



# Fiscal Year 2024 Budget Proposal

**May 8, 2023**

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# What is an Annual Budget?

A numerical representation of the programs, services and infrastructure prioritized by the community.





# FY23 Year in Review

## Accomplishments

- Increased social media presence and added significant content on various media platforms.
- Negotiated recruitment and retention adjustments for 7 Collective Bargaining Agreements.
- Completed surplus of 3 Walker Street, Walker Street Fire Station.
  - Awarded 42-44 Old Post to partner for development of affordable housing.
- Reestablished preschool program at KCC with partners.
- Gorges Road Fire Station expansion initiated.







# FY23 IN REVIEW CONT.









# FY24 Budget Goals

## Support Ongoing Long-Term Planning & Major Initiatives

- Climate Action Plan
- DEI Assessment Recommendations
- Business Park Zoning Review
- Affordable Housing Education and Development
- Working Waterfront Protection and Expansion
- Youth Ad Hoc Committee assessment and recommendations

## Annual Budget

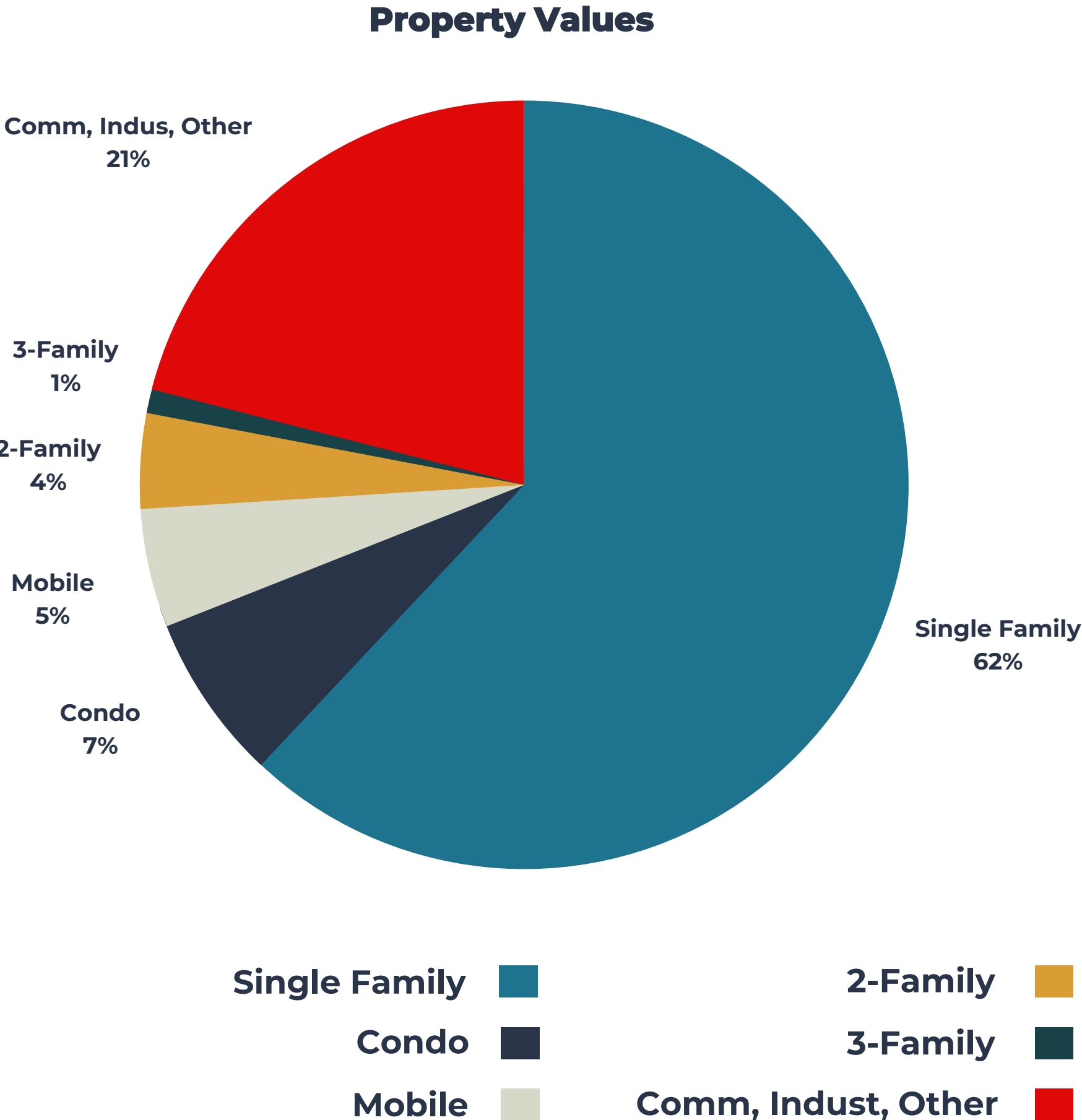
- Responds to service expectations of the community
- Appropriately addresses unmet needs
- Responds to growing inflation





