



April 8, 2015

MEMO

To: Town Council & Warrant Committee

From: Cornell Knight, Town Manager

Re: 2016 Municipal Budget

As per the Town Charter, Article VI Sec C-29, I present the municipal budget proposal for Fiscal Year 2016. This budget has been adjusted following the Town Council and Warrant Committee reviews. With increased expenditures in Town, County and Schools, less revenue and a minimal valuation increase, the tax rate is proposed to go up 4.5% from \$10.22 to \$10.68. As proposed, the annual tax increase on a median valued home would be \$135.

The level of Town services remains the same except for an additional person in the Police Department to handle administrative duties. This position will be shared with the Town of Mt. Desert as per a signed agreement.

I am utilizing the MUNIS (town financial software) budget program so you will notice that the budget has a slightly different look than from previous years. However, I did use the same format for Capital Improvements and the Cruise Ship Fund. Budget item information is included in notes below some items and there is budget detail sheet report in the Charts tab that will provide you backup information of the proposed expenses.

There is a Tax Calculation Page (it follows this memo) of all department expenses, revenues, school and county costs, valuation, tax rate and LD 1 limits. So any changes to expenses or revenues can quickly show the impact on the tax rate. There is also a Budget Summary that calculates the gross municipal appropriations number for the warrant article at Town Meeting. The proposed budget is below the LD 1 limit.

If there is additional information you would like to see please let me know and we can get that out to everyone, or plan to include it in next year's proposal.

Many of the items funded are part of the Town Council Goals. You will find the list of approved Goals in the Charts Section of the book.

Some highlights in the budget:

### ***Revenues***

As I mentioned, revenue estimates for next year are down. There will be less use of unassigned fund balance (generally referred to as Surplus) since the fund is getting below staff's comfort level. I propose to use \$110,000 to offset one time capital expenses, the current year's budget uses \$265,871 from surplus. Please refer to the Fund Balance History Chart to see the use of unassigned fund balance and that although the Audit reports there is a \$623,000 balance at the end of FY 2014 it is actually less than half that today because of expenses charged to this year's balance. You can also see in the chart that the balance is trending downward over the past several years. I would like to reverse the trend so as to not jeopardize the town's AAA bond rating. We do anticipate a very small surplus at year end from unexpended balances in department budgets. It is revenues that will come up short.

Excise tax, Ambulance billings, Revenue Sharing and Building permit fees are flat funded or less than the current year estimate, due to trending experience. The Revenue Sharing estimate is down another 7.5% over last year's amount.

The fee schedule for all departments is included in the Revenue section. Two changes; the first is to charge \$100 (up from \$61) for copies of the Land Use Ordinance and secondly non-resident dockage fees will go up by 15 cents per foot to \$3.15.

### ***Expenditures***

Overall spending for the town is up \$367,221 or 4.9%. Over 30% of the increase (\$110,277) is due to wage and benefit increases. There is a COLA of 1.7% plus 1% to help offset the employees' increased share of health insurance. The employee/employer split of health premiums in the current year is 15/85, but in this budget it will go to 17.5/82.5 and the following year 20/80. Premiums (not announced until December 2015) are estimated to go up 7.5 % on January 1, 2016.

A hydrant rental increase of 9% (and water costs in all budgets) or \$43,242 reflects an anticipated 18% increase in water rates effective January 1, 2016.

Instead of a 5 yr. average, fuel expenses reflect \$3.00 per gallon for diesel (most recent delivery price was \$2.26) and unleaded gas at \$2.60 (most recent delivery price was \$1.74).

Tech-1022 There is a significant increase in the Technology Equipment Purchase (line 5700) due to rugged laptop replacements and \$26,000 to rewrite/update the FormsManager and TicketManager programs. Microsoft has eliminated support for these *Access* based programs, and updates 'break' the program in its current form.

Planning-1034- The cost of a Planner salary for a full year is budgeted, as well as health insurance in the Benefits section. It is anticipated a new Planner will start work in May 2015.

Miscellaneous-1036- Due to much lower interest rates, not as much need for the upfront payments, and a cost savings measure, the Council removed the prepaying offer, reducing Tax

Discount expenses by \$18,376. The Island Explorer information sheet is in the front part of the Agency Request tab, along with Library and YMCA information pages.

