmouth Sources of Revenue



Town of Falmouth FY17 Budget



Expense Percent Increase/Decrease

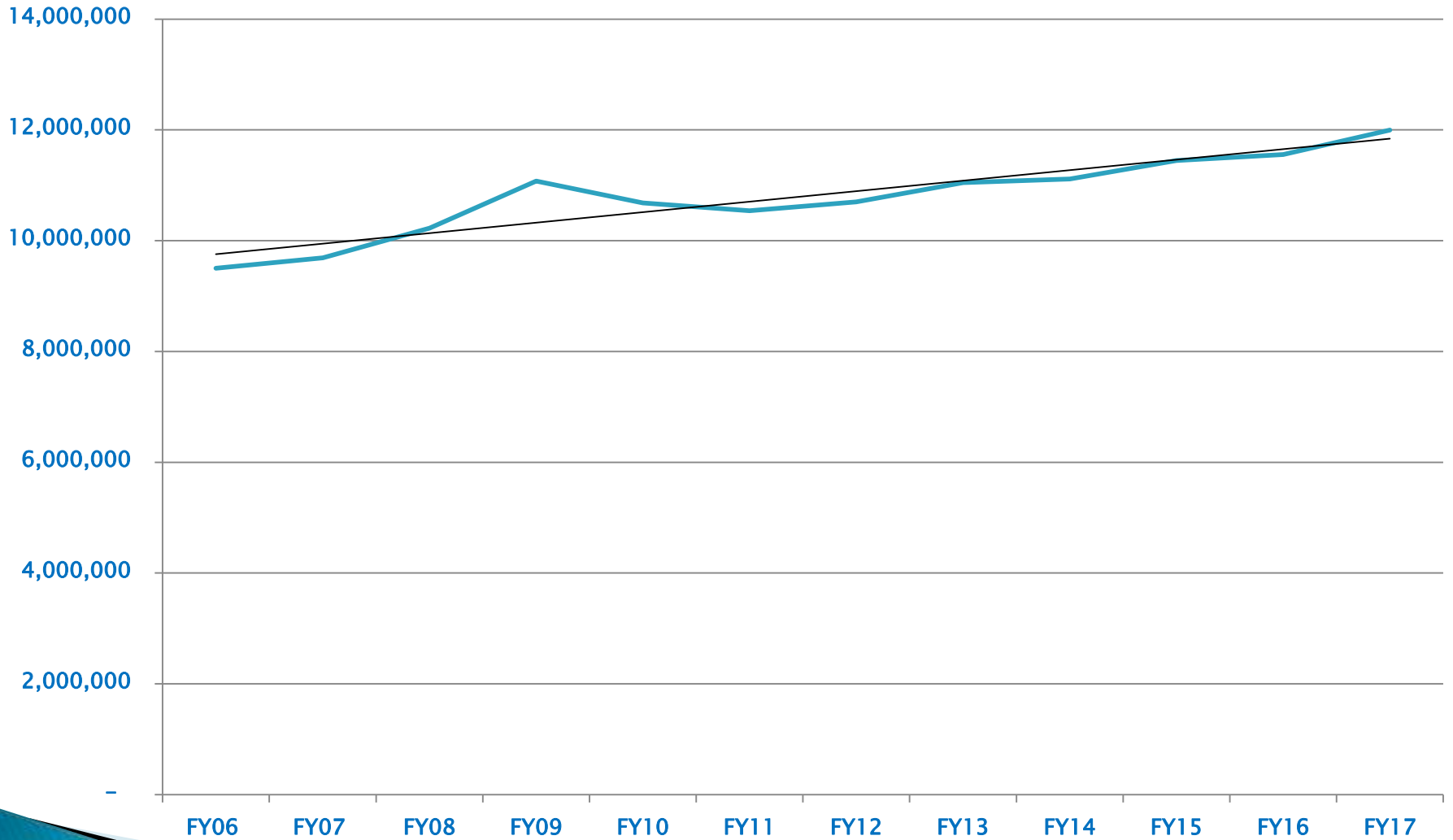


The Resident Voted Initiatives are the Police and Central Fire Buildings Debt in 2008 and Open Space in 2009.
 CPI is based on June to June increase in CPI Exceptions: FY15 is Jan 2015 vs Jan 2014, FY16 and FY17 is estimated