# Property Values

- Median home list price: \$539,500.
  - Single Family Residential value increase: < 1%
  - Commercial and industrial value increase: 11%\*
  - Residential is over 78% of all value.
- \* Approximately \$18.5M of commercial increase is in residential apartments.





# Taxes

WHAT IS A TAX LEVY?

The amount to be raised through property taxes to cover government (municipal and school) expenses.



EXPENSES - OTHER REVENUE = TAX LEVY



Projected by  
Superintendent and  
Town Manager

Revenue from business  
operations. Examples includes  
fees, fines, state allocations, etc.

Property taxes





# Budget 101: Revenue & Taxes

- Voters approve the School Budget each June by ballot.
- Town Council approves the Municipal Budget and Capital each year by vote.
- By law, School and Town cannot spend more in a fiscal year than has been approved.
  - Exception: Can be amended by vote.
  - Exception: Appropriated reserve funds, grant funds.
  - Exception: Sewer is funded by customers and is not associated with the tax levy.



## MYTH

**More revenue or new construction  
gives the town more money to spend**

## FACT

**More revenue  $\neq$  more spending**



# Valuation & Mil Rate

## New Value:

- Projected increase of \$37M
  - \$18.5M in TIF district.

## Projected Mil Rate:

- Increase for Municipal Operations, Capital, TIF, & County: \$0.08
- Increase for School Department: \$0.18