Fire-1042- A large increase in equipment replacement (line 5704) is the result of the need for 8 sets of Turnout Gear, 3 lengths of 5” hose and 4 lengths of 2.5” hose, all of which failed inspection.

Police- 1045- The biggest change to this budget is that the shared Chief’s contract (line 5334) with Mt. Desert has been renewed for a year and an Administrative Assistant’s position (line 5108) was added to work with both departments. There is \$22,740 revenue in the budget from Mt. Desert to cover 40% of the Administrative Assistant’s cost. The cost of the new arrangement, shared Chief and shared Admin Asst position, is equal to previous costs for a full time Chief and no shared Admin Asst position. This shared services is noted in D-1 of the Council’s Goals.

Comfort Stations-1070- The roof at the Ballfield needs replacement at a cost of \$3,500 (line 5602).

### ***Cruise Ship Fund***

The Cruise Ship Fund reflects slightly lower revenues than last year because it is anticipated less cruise ship passengers will visit. Passenger Fees will increase from \$4.00 to \$4.30 per head effective January 1, 2016.

The most notable expenditure is \$55,600 (transferred to CI) for ferry terminal improvements. That amount is equivalent to property taxes paid by *Marine Atlantic*. If the *Maine Port Authority* (MPA) leases the terminal, the owner is still subject to property taxes. The *MPA* does not have sufficient funds to cover that expense, so the town could invest in the renovations to make it operational, such as float improvements. This would lower *MPA*’s cost to develop the property and still pay the town property tax. The town would be investing in a public project. The annual transfer to sidewalk reconstruction account in the CIP was reduced and the Environmental Monitoring was cut to accommodate the investment at the ferry terminal. \$16,000 will be carried over from the current budget, in the event Environmental Testing needs to be done. Assisting the *MPA* with the ferry terminal is noted in the Council’s Goals, item E-2,E-3.

Also new in CS is a \$22,480 transfer to the Capital account to pay for the Wayfinding sign debt. This is a 10 year bond for \$242,000. The signs will be installed in May 2015.

### ***Capital Improvements***

CIP funding from the property tax increased 1.4% just below the 1.7% cost of living adjustment.

Assessing- A plotter in the Assessing Dept for \$20,549 will replace an 8 yr. old machine. Funding for the replacement car was eliminated, while the need for a Codes car and an Assessing car is studied.

Public Safety Building- There is a \$400,000 bond proposal to fund the brick exterior repair at the Fire Station. The consultant recommended this work be done as soon as possible to prevent further damage to the exterior structure. The project would be identical to the work currently being done at the Municipal Building. This bond would likely be coupled with the bond needed to fund Rte. 3 waterline improvements next year. This item is noted in the Council's Goals, D-13.

Highway-The Maine Department of Transportation's Rte. 3 reconstruction project will begin next year, the town's share is \$540,000. No new funds are raised in this budget; previous year's appropriations cover the town's expense. This is noted in the Council's Goals, E-1. A front end loader for \$143,335 and a light truck \$46,035 are scheduled for replacement in this budget. The PW consolidated work plan schedule is in the Charts section, so you can see all the projects planned for the next 5 years.

Solid Waste- In Year 2 (2017) it is anticipated that the Transfer Station would be renovated. A bond would likely be issued to fund the \$1.5 million project. This is noted in the Council Goals, E-6.

Staff and I look forward to assisting you with the budget review. I would like for the tax rate estimate to have been smaller, but it does maintain services at current levels in both the town and schools and does catch up with some delayed equipment purchases.

