



FY15 BUDGET UPDATE

June 25, 2014

FY15 BUDGET UPDATE

- At your last meeting, Council was presented with updated budget projections for FY14, which included a significant turn-back to fund balance
- Council opted to use \$105,000 of \$175,000 in unused fund balance from FY14 budget to “buy down” tax increase from 3% to 1.5% (\$0.30 mils)
- Council also asked City staff to restore full-funding for Johnson Hall, Gardiner Main Street, Boys & Girls Club, Chrysalis Place, Mt. Hope Cemetery, & KV Chamber
 - Staff used \$8,318 in additional fund balance to restore these amounts
- Total Fund Balance Use for FY15: \$202,200
 - \$90,000 manager already proposed using
 - \$105,000 to “buy down” tax increase
 - \$7,200 in other additions and subtractions, including funding nonprofits at 100%

FY15 BUDGET UPDATE

- Given the focus Council plans to give to levels of service provided by the City over the next year, manager used \$5,000 from increased excise tax projection to add more funding for regionalization/service consolidation studies
 - From \$20,000 to \$25,000

Item	Savings Amount	Cost Amount	New Revenues	Dept.	Notes	One Time or Annual?
LED Streetlights (Capital)	\$ 13,791			Buildings & Grounds	Eliminate	Annual
F150 Lease Payment	\$ 2,436			Buildings & Grounds	Pay off in FY14	Annual
Travel/Training	\$ 850			City Clerk	Remove NEMCI	Annual
Senior Citizen Tax Relief				City Manager	Not funded (was part of Managers recommended budget)	Annual
Home Heating Conversion Loan Program	\$ 25,000			City Manager	Eliminate	Annual
Travel/Training	\$ 600			City Manager	Reduce	Annual
Buildings & Materials	\$ 250			City Manager	Reduce	Annual
Records Restoration	\$ 2,000			City Clerk	Reduce	Annual
Audit	\$ 1,500			Finance	Reduce (updated projection)	Annual
Dept Head Merit Pay	\$ 1,100			Finance	Eliminate merit pay for all Dept Heads	Annual
Overlay	\$ 62,838			Finance	Reduce (per formula)	Annual
Air Packs (Capital)	\$ 15,244			Fire	Push back to FY16	Annual
Salary & Benefits		\$ (116,883)		Fire	65/35 split w/ Ambulance	Annual
Advertising & Outreach	\$ 2,200			Fire	Eliminate fire prevention, school outreach	Annual
Radios	\$ 3,800			Fire	Reduce portable by \$800 and regular by \$3K	One Time
Salary & Benefits	\$ 2,752			Fire	Delay hire until 8/1/14	One Time
MSAD #11		\$ (147,819)		Intergov	Based on approved budget	Annual
County	\$ 1,311			Intergov	Based on approved budget	Annual
Office Supplies	\$ 1,500			Library	Reduce	Annual
Materials & Supplies	\$ 10,000			Library	Reduce items such as books, magazines, etc	Annual
Student Aides	\$ 4,000			Library	Reduce to 1	Annual
Library Computers	\$ 2,400			Library	Fund 3 (not 7)	Annual
Ambulance Assessment	\$ 89,660			Other	Decrease due to cuts, 65/35 shift, & Dresden rejoining	Annual
Property Insurance	\$ 3,000			Other	Reduce	Annual
New Mills Dam Request	\$ 3,000			Other	Eliminate (no request)	Annual
Nonprofit Funding Requests	\$ 17,530			Other	Eliminate new nonprofit funding requests and reduce Oak Grove by \$3K	Annual
Fuel Depot	\$ 3,000			Other	Reduce	Annual
Travel/Training	\$ 1,500			Planning/Ec Dev	Eliminate ICMA & others	Annual
Dues/Subscriptions	\$ 8,896			Planning/Ec Dev	Do not fund KVCOG, MDF, MCDA, MTA, MCD, & MCA	Annual

These are all of the changes made to the FY15 Dept Head budget requests (pg 1 of 2)

