



Budget Proposal Fiscal Year 2021



Budgeting During COVID-19

The unknowns require a complex balance of planning for both the best and worse case scenarios:

- Planning for full economic recovery and recession simultaneously
 - Demand for services in reopening phases
 - Managing the financial impacts of revenue reductions
- Unclear what the full impact on state revenue sharing and other financial support programs
- Unclear what relief funding from FEMA, CARES Act, and other federal resources will be available



Goals – Budget

Deliver Core Functions

- Adequately provide for delivery of core functions of town and school
- **Be responsive to community expectations and needs**
- Advance effectiveness of operations
- Improve operational efficiency

Structurally balanced budget

- Expenditures funded by recurring revenue
- Maintain adequate undesignated fund balances
- Sensible investment in assets



Goals – Budget

Justifiable and Appropriate

- Maintain stable tax rate
- Be adequately justifiable in comparison to appropriate economic indicators and comparable communities

COVID-19 Response

- 0% increase over the prior fiscal year for operating and capital expenses combined

Goals – Annual

Support long term planning and growth management objectives

- Propose and implement zoning amendments that support desired growth along targeted growth areas
- Finish Title 16 recodification process and develop plans to address policy issues identified in the process
- Propose zoning amendments to expand/enhance affordable housing

Enhance Financial Stability

- Maintain or improve bond rating
- Update and expand financial policies

Continue to Improve Organizational Efficiency

- Provide more contact-free services through use of technology

Goals – Annual

Implement the Comp Plan 5 Year Action Plan

- Support Climate Adaptation Committee efforts
- Advance implementation of JLUS Study
- Finish Library design process and commence construction

Town Assets and Infrastructure

- Develop recommendations for the reuse or disposition of various town owned or tax-acquired properties
- Develop a sidewalk master plan

Complete contract negotiations in a timely fashion

Plan for addressing increasing demand for police, fire and public works services

FY21 – Goals Reflected in Budget

0% increase over the prior fiscal year for operating and capital expenses combined

- (1.34%) decrease over the prior year ~ (\$202,266)

Propose zoning amendments that support desired growth in targeted areas, affordable housing, climate adaptation, retail marijuana

- Continues with PT Project Planner to research and coordinate development of proposed amendments

Finish Library design process and support a spring 2021 ground breaking

- Library operations projections carried through fiscal year, debt includes interest payment

Complete the seven collective bargaining unit contract negotiations

- Salary adjustment line funded to cover anticipated impacts

Property Values

Median home listing price \$499,999, increase of \$79K from prior year.

Income needed to afford a home ~\$116,924

- Affordability index 0.65

Median Home Listing May 2020		# of Homes for Sale
Kittery	\$499,999	64
Kennebunk	392,000	84
Wells	389,900	157
Old Orchard Beach	309,999	91



Valuation and Mil Rate

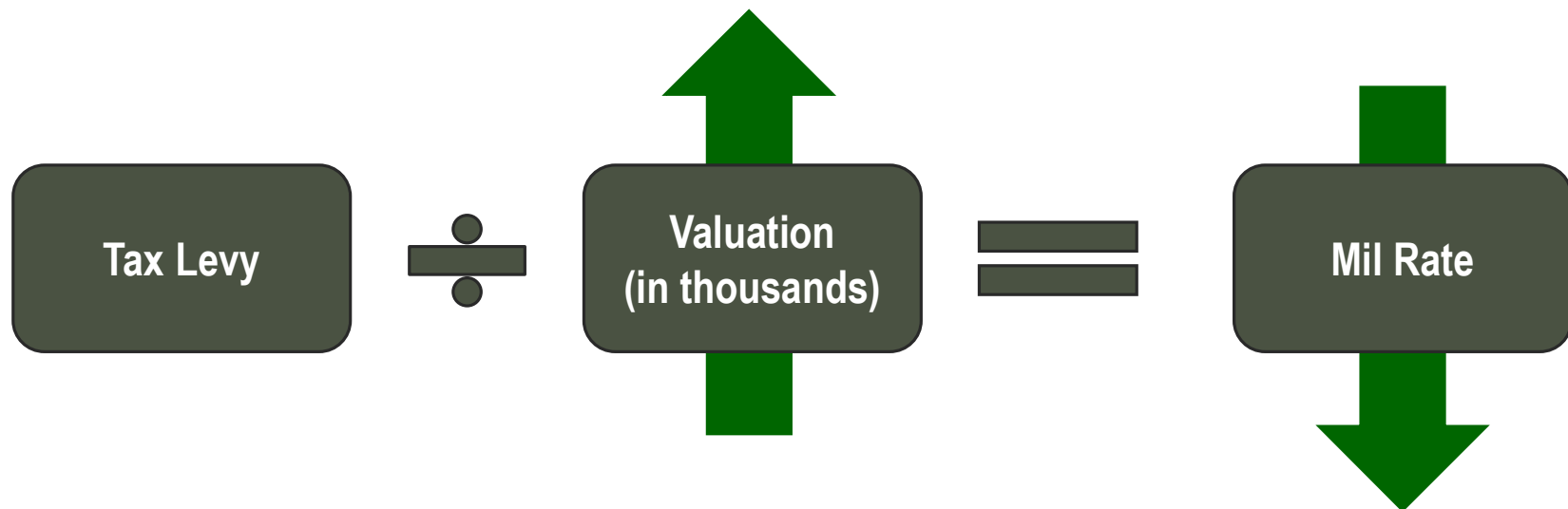
Revaluation and annual development adding \$563M in value