## Bar Harbor FY 2016 Budget Tax Calculation

	FY13	FY14	FY15	FY16	CHANGE	
DEPARTMENT EXPENSE SUMMARIES	Actual	Actual	Budget	Proposed		
Town Council	\$37,715	\$32,920	\$37,681	\$37,952	\$271	0.7%
Town Manager	\$121,357	\$131,036	\$127,109	\$127,031	(\$78)	-0.1%
Town Clerk	\$113,069	\$119,475	\$124,989	\$138,437	\$13,448	10.8%
Finance Dept	\$301,720	\$316,215	\$317,117	\$328,189	\$11,072	3.5%
Town Attorney	\$9,182	\$67,420	\$14,907	\$19,150	\$4,243	28.5%
Elections	\$11,968	\$10,361	\$12,964	\$12,717	(\$247)	-1.9%
Technology	\$122,703	\$121,486	\$120,500	\$161,695	\$41,195	34.2%
Municipal Building	\$77,887	\$80,273	\$75,963	\$74,825	(\$1,138)	-1.5%
Town Offices	\$34,982	\$37,566	\$31,231	\$33,452	\$2,221	7.1%
Employee Benefits	\$1,185,509	\$1,345,347	\$1,356,875	\$1,376,319	\$19,444	1.4%
Code Enforcement	\$72,162	\$69,142	\$70,663	\$74,851	\$4,188	5.9%
Assessing	\$130,595	\$115,497	\$133,405	\$135,528	\$2,123	1.6%
Planning	\$115,657	\$104,722	\$133,459	\$151,893	\$18,434	13.8%
Miscellaneous	\$200,571	\$180,505	\$221,517	\$211,104	(\$10,413)	-4.7%
Ambulance	\$415,297	\$391,936	\$428,131	\$450,258	\$22,127	5.2%
Fire Dept	\$310,934	\$316,107	\$327,159	\$357,964	\$30,805	9.4%
Hydrant Rentals	\$441,718	\$480,468	\$480,468	\$523,710	\$43,242	9.0%
Police Dept.	\$835,279	\$919,922	\$952,254	\$1,028,633	\$76,379	8.0%
Dispatch	\$197,703	\$201,945	\$204,773	\$211,054	\$6,281	3.1%
Public Safety Bldg	\$39,079	\$45,807	\$37,987	\$38,916	\$929	2.4%
Street Lights	\$68,799	\$63,278	\$70,475	\$71,575	\$1,100	1.6%
Harbor Dept	\$110,984	\$121,891	\$106,764	\$113,786	\$7,022	6.6%
Parks & Rec	\$246,272	\$228,873	\$230,865	\$235,251	\$4,386	1.9%
Emerg Mgt & Gen Assist	\$-	\$1,445	\$1,103	\$1,444	\$341	30.9%
Cooperating Agency	\$35,568	\$39,843	\$42,843	\$42,843	\$-	0.0%
Comfort Station	\$83,663	\$90,729	\$86,771	\$93,361	\$6,590	7.6%
Public Works	\$140,511	\$143,623	\$144,587	\$146,122	\$1,535	1.1%
Highway Dept	\$991,697	\$1,059,443	\$978,452	\$1,007,992	\$29,540	3.0%
Solid Waste	\$581,772	\$601,229	\$623,758	\$655,939	\$32,181	5.2%
<b>SUBTOTAL</b>	<b>\$7,034,353</b>	<b>\$7,438,504</b>	<b>\$7,494,770</b>	<b>\$7,861,991</b>	<b>\$367,221</b>	<b>4.9%</b>
Capital Improvements Transfer	\$1,773,987	\$1,738,842	\$1,820,106	\$1,753,435	(\$66,671)	-3.7%
School Local - Transfer	\$4,714,074	\$5,080,953	\$5,176,423	\$5,223,669	\$47,246	0.9%
Other Transfers out	\$-	\$14,000	\$-	\$-	\$-	
<b>TOTAL Expense Taxable</b>	<b>\$13,522,414</b>	<b>\$14,272,299</b>	<b>\$14,491,299</b>	<b>\$14,839,095</b>	<b>\$347,796</b>	
Hancock County Est.	\$549,109	\$553,853	\$565,744	\$584,111	\$18,367	3.2%
MDI High School Assessment -Est.	\$2,595,215	\$2,606,151	\$2,831,141	\$2,999,610	\$168,469	6.0%
OVERLAY (estimate)	\$51,321	\$51,292	\$32,045	\$32,045	\$-	0.0%
<b>TOTAL ASSESSMENT</b>	<b>\$16,718,059</b>	<b>\$17,483,595</b>	<b>\$17,920,229</b>	<b>\$18,454,861</b>	<b>\$534,632</b>	<b>3.0%</b>
<b>REVENUES</b>						
General Revenues	\$2,318,768	\$2,360,190	\$2,444,628	\$2,386,363	(\$58,265)	-2.4%
Reserves-Use of Fund Balance	\$173,827	\$288,859	\$265,871	\$110,000	(\$155,871)	-58.6%
TransfersIn-Cruise Ship Fees/Othr	\$283,137	\$284,259	\$267,565	\$264,817	(\$2,748)	-1.0%
<b>SUBTOTAL (REVENUES)</b>	<b>\$2,775,732</b>	<b>\$2,933,308</b>	<b>\$2,978,064</b>	<b>\$2,761,180</b>	<b>(\$216,884)</b>	
State Revenue Sharing	\$203,535	\$133,206	\$132,152	\$122,264	(\$9,888)	-7.5%
<b>TOTAL DEDUCTIONS</b>	<b>\$2,979,267</b>	<b>\$3,066,514</b>	<b>\$3,110,216</b>	<b>\$2,883,444</b>	<b>(\$226,772)</b>	<b>-7.3%</b>
Net Commitment	\$14,004,734	\$14,372,104	\$14,810,010	\$15,571,417	\$761,407	5.1%
Valuation (estimate)	\$1,423,245,310	\$1,435,774,620	\$1,449,120,900	\$1,458,439,783	\$9,318,883	0.6%
Mill Rate (estimate)	<b>0.00984</b>	<b>0.01001</b>	<b>0.01022</b>	<b>0.01068</b>	<b>0.00046</b>	<b>4.5%</b>
Total Municipal Budget	\$13,546,276	\$10,364,851	\$12,658,195	\$9,615,426		
- Total Deductions	\$7,451,106	\$4,279,856	\$6,458,328	\$2,883,444		
= Municipal Property Tax Liability	\$6,095,170	\$6,084,995	\$6,199,867	\$6,731,982	\$532,115	8.6%
LD-1 Levy Limit - voted	\$6,282,509	\$6,444,293	\$6,632,283	\$6,774,604	\$142,321	2.1%
<b>Difference for LD-1</b>	<b>(\$187,339)</b>	<b>(\$359,298)</b>	<b>(\$432,416)</b>	<b>(\$42,622)</b>	<b>\$389,794</b>	<b>-90.1%</b>

