

M E M O R A N D U M

TOWN OF CUMBERLAND, MAINE
290 TUTTLE ROAD
CUMBERLAND, MAINE 04021
TEL: 207-829-2205 FAX: 829-2224

To: Town Council
From: William R. Shane, Town Manager
Date: February 12, 2022
Re: Budget FY 2023 Introduction

The Town Charter requires the following:

ARTICLE VI - Budget

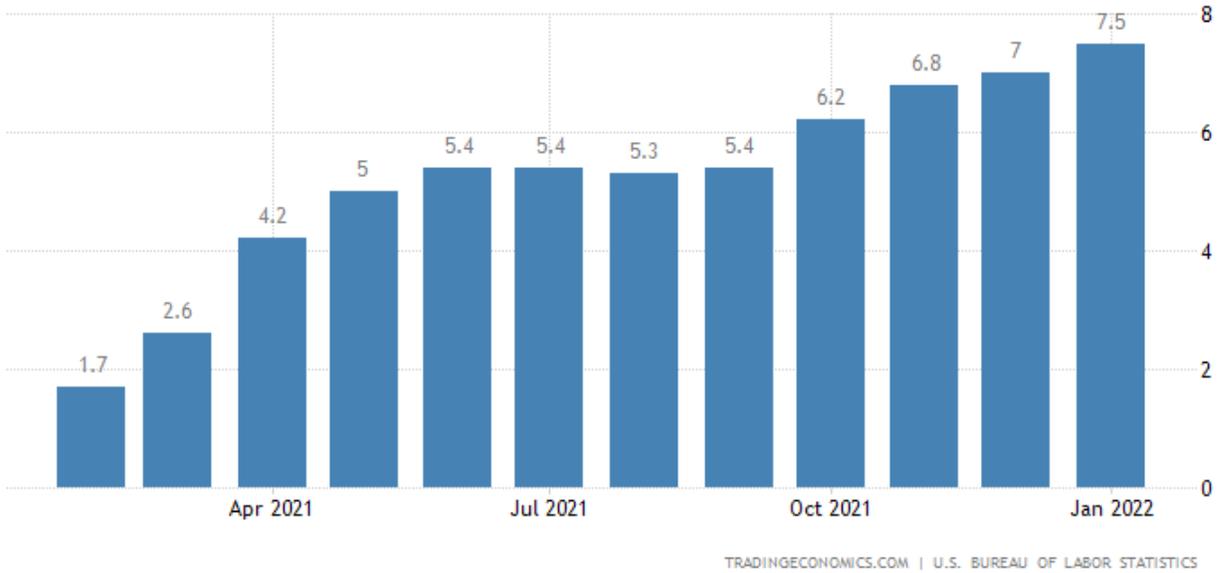
Section 2. Preparation and submission of the budget

The Town Manager, at least thirty-five (35) days prior to the beginning of each budget year, shall submit to the Town Council a budget and an explanatory budget message. The budget authority of the Council shall be limited to the final determination of the total appropriation to be made to each of the several offices, departments, and agencies of the town.

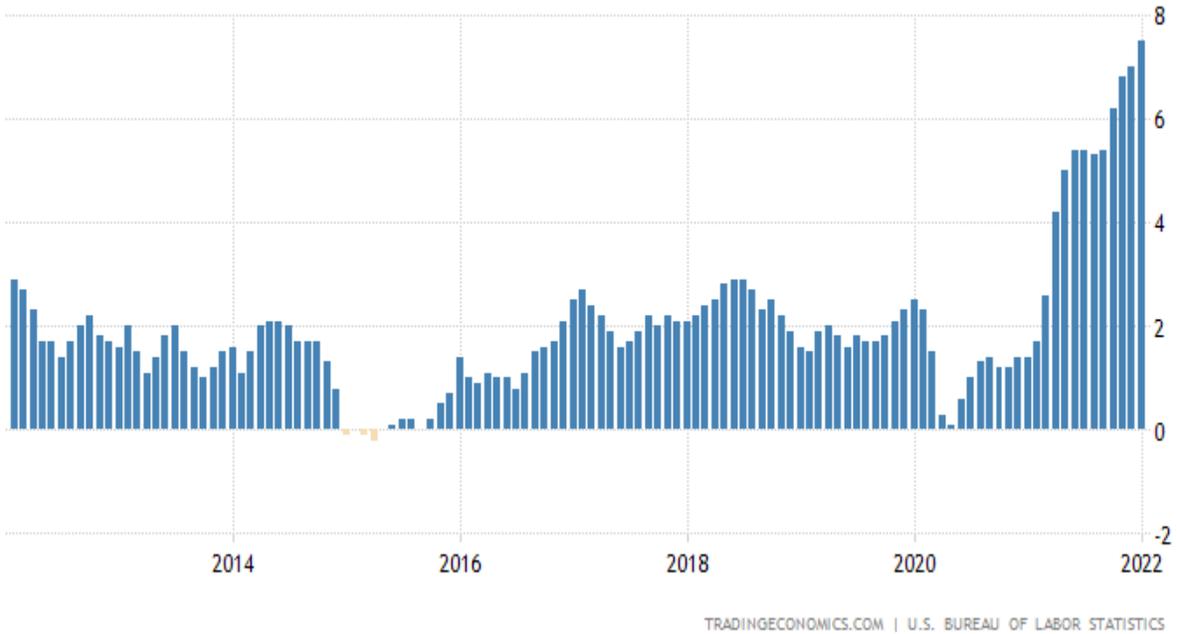
This year's budget is no different than any other year's budget, except that we have experienced inflation rates to our economy that have not been seen since the 1970's. That has compounded a challenging unemployment market and an impossible employee recruitment environment.