- Annual average typically \$15M

Projected Mil Rate ~ \$13.10, (25%) decrease

Lower Mil Rate means a redistribution of tax levy allocation, not necessarily a tax bill reduction

Revised values will be issued in July



Revenue – Property Tax Allocation



Revenue - Summary

Projected reduction in municipal non-property tax revenue (\$601,348), (11.35%)

Auto Excise (\$200,000)

Revenue sharing decrease (11%) from FY20 actual

General fees and fines (\$65,000)

REVENUE PROJECTIONS	Actual FY17	Actual FY18	Actual FY19	Budget FY20	Proposed FY21	Variance
Recreation	932,263	1,023,622	1,068,298	1,010,000	850,000	(\$160,000)
SW Fees & Fines	177,189	169,866	157,602	170,000	115,000	(\$55,000)
Fort Foster Fees	198,952	219,168	237,967	255,000	175,000	(\$80,000)
Harbormaster Fees & Fines	133,351	129,135	169,694	148,600	108,600	(\$40,000)
Dispatch Income	90,000	91,350	93,360	108,000	123,360	\$15,360

Expense - Summary

Municipal and Capital decreasing (\$202,266) ~ (1.34%)

- Municipal operations increasing ~2.52%
- Capital decreasing ~ (26.8%)

Total tax levy increasing to cover:

Municipal operations and capital - \$0

Reduced non-property tax revenue - \$271,771

School Budget - \$576,955

Average impact: Depends....



Expenses – Capital

CAPITAL – Focus on Immediate Project Needs

Right of Way – \$450,000

- Continues pavement management plan

Vehicles and Equipment Replacement (DPW, Fire, Police) - \$552,000

Technology - \$44,000

Emery Field Phase 2 - \$300,000



Wages & Benefits

FY21 reflects contractual obligations for Cost of Living and longevity

- Administration Budget – Salary Adjustment line for contract negotiations
- PT Project Planner assisting with various zoning efforts

Shared Expenses increase - \$154,397

- Medical Insurance increase \$95,920. Rates increased 6%
- Retirement increase \$39,683.



Expenses – Departments

ADMINISTRATION - \$136,212 increase

- Salary Adjustments increased for seven union contract negotiations. Funds are distributed to other departments when negotiations are finalized

DEBT & INTEREST - \$86,802 increase

- Anticipated first interest payment for Library Bond towards end of fiscal year

MISCELLANEOUS EXPENSES– (\$132,434) net decrease

- Computer Repair includes enhanced technology management and remote service access – \$20,000
- County Taxes - \$42,000
- General Assistance - \$15,000
- TIF Districts 1 & 2 dissolved, decreases allocation – (\$209,000)

Expenses – Departments

PLANNING AND CODE - \$19,131 increase

- PT Project Planner position

FIRE - \$22,229 increase

- Assistant Fire Chief stipend for succession planning
- Tires and tubes replacement Tank 6

POLICE - \$13,526 increase

- Telephone and internet increase for connectivity devices in cruisers
- Various increases for supplies and equipment

Expenses – Departments

Public Works - \$37,233 combined increase

Highway - \$17,803 increase

- Full time salaries reflect longevity and step increases

Parks & Beaches - \$16,847 increase

- Hourly wage increases reflect Maine Minimum Wage increases
- Weed management with more environmentally friendly products

Resource Recovery - \$2,584 increase

- Contractual increase for waste hauling and disposal



Expenses – Departments

Kittery Community Center/Recreation – (\$31,129) decrease

- Hourly wage increases reflect Maine Minimum Wage increases
- No 2020 summer programs
- Rentals and Instructional Programs projected down
- Preschool and potential “afterschool” programs continuing
- Additional community programs (socially distanced) being planned



Expenses – Departments

Harbormaster – \$1,004 increase

- Gas, grease and oil to cover increased on-water patrolling

Library – \$15,810 increase

- Wage calculation adjustment from transition
- Assume full operation through fiscal year, due to anticipated ground-breaking date of spring 2021



Expenses – Enterprise Fund

Balanced budget – projected surplus \$46,646

Sewer – \$44,143 increase

- Benefits and employment costs increasing
- Sludge costs increased in anticipation of regulation impacts



Wrap Up

Budget proposal focuses on

- Managing impact on taxpayers in economic downturn
- Stabilizing municipal operations in uncertain times

Total Tax Levy Increase

- Municipal Capital and Operations – none
- Projected Revenue Reductions - \$271,771 – 2.73%
- School Department - \$576,955 – 3.67%

Projected mil rate \$13.10

THANK YOU TO THE TOWN DEPARTMENT HEADS
AND STAFF FOR THEIR EFFORTS IN DEVELOPING
THE FY2021 BUDGET.

Questions