

Photo by: Natalia Provencher

FY 2021

MUNICIPAL BUDGET

INTRODUCTION

William R. Shane, P.E. Town Manager

February 17, 2020

What is a Municipal Budget?

The municipal budget details all of the expenses and revenues that the Town of Cumberland needs to provide quality services for its citizens for a full fiscal year (July 1st - June 30th). The municipal budget is a legally adopted document, which means that it can only be changed through an act of the Town Council.

The goal of the budget is to ensure the sustainable future growth of the Town. Sustainable growth starts with quality Town Services, such as safe neighborhoods, reliable roads, great schools, outstanding open spaces and responsive Public Safety. Cumberland is a desirable community to live in and raise a family.

Property Taxes are the largest source of revenue that the Town can use to pay for its expenses. The tax rate is typically discussed based on its rate per \$1000 of real estate property value. For fiscal year 2021, the mil rate is projected to be \$20.55 an increase of 3.53% over FY 2020 - \$19.85.

The mil rate is further broken down into three categories:

1. School
2. County
3. Town

#39 Crossing Brook - \$339,600

	2021 Mil Impact	2020 Mil Impact	Difference FY 21-20
School	\$4,864	\$4,571	\$293
County	\$227	\$221	\$6
Town	\$1,888	\$1,949	-\$61
Total	\$6,979	\$6,741	\$238

	2021 Mil Impact	2020 Mil Impact	Difference FY 21-20
School	\$14.32	\$13.46	\$0.86
County	\$0.67	\$0.65	\$0.02
Town	\$5.56	\$5.74	-\$0.18
Total	\$20.55	\$19.85	\$0.70

The School and County send the Town “assessments” for budget purposes. Those assessments are net revenues and are the Town’s share of costs for the upcoming year. It is important to understand the entire budget, as many revenues are tied directly to expenses. Consequently, if a program is removed from the budget both expense and revenue are removed.

The mil rate is calculated as follows:

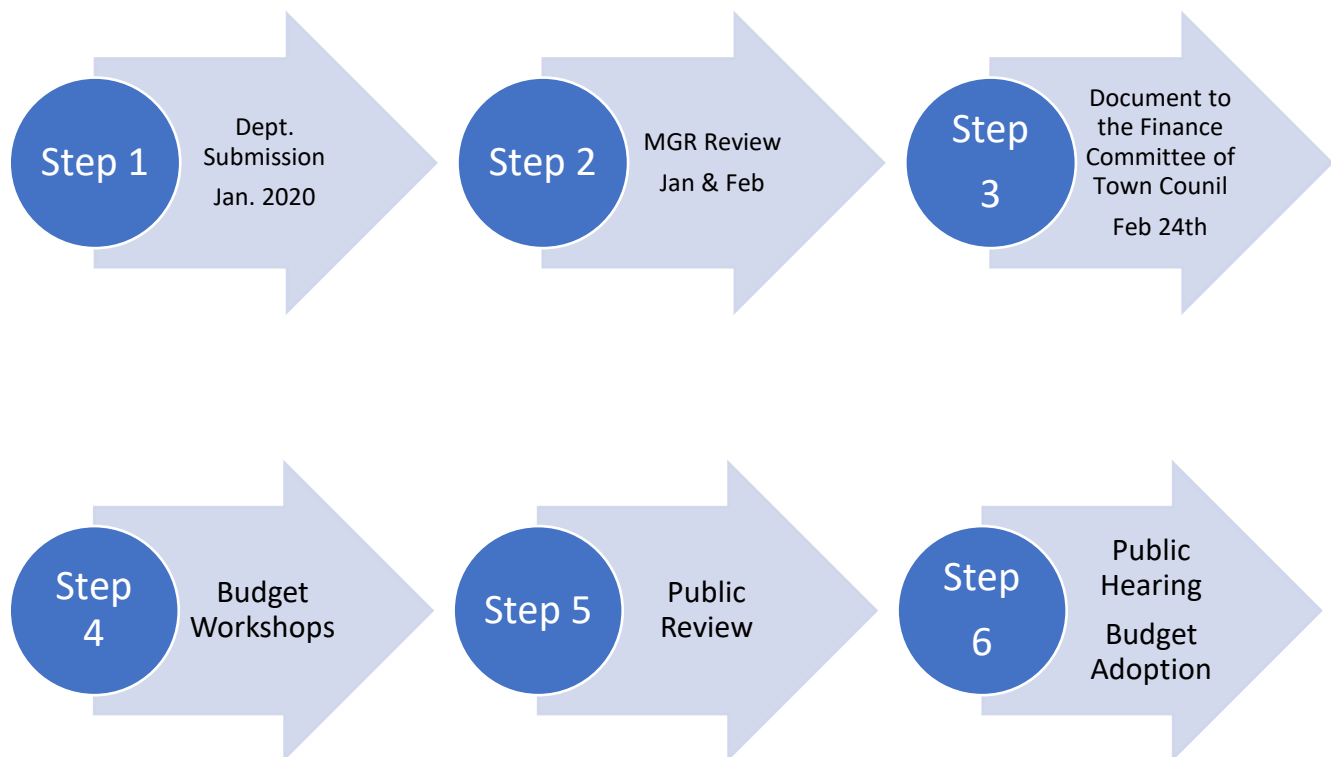
Amount Raised by Taxes needed to operate the Town X 1,000 = mil rate