With inflation now at 7.5% and climbing, and a workforce that has not seen the number and types of job opportunities available, all towns are in for a challenging year ahead. Consequently, we will need to make some difficult decisions when moving the FY 2023 budget forward. Cherry picking specific revenues or expenses will not be effective. It will require a higher-level review as to what you wish this town to become and what you are willing to let go of to better serve all the residents of the community.

Current Inflation Rate



Past 10- year Inflation Rate



Our budget is comprised of expenses and non-property tax revenues. The balance that can not be paid for with non-property tax revenues is what is required to be raised by our property taxes. The services required to implement the programs we provide has a correlation to the growth of our town, especially in roadway miles, new buildings, and more calls for service both from Fire/EMS and Police.

GPCOG Member	2010 Population	2020 Population	Population Change	% change
Cumberland	7,211	8,473	1,262	17.50%
Scarborough	18,919	22,135	3,216	17.00%
Westbrook	17,494	20,400	2,906	16.61%
North Yarmouth	3,565	4,072	507	14.22%
Gorham	16,381	18,336	1,955	11.93%
Falmouth	11,185	12,444	1,259	11.26%
Sebago	1,719	1,911	192	11.17%
Freeport	7,879	8,737	858	10.89%
Durham	3,848	4,173	325	8.45%
Windham	17,001	18,434	1,433	8.43%
Yarmouth	8,349	8,990	641	7.68%
Gray	7,761	8,269	508	6.55%
Pownal	1,474	1,566	92	6.24%
South Portland	25,002	26,498	1,496	5.98%
Cape Elizabeth	9,015	9,535	520	5.77%
Bridgton	5,210	5,418	208	3.99%
Standish	9,874	10,244	370	3.75%
Portland	66,194	68,408	2,214	3.34%
New Gloucester	5,542	5,676	134	2.42%
Naples	3,872	3,925	53	1.37%
Casco	3,742	3,646	-96	-2.57%
Harrison	2,730	2,447	-283	-10.37%

The growth of our community over the past decade, and particularly since 2018, can be attributed to the turnover of existing housing more than another reason. Families that stayed during the recession and waited until now to capitalize on their home values have done very well. Nearly 30% of all homes sold last year in Cumberland were to out of state residents. The pandemic, our school system, and the quality of life that we offer here is and continues to be the reason we are the fastest growing community in Cumberland County during the past decade.

The changes in this year’s budget overall looks like this:

	FY 19	FY 20	FY 21	FY 22	FY 23	PCT
	ACTUALS	ACTUALS	ACTUALS	BUDGET	Proposed	CHANGE
TOTAL EXPENSES	\$ 10,401,560	\$ 10,646,601	\$ 10,054,563	\$ 11,490,811	\$ 12,517,553	9.00%
GRAND TOTAL	\$ (5,463,275)	\$ (5,377,466)	\$ (6,325,625)	\$ (5,707,136)	\$ (6,329,394)	10.90%

Our budget can be broken into 11 categories that our accounting system calls characters:

ACCOUNTS FOR:	CY REV	PROJECTION	DOLLAR	PCT	
General Fund	BUDGET	LEVEL 1	CHANGE	CHANGE	EXPLANATION
Wages & Salaries	\$ 4,313,222	\$ 4,801,242	\$ 488,020	11.31%	4 Full time positions half funded in FY 22, 2 new paramedics, Fire Chief to full time, 6% wage increases, Wage adjustments where appropriate
Benefits	\$ 1,837,492	\$ 2,059,436	\$ 221,944	12.08%	Health insurance, WC Mod rating increased to .94 from .98 but salaries have increased, and MePERS
Utilities	\$ 505,348	\$ 531,658	\$ 26,310	5.21%	
General Expenditures	\$ 664,262	\$ 716,992	\$ 52,730	7.94%	
Building Expenses	\$ 60,779	\$ 63,441	\$ 2,662	4.38%	
Contracted Services	\$ 1,224,642	\$ 1,347,877	\$ 123,235	10.06%	PD (\$50k) and Solid Waste (\$90k)
Supplies/Tools/Equip	\$ 628,204	\$ 635,479	\$ 7,275	1.16%	
Grounds Maintenance	\$ 122,309	\$ 136,609	\$ 14,300	11.69%	
Program Expenses	\$ 347,252	\$ 328,386	\$ (18,866)	-5.43%	
Debt Service	\$ 1,262,301	\$ 1,279,933	\$ 17,632	1.40%	
CIP/HR Reserve Transfer	\$ 525,000	\$ 616,500	\$ 91,500	17.43%	PD/FD Vehicle Capital
	11,490,811.00	12,517,553.00	\$ 1,026,742	8.94%	

