



Budget Proposal Fiscal Year 2023

FY2022 Year in Review

Accomplishments

- Launched full-time firefighter services
- Added Police Officer to ranks
- Added Community Outreach Liaison
- Completed Pepperrell Road sidewalk reconstruction
- Reestablished a number of KCC programs and events despite ongoing COVID restrictions



FY2023 in Preview

- No significant increase in non-property tax revenue
- Excise Tax and KCC still impacted by pandemic conditions
- Rapid inflation of wages, benefits, supplies, materials, and services are impacting most depts
- Year 2 of recently ratified collective bargaining agreements incorporated
- Includes Police Officer hired in prior year via year-end-transfer
- New Communication Director role for greater presence on various platforms and in various media
- Total municipal and capital budgets increasing 4.47%



Goals – Budget

Deliver Core Functions

- Develop a progressive, responsible, and responsive budget
- Respond to service expectations of the community
- Address unmet needs and respond to growing inflation

Balanced Budget

- Maintain adequate undesignated fund balances
- Rebuild stable funding for capital
- Project revenue and expenses to prevent supplemental needs



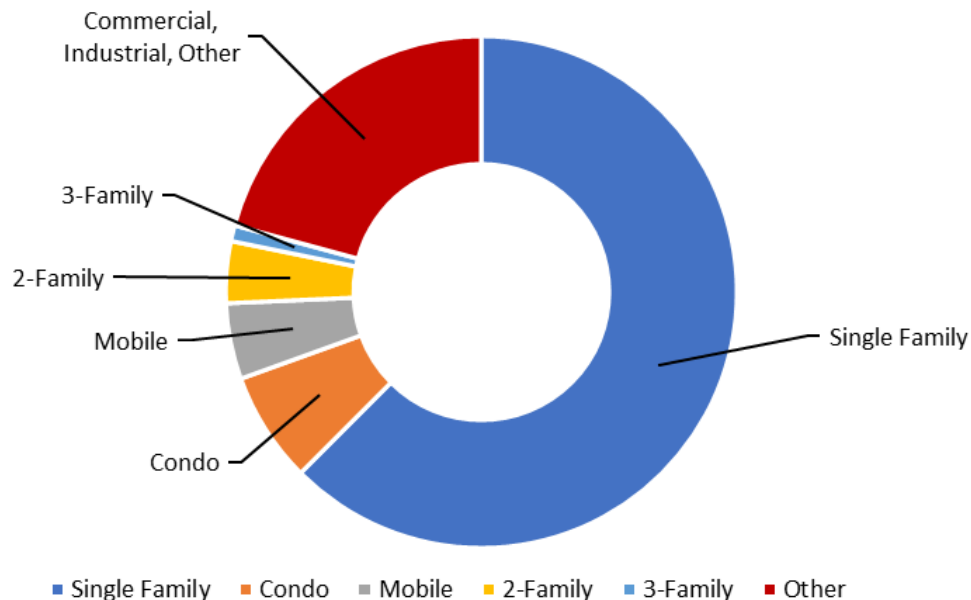
FY23 – Annual Goals Reflected in Budget

- Develop strategies to attract a diverse candidate pool for town positions, boards, commissions and committees
- Increase the Town's presences on social media platforms
- Implement tech-based interactive resident request systems
- Launch Police Citizens Academy and expand to other areas as appropriate
- Implement short-term recommendations from Bike/Ped Master Plan
- Launch five-year strategic planning effort for Library
- Advance integration of general assistance with social service agencies
- Working with partners, develop a plan to reestablish preschool at KCC



Property Values

- Median home list price ~\$459,000
- Residential values increase ~ 8.8%
- Commercial & industrial value increase ~ 2.4%
- Residential is over 79% of all value



TAXES

- **Tax Levy** = amount to be raised through property taxes to cover government (municipal and school) expenses