Value of the Town \$1.4 Billion

What is the Municipal Budget Process?

Each of the Town Departments annually submit budget requests to the Town Manager by mid-January each year. The Town Manager, Finance Director and Assistant Town Manager review each line of the budget submissions and all request. This year's budget is a **Maintenance of Existing Services** and puts forward no new or additional services not previously approved by the Town Council.

In July 2019, the Town Council directed staff to include Quiet Zone funding for the silencing of the train whistles at 3 public crossings and one private crossing (funded by the Homeowner's Association). This \$170,000 project is the only "new" item in this year's municipal budget.



Feb. 18th – 5 PM

Feb 24th – 5PM

March 2nd – 5PM

March 9th – 5 PM

*Public Encouraged to
Attend and participate*

Saturday, March 14th

8:00 AM until Completion

*Public Encouraged to
Attend and participate*

March 23, 2020, 7PM

And OR

April 13, 2020 ,7 PM

*Public Encouraged to
Attend and participate*

At the start of the **Budget Process** for the FY 20-21 Fiscal Year, we are anticipating a 3.53% increase in taxes.

As seen below, this is where my staff and I have established a proposed budget which would meet all the current needs of the Town and schools and have the least negative impact on current education and municipal service levels and programs. While the Town Council has no

real veto power of the School's operations, we do have a very good working relationship and the MSAD have shared their early numbers without hesitation. A 0% impact last year and a 3.28% impact this year is certainly a responsible budget to bring forward in light of the large increase in our share of debt for the Greely Center for the Arts in this year's budget.

What are this year's Budget Priorities to Consider?

- Grow Fund Balance to 12%
- Prepare for Property Revaluation (FY 22 or 23)
- Prepare for Solar Field Ownership (FY 2026)
- Begin to engage in Regional Service Programs for real long-term savings
- Begin to discuss and develop long term Council Goals