## Tax Bill Increase on Avg Single Family Home of \$500,000 in Value: \$6,870

- Municipal Budget: \$2,493
- County Taxes: \$240
- School Budget: \$4,191



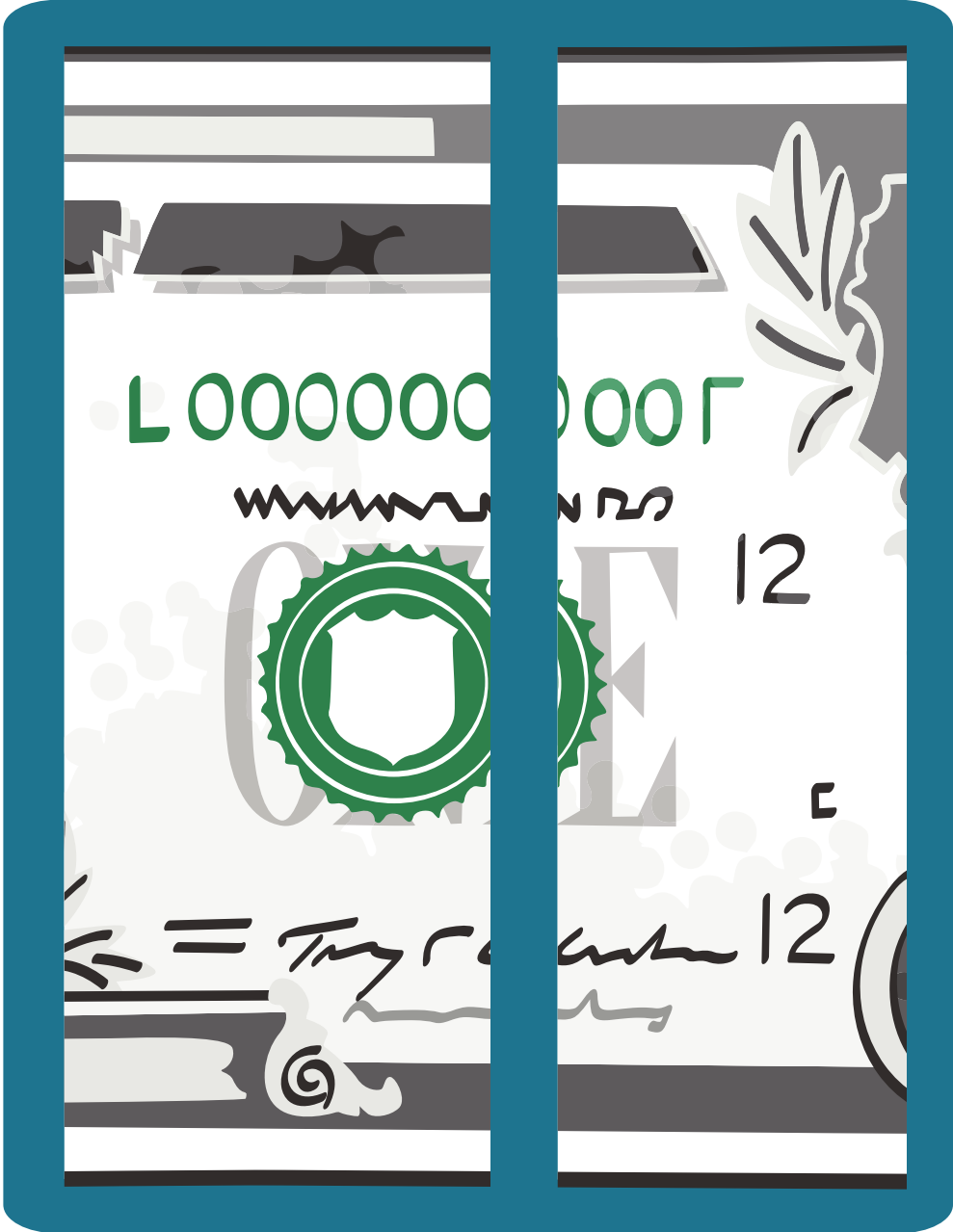


# Property Tax Allocation

Kittery School District (61%)

Municipal (35%)

Other (4%)



Operations  
(29%)

Capital & TIF  
(6%)

County Taxes  
(3.5%)



# Revenue Summary

## Municipal Non-Property Tax Revenue Increase: 5.78%

- Auto Excise: Flat.
- Revenue Sharing: Increasing \$100,000.
- Recreation Fees: Increasing \$70,000.
- Mooring Fees: Decreasing \$15,000.
- Sewer Dept Rent (Indirect): Increasing \$83,835.
  - Sewer AR/AP role incorporated fully into Administration Finance Division budget.
  - Reflects accurate costs of Finance and Clerk division support of Enterprise Fund.





# Revenue Summary Cont.

## Municipal Non-Property Tax Revenue Increase:

Revenue Projections	Actual FY20	Actual FY21	Actual FY22	Budget FY23	Projected FY24	Variance
Recreation	\$682,312	\$182,586	\$558,342	\$580,000	\$650,000	\$70,000
SW Fees & Fines	\$126,085	\$199,042	\$240,993	\$170,000	\$190,000	\$20,000
Ft Foster Fees	\$271,048	\$353,286	\$278,999	\$325,000	\$325,000	\$0
Harbormaster Fees	\$142,711	\$205,856	\$185,063	\$148,600	\$147,100	(\$1,500)
Dispatch Income	\$122,005	\$123,576	\$138,360	\$150,000	\$200,171	\$50,171
Total	\$1,344,162	\$1,064,346	\$1,401,757	\$1,373,600	\$1,512,271	\$138,671