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



$$\text{EXPENSES} - \text{OTHER REVENUE} = \text{TAX LEVY}$$

Projected by
Superintendent and
Town Manager

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Property taxes

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Budget 101: Revenue & Taxes

Voters approve the School Budget each June by ballot

Town Council approves 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  more spending

Valuation and Mil Rate

New Value ~ \$21M

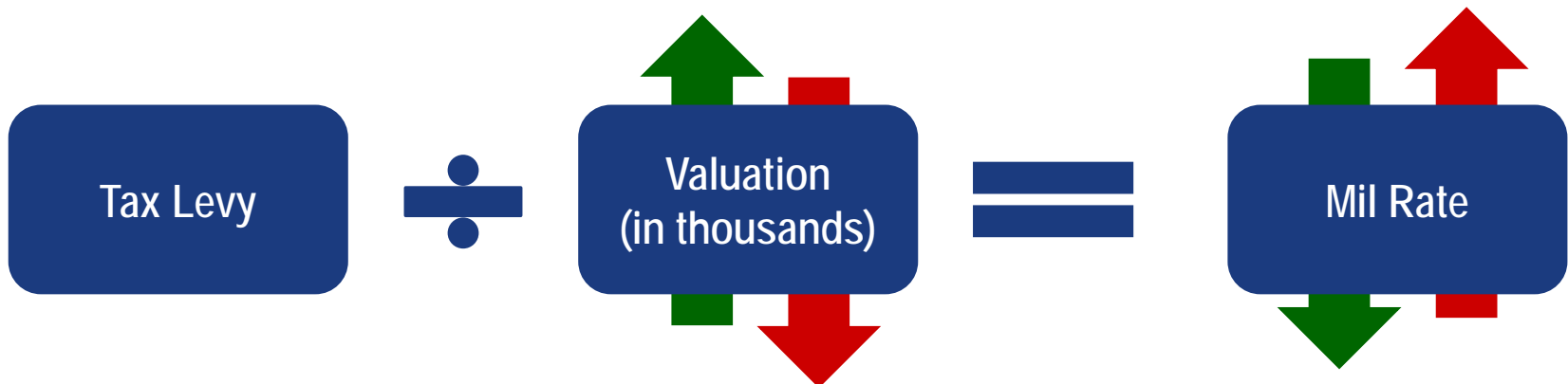
- Annual average increase is up from \$15M in 2018 to \$20M

Projected Mil Rate ~ \$13.49*

- Increase for Municipal Operations and Capital– \$465,872
- Increase for School Department - \$717,381

Tax bill increase on average single family home of \$422,000 in value ~ \$177.24 for coming year.

- Municipal Budget ~ \$63.30
- School Budget ~ \$113.94



Property Tax Allocation

Kittery School
District (62%)



Municipal Capital
(3.5%)



Other (0.5%)



Municipal
Operations & TIF
(32%)

County
Taxes
(2%)

Revenue - Summary

Municipal non-property tax revenue increase \$235,560 –4.21%

- Auto Excise - Flat
- Revenue sharing - \$250,000
- Solid Waste - \$45,000
- Homestead Exemption – (\$50,000)
- Kittery Community Center – \$30,000

Revenue Projections	Actual FY19	Actual FY20	Actual FY21	Budget FY22	Projected FY23	Variance
Recreation	\$1,068,298	\$682,312	\$182,586	\$550,000*	\$580,000	\$30,000
SW Fees & Fines	\$157,602	\$126,085	\$199,042	\$125,000	\$170,000	\$45,000
Fort Foster Fees	\$237,967	\$271,048	\$353,286	\$300,000	\$325,000	\$25,000
Harbormaster Fees	\$169,694	\$142,711	\$206,867	\$138,700	\$148,600	\$9,900
Dispatch Income	\$93,360	\$122,005	\$123,576	\$138,360	\$150,000	\$11,640
Total	\$1,726,921	\$1,344,162	\$1,344,162	\$1,371,960	\$1,192,060	(\$179,900)