Potential Regional Goal # 1

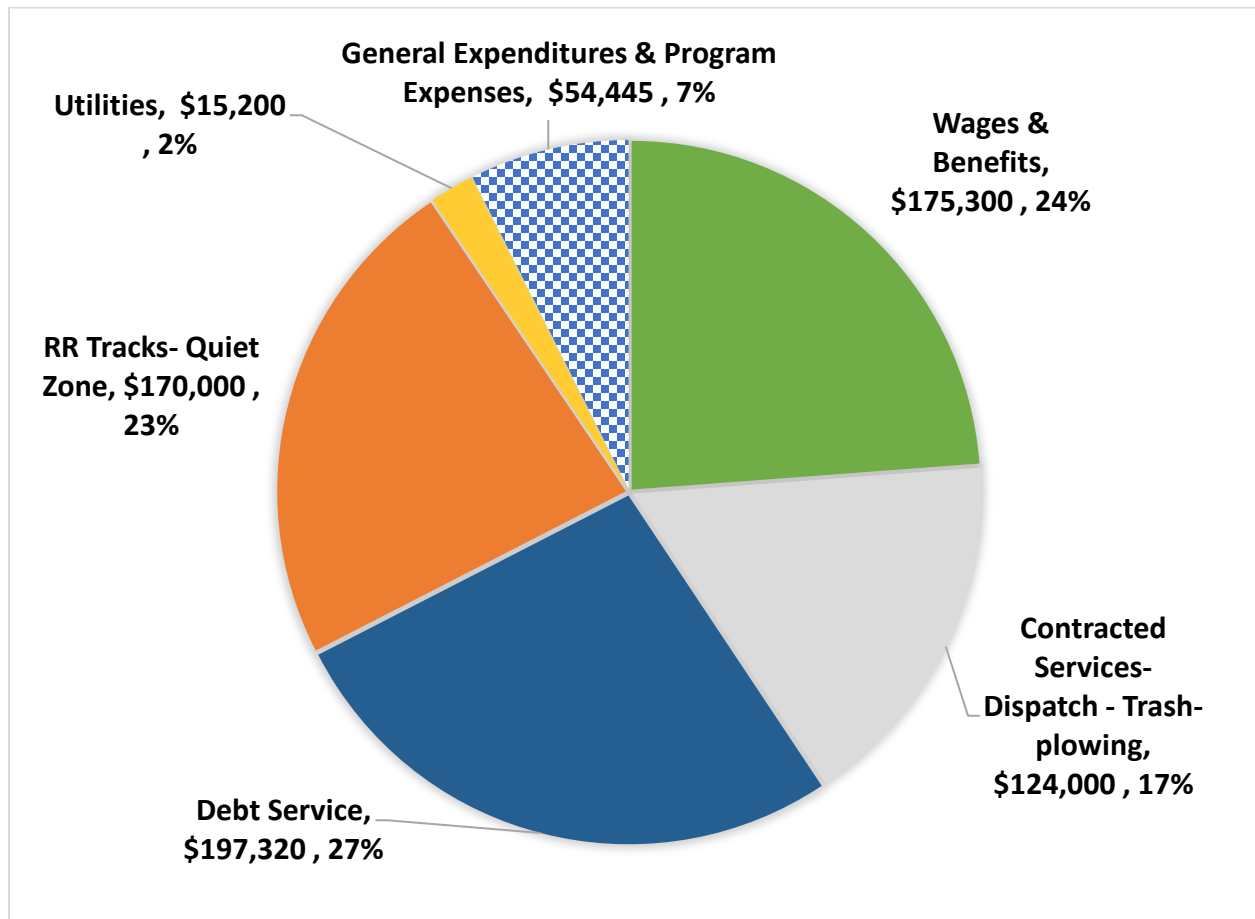
Does the Town Council wish to explore regional opportunities that would better service the Town and avoid unnecessary duplicative future costs in every community that participates? This may result in one or many partners and may result in little or no short term savings, but the long term savings of a larger pool of talent and resources will offset future long term capital and personnel costs. I have expressed your interest to our neighbors. While little may happen in the next few years, each step that you commit to take and work collaboratively with our neighbors will be one step closer to a better level of service for all our citizens.

This year's budget does not address any of the goals above with the exception of making a strong recommendation to build fund balance immediately to avoid TAN borrowing.

When the tax burden overall increases by \$1.4 M we need to add \$168,000 just to keep pace with our 12% Policy Goal. My recommendation to the Finance Committee is to set a policy that does the following regarding end of year surplus:

1. **Fund Balance** – 50% of all end of year surplus be applied to Fund Balance until 12% Goal is met.
2. **Upcoming Projects** – Balance of funds applied to projects such as Revaluation or Solar Field Purchase.
3. **Capital Reserves**- Balance of any surplus remaining be applied to Capital Funds beginning with Paving

Where are the \$736,265 in increases in the Town's budget?