10 year average Town expense growth = 1.41%, 10 year average CPI = 1.98%

Town beat CPI increase in 7 out of 11 years

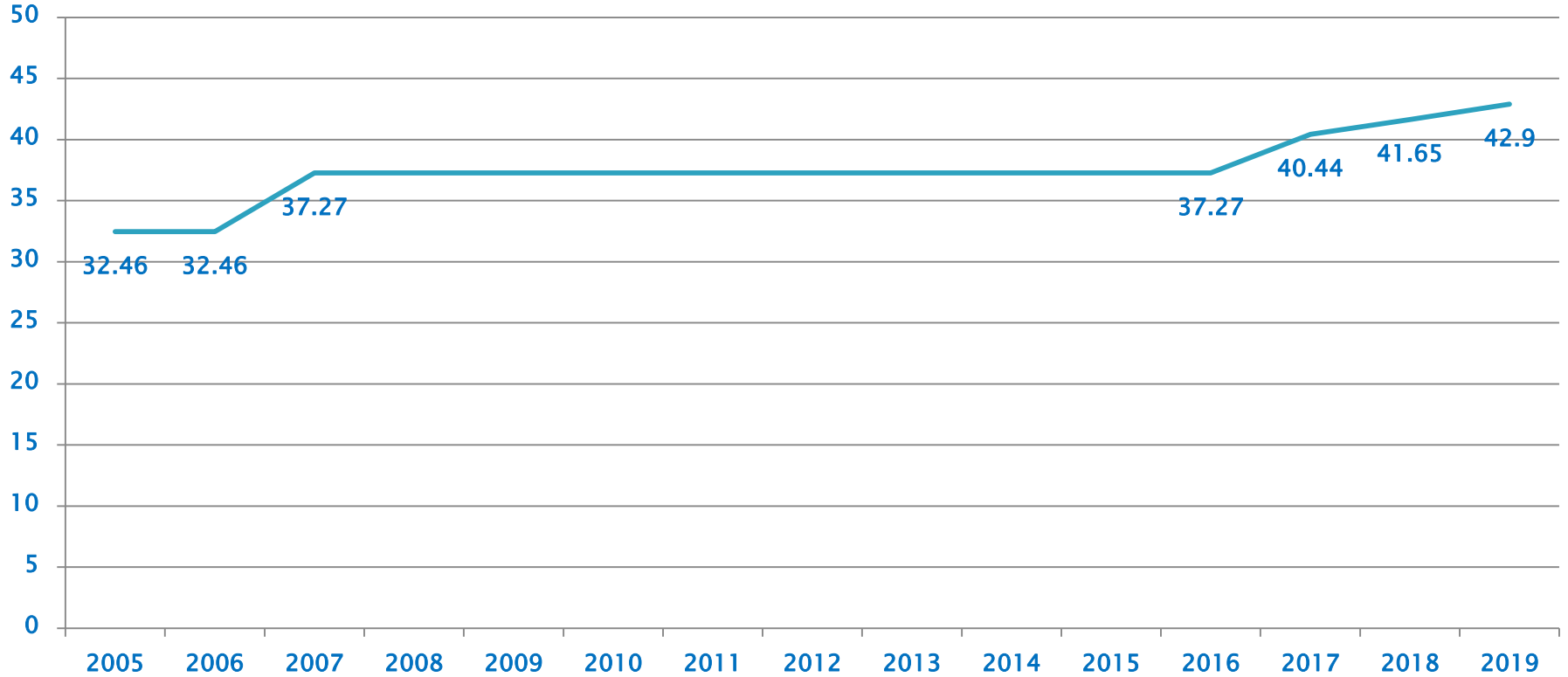
Historical Budgeted Expense FY06 through FY16