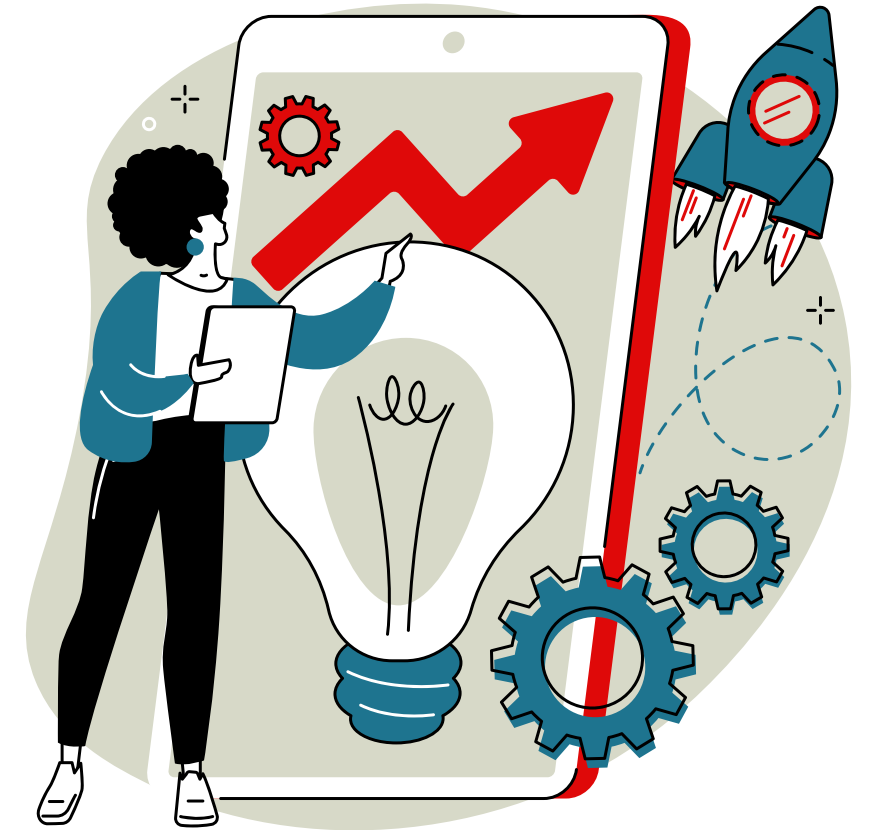
# Budget 101: Budget Process

## Zero - Based Budget

- Budgets developed to reflect service demand, actual costs, vendor quotes and contracts.

## Mandatory and Discretionary Spending

- Debt Service and County Taxes are legally obligated.
- General Assistance and Adult Education are mandated but locally determined.
- FICA, employee benefits, insurances are mandated and based on operations and staffing levels.
- 75% of FT employees in unions with Collective Bargaining Agreements.



## MYTH

**Budgets are built by applying a % increase to the prior year's budget**

## FACT

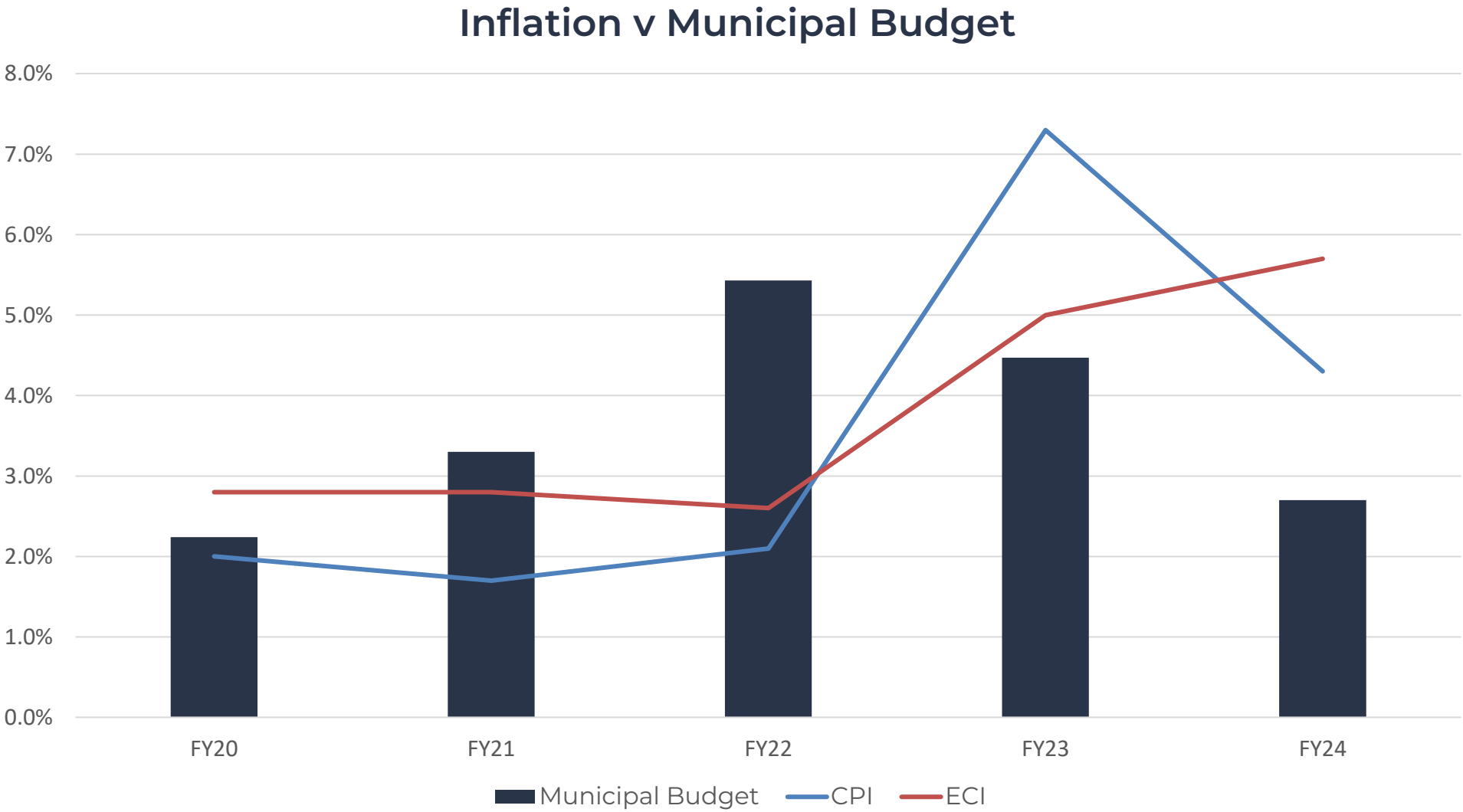
**Budgets are built from the bottom up, every year.**