Without offsets in new revenues this would go directly to the mil rate and increase taxes by

$$\frac{\text{Increase } \$736,265}{\text{Value } \$1,407,026,600} \times 1000 = \$00.52 \text{ increase with no revenue offset}$$

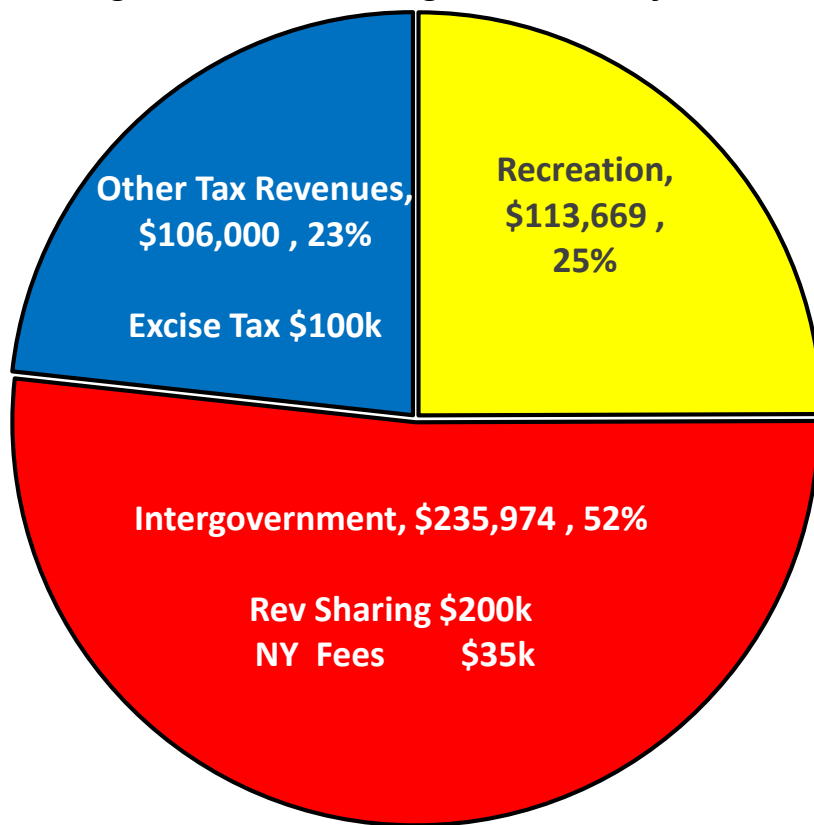
- We processed 357 W-2 forms in calendar year 2019. That accounted for 61 FT Employees, 7 Councilors and 337 part time employees. The only volunteers in this budget are youth coaches and Food Pantry workers. The Wages & Benefits represent a modest 2.5% wage adjustment and a 10% increase in Health Insurance premiums. Our employees pay 25% of the cost and have a plan with a \$7,000 family deductible and \$3,500 single. Our wages and benefits are consistent with the Towns we benchmark against (Yarmouth, Freeport, Falmouth and Cape Elizabeth).
- Debt Service increase is for the new Town Garage. 1.83% interest rate on a \$7 M bond and a \$160,000 per year contribution from MSAD 51 for their collaboration make this a great facility for the future for both entities.

- Council order 19-99 directed the Manager to securing funding of \$170,000 for the construction and implementation of a Railroad Quiet Zone at the three pubic crossings in Cumberland and to assist in permitting the Muirfield Private Crossing. That vote was unanimous.
- Increases in contracted services are annual contracts. Those fees have been negotiated with providers and are typically for items such as Emergency Dispatch, Trash & Recycling Pick-up, Trash disposal, Snow plowing and IT services.
- Utilities often lag behind a year with new developments. Those costs are predominately Street lighting, hydrants, electricity, and sewer.
- The final number is General Expenses and Program Expenses. That is everything from Office Supplies to Camp registrations. Often times with Program expenses there are offsetting revenues to cover. Also this year we are funding \$50,000 in the AIP budget for the Senior Tax Rebate Program once again.