Wastewater FY17 Budget

- ▶ The Wastewater Enterprise Fund FY17 proposed budget includes expenditures of \$1,954,928 (excluding the Mill Creek Project) represent a \$22,156 increase or 1.15% over FY16.
- ▶ Mill Creek Project is estimated to cost \$5.9 million and will be 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.
 - Constructed in 1971 and is the largest pump station, accepting residential and commercial flows from Route 88 and Route One in addition to all flow from the Town of Cumberland.
 - The Town of Cumberland will pay for nearly 44% of the project cost.
 - Annual debt service is projected to be \$323,000 with the Cumberland share being \$169,900
- ▶ Wastewater rate payers will see a \$3.19 per month or 8.5% rate increase effective July, 1, 2016. The increase is necessary to pay for the new debt associated with the Mill Creek pump station. This is the first rate increase since 2007.

Falmouth Monthly Sewer Rates



14 year average sewer rate growth = 2.3%

2015 Average Maine Town and City Sewer Rate = \$46.39 2015 Falmouth Sewer Rate = \$37.27 a difference of \$9.12

Wastewater Rate comparison

Municipality	Annual Rate	Monthly Rate
Lewiston	\$ 357.00	\$ 29.75
Saco	\$ 370.00	\$ 30.83
Brunswick	\$ 375.00	\$ 31.25
South Portland	\$ 384.00	\$ 32.00
Auburn	\$ 385.00	\$ 32.08
Scarborough	\$ 396.00	\$ 33.00
Kittery	\$ 425.00	\$ 35.42
Current Falmouth	\$ 447.00	\$ 37.25
Augusta	\$ 449.00	\$ 37.42
Proposed Falmouth	\$ 485.28	\$ 40.44
Bangor	\$ 488.00	\$ 40.67
Biddeford	\$ 493.00	\$ 41.08
Westbrook	\$ 550.00	\$ 45.83
Gorham	\$ 593.00	\$ 49.42
Brewer	\$ 642.00	\$ 53.50
Kennebunk	\$ 642.00	\$ 53.50
Windham	\$ 651.00	\$ 54.25
Gardiner	\$ 676.00	\$ 56.33
Sanford	\$ 684.00	\$ 57.00
York	\$ 692.00	\$ 57.67
Portland	\$ 777.00	\$ 64.75
Cumberland	\$ 850.00	\$ 70.83
Cape Elizabeth	\$ 920.00	\$ 76.67

Property Tax Rate Calculation 2016-17

Estimated Valuation Numbers

	Town	School	County	Total	TIF	TOTAL
Expenditures	11,999,602	34,930,902	1,526,360	48,456,864	2,980,809	51,437,673
Overlay	25,000	0	0	25,000	-	25,000
Non-tax revenues	<u>(5,167,286)</u>	<u>(9,220,525)</u>	<u>-</u>	<u>(14,387,811)</u>	<u>-</u>	<u>(14,387,811)</u>
Net from property taxes	6,857,316	25,710,377	1,526,360	34,094,053	2,980,809	37,074,862
2014-15 valuation (thousands)*		2,252,551.9			196,938.4	2,449,490.3
2016-17 rate (PROPOSED)	3.04	11.41	0.68	15.14	15.14	15.14
2015-16 rate (budget)	3.00	10.98	0.65	14.63		
Tax rate increase	0.04	0.43	0.03	0.51		
Pct. increase/decrease	1.3%	4.0%	4.2%	3.5%		