<u>Item</u>	<u>Savings Amount</u>	<u>Cost Amount</u>	<u>New Revenues</u>	<u>Dept.</u>	<u>Notes</u>	<u>One Time or Annual?</u>
Advertising & Outreach	\$ 21,000			Planning/Ec Dev	Reduce Libby Hill & city-wide marketing	Annual
Cobbossee Trail & Waterfront Ph 3 (Capital)	\$ 84,605			Planning/Ec Dev	Push back to FY16	Annual
National Night Out/Bike Rodeo	\$ 1,270			Police	Eliminate	Annual
Salary & Benefits		\$ (1,594)		Police	Adjust for new hire	One Time
Road Paving	\$ 7,000			Public Works	Reduce from \$95K to \$88K	Annual
PW Director		\$ (7,696)	\$ 17,669	Public Works & Revenue	Switch from 90/10 split with WW to 77/23	Annual
Plow Truck (Capital)	\$ 33,493			Public Works	Push back to FY16	Annual
Sidewalk Weed Spraying	\$ 4,300			Public Works	Eliminate	Annual
Stormwater Control	\$ 5,000			Public Works	Reduce	Annual
Phones	\$ 1,105			Public Works	Eliminate Copper Line	Annual
Intern	\$ 2,000			Public Works	Eliminate	Annual
Technology Reimbursement			\$ (14,000)	Revenue	Reduced amounts from WW and Amb due to lower Tech budget	Annual
DT TIF Revenue			\$ 16,088	Revenue	DT TIF Fund Balance	One Time
Tax Increase			\$ 280,000	Revenue	4% (0.8 mils)	Annual
Homestead			\$ 4,838	Revenue	4% (0.8 mils)	Annual
BETE			\$ 3,744	Revenue	4% (0.8 mils)	Annual
TIF Revenue			\$ 31,314	Revenue	Increased DT TIF reimbursement to GF due to tax increase	Annual
Nat Gas Pipeline Tax Revenue			\$ 15,525	Revenue	Est \$750K value	Annual
Excise Tax			\$ 16,891	Revenue	Increase to \$840K (based on projections)	Annual
Carry Forward			\$ 70,000	Revenue	From PW Highway for Highland Ave project	One Time
Use of Fund Balance			\$ 202,200	Revenue		One Time
JAG Grant			\$ 700	Revenue	50% grant for bulletproof vests	One Time
Credit Card Points			\$ 1,000	Revenue	Updated projection	Annual
ACO Fines/Fees			\$ 2,500	Revenue	Add to GF revenues	Annual
Fire Inspection Fees			\$ (3,000)	Revenue	Eliminate inspections	Annual
CRM Software	\$ 3,000			Technology	Eliminate	Annual
Cable TV		\$ (500)		Technology	Monthly TWC fee	Annual
Video Camera		\$ (1,100)		Technology	Add 2nd camera	One Time
Vehicle Fuel	\$ 4,600			Various	Updated projection	Annual
Cell Phones	\$ 2,002			Various	Change plans	Annual
HRA Savings	\$ 35,798			Various	Assume 50% use	Annual
SUBTOTALS	\$485,331	-\$275,592	\$645,469			
GRAND TOTAL		\$855,207				
DEFICIT TO COVER		\$855,207				
DIFFERENCE		(\$0)				

These are all of the changes made to the FY15 Dept Head budget requests (pg 2 of 2)

FY15 BUDGET UPDATE

- FY15 General Fund Budget – First Read

<u>Category</u>	<u>FY15 Council</u>	<u>Difference From FY14</u>
City Operating	\$ 4,910,424	\$ 173,216
City Capital	\$ 539,712	\$ 36,918
TOTAL CITY	\$ 5,450,136 *	\$ 210,134
MSAD #11	\$ 3,340,650	\$ 147,819
County	\$ 343,704	(\$ 1,311)
TOTAL MSAD #11/COUNTY	\$ 3,684,354	\$ 146,508
GRAND TOTAL BUDGET	\$ 9,134,490	\$ 356,642
REVENUES	\$ 9,134,490	\$ 356,642

* Amount different than Budget Resolution due to the way we account for Overlay and TIF. Actual budget resolution is \$5,260,982.51

FY15 BUDGET UPDATE

- Although there is a \$173,216 overall increase in the City's operating budget, when you factor out the ambulance cost shift (\$80,892 net) and the MePERS retirement costs no longer being paid for by a credit (\$176,658), City spending is actually **DOWN \$84,334**
 - These two costs were paid for differently in FY14 budget, so they are not “new” expenses – thus, its fair to back them out for such an analysis

FY15 BUDGET UPDATE

- Estimate 4% Property Tax Increase
 - 2.5% from voter-approved MSAD #11 budget (+\$0.50 mil rate) – Council has no control
 - Exact amount is actually \$0.43, but Assessor rounds up to \$0.50 as he does not use pennies or nickels in his assessments
 - 1.5% from City's portion of budget (+\$0.30 mil rate)
 - Impact on Median Homeowner: \$117.78 (+\$0.80 mil rate)
- Warning! In my budget message I noted that next year (FY16) the City would be faced with another shortfall of approx. \$408,140. By using \$112,000 more in fund balance this year than when this estimate was created, we now face a shortfall of approx. \$520,000.
 - Assumes we fund all capital requests – unlikely!
 - Makes looking at consolidation/regionalization even more imperative

FY15 BUDGET UPDATE

- FY15 Enterprise Budgets – First Read

<u>Category</u>	<u>FY15 Council</u>	<u>Difference From FY14</u>
Ambulance	\$ 966,229	(\$ 46,496)
Wastewater	\$ 1,715,518	(\$ 75,402)

- Ambulance budget down due to cost shift to Gardiner General Fund
 - From 80/20% to 65/35%
- WW budget does NOT include the WWAB recommended 3% rate increase to help prepare for sharp increases in capital spending that need to occur over the next several years – Council can add if it wishes to blunt what could otherwise be a steep increase in FY16 and/or FY17

FY15 BUDGET UPDATE

- Tonight Council is being asked to:
 1. Approve the first read of FY15 general fund and enterprise account budgets
 2. Schedule a second read of FY15 budget and enterprise account budgets for one week (7/2/14)