ACCOUNTS FOR:	FY 2017	FY 2018	FY 2019	FY 2020	FY 2020	PROP 2021	\$	PCT
General Fund	ACTUALS	ACTUALS	ACTUALS	ACTUALS	BUDGET	LEVEL 3	CHANGE	CHANGE
Administration	\$604,129	\$618,426	\$628,525	\$388,376	\$621,818	\$623,706	\$1,888	0.30%
Assessor	\$94,199	\$96,403	\$109,158	\$62,846	\$102,534	\$113,462	\$10,928	10.70%
Town Clerk	\$216,206	\$215,491	\$246,663	\$176,671	\$265,989	\$279,021	\$13,032	4.90%
Technology	\$193,054	\$212,609	\$210,955	\$174,161	\$212,517	\$212,517	\$0	0.00%
Elections	\$12,457	\$13,896	\$10,828	\$3,961	\$16,026	\$14,241	-\$1,785	-11.10%
Planning	\$68,492	\$62,428	\$63,159	\$38,249	\$73,802	\$75,915	\$2,113	2.90%
Police	\$1,327,713	\$1,352,124	\$1,333,991	\$865,104	\$1,390,056	\$1,471,499	\$81,443	5.90%
Fire	\$952,611	\$929,310	\$943,894	\$601,493	\$1,014,324	\$1,092,019	\$77,695	7.70%
Code Enforcement	\$108,004	\$136,084	\$142,020	\$88,568	\$140,977	\$144,328	\$3,351	2.40%
Harbor Master	\$105	\$6,058	\$5,746	\$12,012	\$12,000	\$25,226	\$13,226	110.20%
Animal Control	\$30,567	\$32,716	\$30,711	\$21,777	\$32,875	\$36,820	\$3,945	12.00%
Public Works	\$1,171,912	\$1,163,833	\$1,129,455	\$738,043	\$1,236,087	\$1,278,602	\$42,515	3.40%
Waste Disposal	\$482,101	\$506,021	\$524,667	\$311,124	\$565,635	\$592,696	\$27,061	4.80%
Valhalla-Club	\$38,098	\$36,267	\$35,776	\$15,483	\$27,100	\$27,231	\$131	0.50%
Valhalla-Course	\$455,998	\$472,737	\$484,790	\$347,217	\$509,259	\$516,885	\$7,626	1.50%
Valhalla-Pro Shop	\$227,183	\$234,472	\$269,057	\$158,494	\$225,574	\$245,735	\$20,161	8.90%
Recreation	\$934,704	\$996,563	\$1,088,125	\$727,916	\$1,048,508	\$1,098,448	\$49,940	4.80%
Aging in Place	\$0	\$186	\$24,794	\$62,314	\$86,793	\$85,295	-\$1,498	-1.70%
Parks	\$224,322	\$298,435	\$313,321	\$200,043	\$311,112	\$318,620	\$7,508	2.40%
West Cumberland Rec	\$6,536	\$6,294	\$6,184	\$3,024	\$7,427	\$8,204	\$777	10.50%
Library	\$426,212	\$450,254	\$491,453	\$312,621	\$497,303	\$521,063	\$23,760	4.80%
Historical Society Bui	\$3,977	\$5,821	\$7,419	\$4,299	\$7,164	\$8,964	\$1,800	25.10%
General Assistance	\$36,345	\$27,784	\$31,100	\$25,098	\$35,000	\$35,000	\$0	0.00%
Health Services	\$13,875	\$13,875	\$13,875	\$16,385	\$17,875	\$17,875	\$0	0.00%
Cemetery Association	\$27,925	\$31,165	\$28,450	\$26,700	\$26,700	\$26,700	\$0	0.00%
Conservation	\$4,734	\$5,217	\$6,212	\$2,138	\$13,000	\$13,000	\$0	0.00%
Debt Service	\$947,757	\$962,673	\$969,023	\$383,489	\$995,000	\$1,192,320	\$197,320	19.80%
Insurance	\$222,341	\$318,755	\$284,469	\$238,390	\$263,400	\$277,823	\$14,423	5.50%
Fire Hydrants	\$64,566	\$76,381	\$80,355	\$47,960	\$78,924	\$81,686	\$2,762	3.50%
Street Lighting	\$43,373	\$43,693	\$37,248	\$24,815	\$45,000	\$45,000	\$0	0.00%
Contingent	\$13,622	\$8,365	\$9,340	\$2,500	\$10,000	\$10,000	\$0	0.00%
Municipal Building	\$83,874	\$102,009	\$102,248	\$50,651	\$104,523	\$105,160	\$637	0.60%
Abatements	\$42,826	\$23,069	\$23,671	\$34,592	\$2,900	\$1	-\$2,899	-100.00%
MSAD #51	\$16,060,474	\$17,208,107	\$18,690,271	\$12,625,171	\$18,937,757	\$20,168,711	\$1,230,954	6.50%
County Tax	\$775,374	\$813,904	\$878,954	\$910,761	\$910,761	\$938,569	\$27,808	3.10%
Capital Reserves	\$1,038,598	\$693,000	\$699,300	\$771,061	\$771,061	\$909,466	\$138,405	-97.00%
TOTAL	\$27,023,378	\$28,233,478	\$30,018,657	\$20,505,610	\$30,664,281	\$32,659,308	\$1,995,027	6.51%
				School	\$18,937,757	\$20,168,711	\$1,230,954	6.50%
				County	\$910,761	\$938,569	\$27,808	3.05%
				Town	\$10,815,763	\$11,552,028	\$736,265	6.81%