## Municipal Budget: Budget Summary for Warrant

Fund	Appropriation (Expenditures) Requested	Revenues Other Than Prop.Tax	Fund Balance Used *	Property Taxes Needed	Tax Rate Change
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### Assessments

County Assessment	584,111	0	0	584,111	2.6%
High School Assessment	2,999,610	0	0	2,999,610	5.3%
Overlay	32,045	0	0	32,045	n/a
<b>Total Assessments</b>	<b>3,615,766</b>	<b>0</b>	<b>0</b>	<b>3,615,766</b>	

### Municipal Budget

General Fund	7,861,991	2,773,445	0	5,088,546	10.4%
Capital Improvement Program Fund	2,552,578	799,142	110,000	1,643,436	0.8%
Dog Control Reserve Fund	2,000	2,000	0	0	n/a
Shellfish Conservation Reserve Fund	3,000	3,000	0	0	n/a
Cruise Ship Fund	566,022	605,735	(39,713)	0	n/a
<b>Total Municipal Budget</b>	<b>10,985,591</b>	<b>4,183,322</b>	<b>70,287</b>	<b>6,731,982</b>	<b>7.9%</b>
		38%	1%	61%	
	Approp. warrant			<i>LD-1</i>	

### Education Budget

Elementary School Fund	5,700,258	220,750	255,839	5,223,669	0.3%
<b>Total Education Budget</b>	<b>5,700,258</b>	<b>220,750</b>	<b>255,839</b>	<b>5,223,669</b>	<b>0.3%</b>
		4%	4%	92%	

<b>Grand Totals</b>	20,301,615	4,404,072	326,126	15,571,417	<b>4.5%</b>
		22%	2%	77%	

<i>Tax Rate Change</i>	
Estimated Tax Rate Next Year	\$10.68
Actual Tax Rate This Year	\$10.22
Est. Tax Rate Increase	\$0.46
	<b>4.5%</b>

Estimated Total Valuation New Year  
\$1,458,439,783

<i>What Will It Cost Me?</i>		
Median Home Value	Total Tax Increase Per Month	Total Tax Increase Per Year
\$295,300	\$11.24	\$135

\* A number in parentheses in the "Fund Balance Used" column indicates an addition to fund balance.