# Expense Summary

## Municipal Operations and Capital Costs: 4.16%

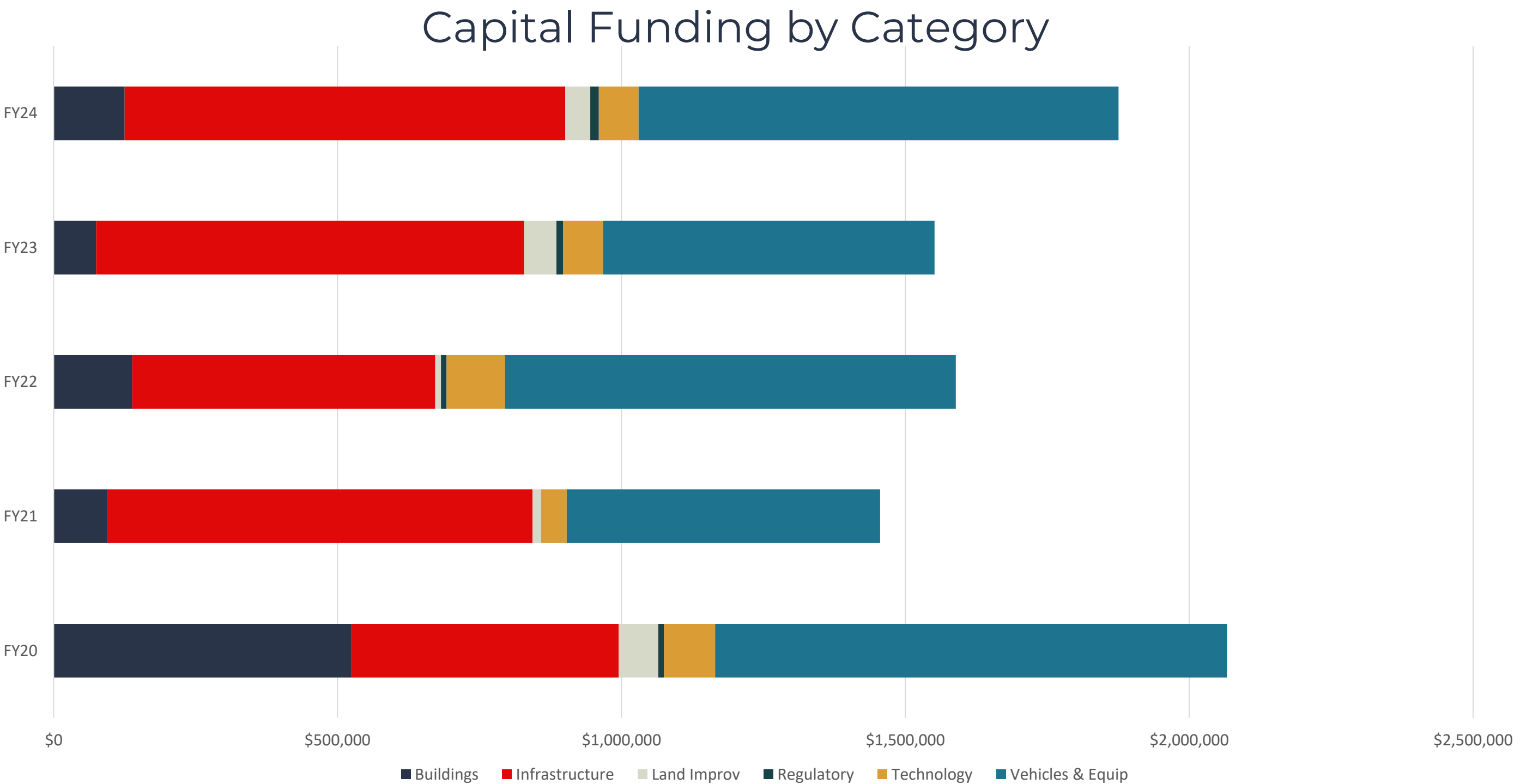
- Total budget increase: \$719,748 ~ 4.16%
- Offsetting revenue: \$343,226
- Resulting increase on tax levy: \$377,010 ~ 3.3%