Revenue Offsets for FY 2021

Largest 3 Revenue Categories account for \$448,667



Budget Summary FY 2021

Impact to Tax Rate- Town

Wages & Benefits	\$175,300
Contracted Services	\$124,000
Debt Service	\$197,320
Utilities	\$ 15,200
General Exp. & Program	<u>\$ 54,445</u>

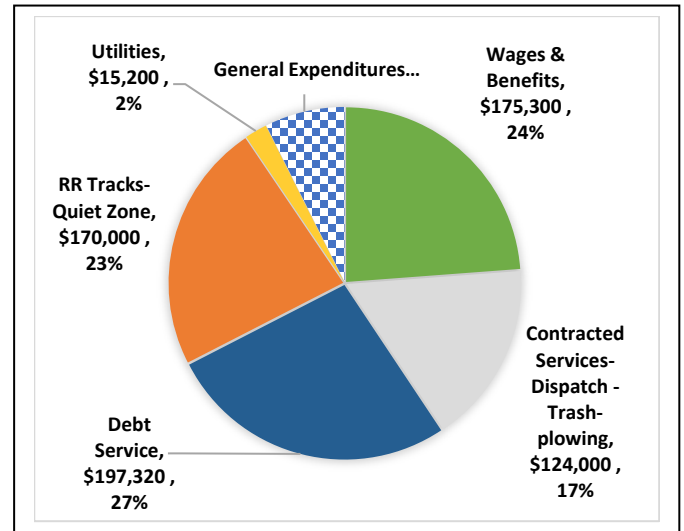
\$ 566,265

Quiet Zone – RR Crossings \$ 170,000

\$ 736,265

Revenue Offset **\$(448,667)**

\$287, 598 before adjustment for Property Tax growth (\$220k)



Mil Rate Impact		Increase \$\$	% Incr			
\$1,308,375		<u>\$0.70</u>	<u>3.53%</u>			
1,215,420	92.90%	\$0.6503	3.28%	School increase in Taxes		
27,808	2.13%	\$0.0149	0.08%	County Increase in taxes		
\$65,147	4.98%	\$0.0349	0.18%	Town Increase in Taxes		
1,308,375	100.00%	\$0.7000	3.53%			

The \$00.70 increase in the FY 2021 Proposed Budget is as follows:

School \$00.650 + County \$00.015 + Town \$00.035 = **\$00.70 Total increase or 3.53% or \$ 20.55**

The **complete budget** will be distributed Tuesday evening at your meeting. This summary is intended to give an overview. With the strong revenues projected for this year the impacts of this year's budget will be small on the municipal side. In the future however, we may not be as fortunate. We always need to be vigilant about our Fund Balance and our Reserve Accounts. If we can continue to set monies aside for future projects, the impacts on the annual operating budgets are often less turbulent.