The largest increases are in **wages** with an 11.3% change. My budget allows for a 6% COLA. The balance of the wage increase is a result of funding 4 full-time positions last year at 50 % (January 1 start), some mid-year adjustments to lower salaried employees, 2 new paramedics, and making the Fire Chief's position full-time.

The 4 full-time positions being promoted to fully funded are in the Town Clerk's office, Public Works, Fire/EMS, and Police. All 4 positions began in January of 2022 instead of on July 1st to help last year's budget.

The changes to the Fire/EMS budget are a result of the current labor market and our ability, as well as all surrounding towns, to recruit per diem paramedics. We are at a critical juncture in emergency services. There are not enough qualified people graduating or being employed by other agencies to help with the current crisis of the shortage of trained EMS personnel. We will also be voting on our third union contract prior to July for Fire/EMS employees.

I am requesting to hire two more full-time paramedics, which will bring our total to 8, and allow for two trained medics per shift for our current 8-day schedule giving us full coverage. We will need to manage this additional staff and back them up, so I am requesting the Fire Chief position become full-time and that position will serve as a back-up to a second ambulance call or other emergency event if two emergencies occur concurrently. This is a big ask and I understand will be difficult. There are few options for back-up right now. The County is assisting all Towns in exploring regional opportunities. This will take several years to evaluate. All of us are serious and committed to a regional option, but we also need to deal with the emergency that is before us and while difficult, we need to be prepared to serve our community now. Falmouth employs over 30 full-time Fire/EMS staff and has plans to hire more than a dozen in the next few years. Our neighbors will always be there to help, but lately they have no one available when they are on a call to help anyone else. The irony of all of this is our Call Company. These members of our community have historically served as our volunteers, and when the bell rang, they came quickly. These dedicated citizens have now been hired as new full-time personnel here or in other towns, have had to work outrageous amounts of overtime in their present Fire/EMS jobs, or their full-time jobs have made them more unavailable because of a shrinking workforce. The once bountiful reserve pool of dedicated men and women has dwindled to handful of individuals that cannot fill the current needs of our department.

The 6% wage adjustment while high, if cut back will not result in much savings. The Police contract averages close to a 5% wage adjustment and Public Works close to 4%. The non-union employees are really the only area that could be reduced. All of our employees have struggled over the past 5 years with using the majority of their COLA's to cover the increases in their benefit costs. We need to keep our entire team together. At every level and in every department, we have some of the most talented and dedicated people I have ever had the privilege of working with in my 37 year municipal career.

There are deeper long-term concerns that we have before us that will require new policies and direction to Town Staff, and in particular the Town Manager. The very positive items in this budget are around Capital Planning and budgeting for both Fire/EMS and Police. Our Finance Director will lead you through these budgets as well as a reformatted TIF budget. We have included in this budget the completion of the Town Garage project at \$1M in the debt service budget. I propose going to bond through the Maine Bond bank in the Fall of this year for a Spring 2023 construction.

The next steps will be review and understanding of each department’s request and to give me feedback and ideas for savings and/or changes in priorities. I expect we will not have a budget ready for an April public hearing, but we have met the 35-day requirement to have it submitted to you to begin the process.

The impact on the mil-rate and future property taxes:

	FY 22	FY 23	Increase
County	\$0.67	\$0.68	\$0.01
Town	\$5.45	\$5.64	\$0.19

This would equate to a \$.20 increase for Town and County taxes. We are anticipating a growth of \$25 million in property values, which helps with the increase, but this still equals \$20 for every \$100,000 taxable value. A \$500,000 (close to the average price now) will see a \$100 increase in property taxes attributed to the Town and County increase. The County is only about \$10 but that assessment to us this year will pass the \$1M mark and as you know, the County will be looking to begin a Fiscal Year budget in FY 20224 which will result in a payment of \$1.5M in the FY 2024 budget year, so we need to discuss that as well.

The Finance Committee meetings this year will also begin to set policies for future years. Perhaps the survey will provide insight to what our residents see as priorities for the future. There are ample exciting and great opportunities ahead of us. Clearly, we can’t fund them all, but prioritizing what is best in order to responsibility grow our economy, while protecting the important attributes of our town, will continue to be a balancing act for many years to come.

This report along with the agenda, support materials, meeting notes and the proposed FY2023 expense & revenue budget can be found on our website at <https://www.cumberlandmaine.com/budgets>