# Capital Expenses

Capital: Increase \$154,000





# Wages & Benefits

## Wages

- 3% Cost of Living + scheduled steps, longevity, negotiated wage adjustments.
- Budgets include impacts of Recruitment & Retention Package negotiated in 2022.

## Shared Expenses

- Estimated 6% increase in health benefits.

## Personnel

- 4 additional FT Firefighters approved by Council in Sep 2022.
- 1 additional Public Safety Dispatcher added in Feb 2023 to address staff burnout.
- Sewer AR/AP staff wholly accounted for in Admin Finance Division (corresponding “rent” increase in Revenue).
- Shifted KCC Bookkeeper hours to custodian hours to better meet KCC needs.
- Assistant Code Enforcement Officer shifted to Code Enforcement Officer in Aug 2023 for recruitment.





# Department Expenses

## Administration: Increase \$5,254

- Separated wages for Finance and Clerk's divisions for clarity.
- Charging full wages of Sewer AP/AR to general fund, increased reimbursement from Enterprise.
- Tech increase for archiving of social media posts, adding ADA enhancements to website, and financial software increases.

## Planning & Code : Increase \$11,627

- Moved one Assistant Code Enforcement Officer to full Code Enforcement Officer role.
- Personal Property Revaluation on pause, savings on Other Professional Services.





# Department Expenses Cont.

## Fire: Reduction \$36,273

- 8 fulltime Firefighters total.
- Decrease in Call Firefighter wages to reflect actual response.



## Police: Increase \$281,786

- 6 staff moving to next longevity step.
- Added 1 Public Safety Dispatcher to address burnout.
- Additional funding for Outreach Liaison program.

## Harbormaster: Increase \$20,063

- Increased PT Deputy Harbormaster hours.
- Includes funds for emergency float removal for storms.





# Department Expenses Cont.

## Public Works: Increase \$89,173

- Highway
  - Increases to cost of salt.
- Parks and Beaches
  - PT wages reflect current market rates.
- Resource Recovery Facility
  - Shifted funds from waste disposal to composting.





# Department Expenses Cont.

## Kittery Community Center: Increase \$55,644

- PT wages reflect current market rates.
- Shifted hours from bookkeeper position to custodian.

## Rice Public Library: Increase \$47,362

- Reflects adjusted wages from 2022/2023.
- Trued up building operating costs.





# Enterprise Fund Expenses

## Sewer Department

- Unassigned fund balance: Approximately \$543,654.
- Last rate study good through FY24.
- Next rate study to be conducted in 2024 for implementation in FY25.

## Sewer Revenue: Increase \$85,000

- Reduction in septage revenue due to DEP/PFAS.

## Sewer Expenses: Increase \$158,665

- Sludge disposal costs reflect impact of legislation.
- Chemical costs increasing sharply.

## Sewer Debt: \$691,937

- Will balloon in FY25 from \$691,937 to \$865,858.





# Wrap Up

- FY24 – Reflects level services.
- Supports continued work on major initiatives begun in FY23 and annual goals.
- Closely manages inflationary factors on costs.

## BUDGET SUMMARY

- Budget increases less than inflation (CPI and ECI).
- Budget supports implementation of Council's annual goals and on-going comp plan implementation.

## INCREASES DRIVEN BY

- Wages and benefits.
- Rapid inflation on supplies, materials, vendor rates, etc.

## TAX LEVY INCREASE

- Municipal Capital and Operations = \$377,010 – 3.32%
- School Department = \$689,625 – 3.94%

## PROJECTED MIL RATE

- Projected mil rate = \$13.74





# Questions

Thank you to the Town Department Heads and staff for their efforts in developing the FY24 budget.



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