* Adjusted for BETE and Homestead

Total Property Tax Calculation 2016-17

Proposed Including TIF

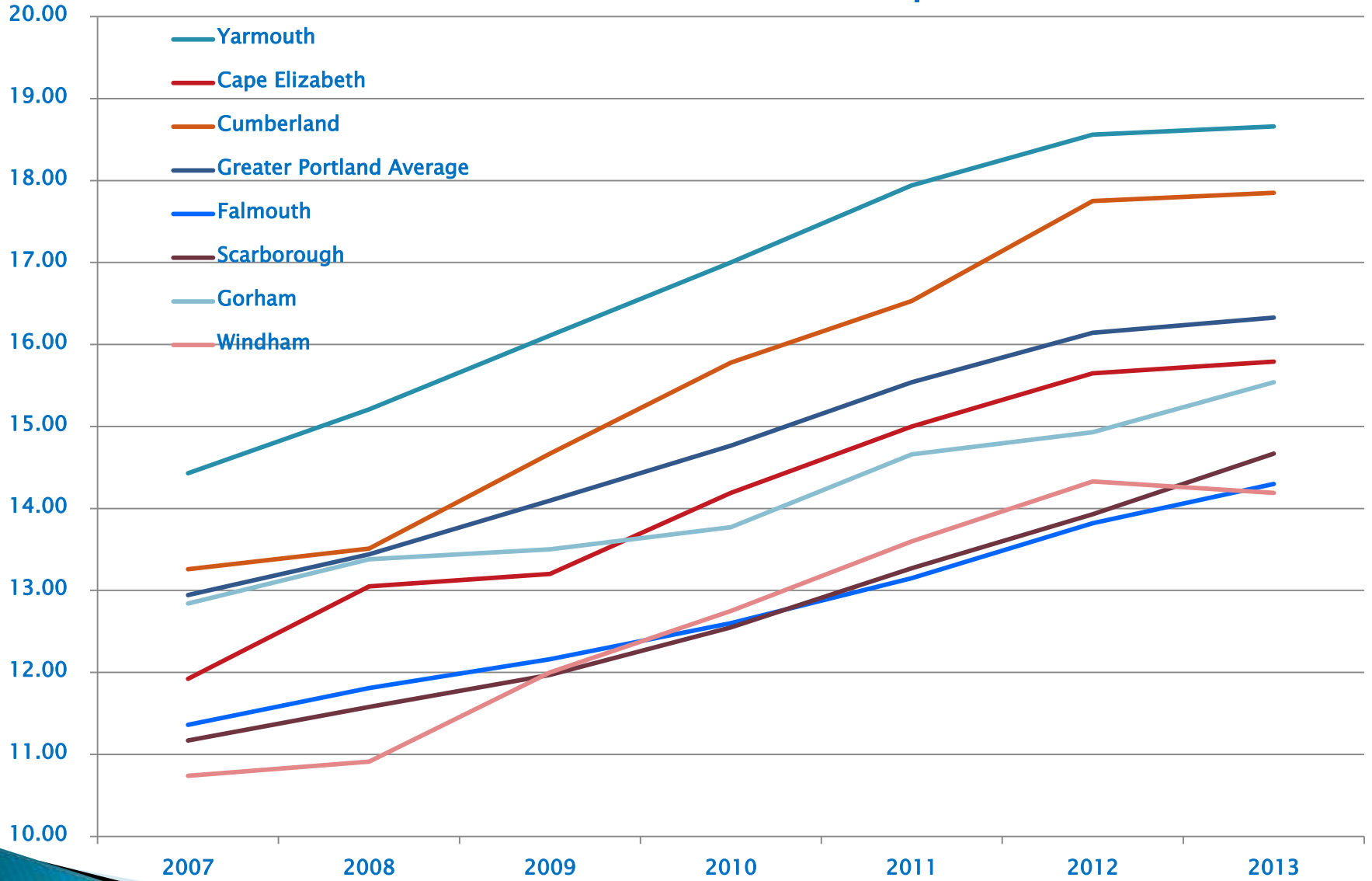
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2016-17 rate (PROPOSED)	15.14	15.14	15.14

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Town of Falmouth

- ▶ AAA Bond Rating
- ▶ Town Debt Outstanding = \$50.9 Million
 - Maximum Town Debt Limit = \$363 Million
- ▶ 2nd Lowest overall property tax mil rate of comparable communities (using 2013 state-adjusted valuations)
 - Windham lowest at \$14.19 mils vs. Falmouth \$14.30 mils
 - Greater Portland Community average = \$16.33 mils

Greater Portland Mil Rate Comparison



MIL RATE HISTORY

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Mil Rate	12.35	12.35	12.35	12.92	13.43	14.12	14.10 \$	14.63 \$	15.12
Avg Mil Rate Increase	0.35	Avg Increase %		2.80%					
Compound Annual Growth Rate	2.56%								

Questions & Discussion