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
- Seven unions with Collective Bargaining Agreements are regulated, covering 75% of FT employees



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

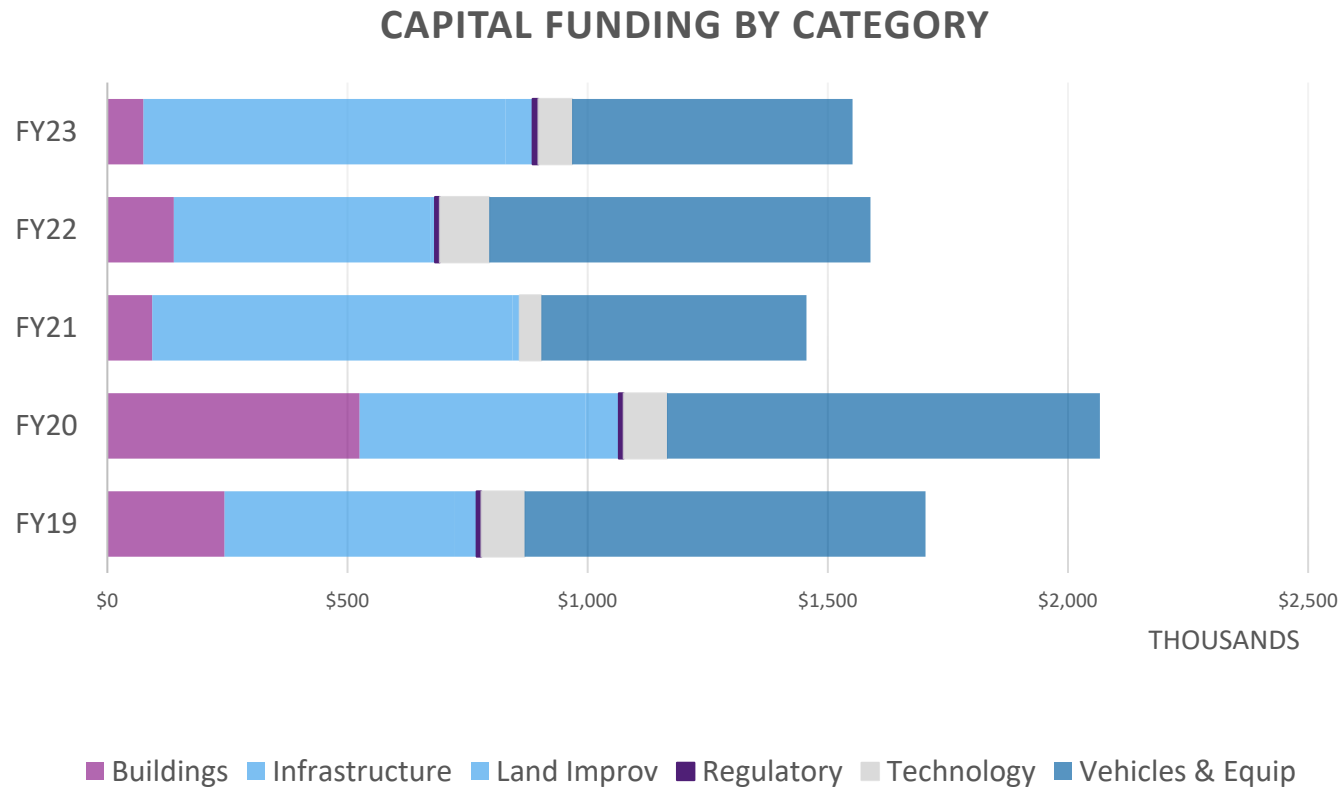
Municipal operations and capital costs

- Total budget increase - \$714,399 ~ 4.47%
- Offsetting revenue - \$235,560
- Resulting increase on tax levy - \$465,872 ~ 4.49%
- Revenue offset - wages and benefits for Police Officer funded through year-end transfer last year



Expenses – Capital

CAPITAL – (\$37,500)



Wages & Benefits

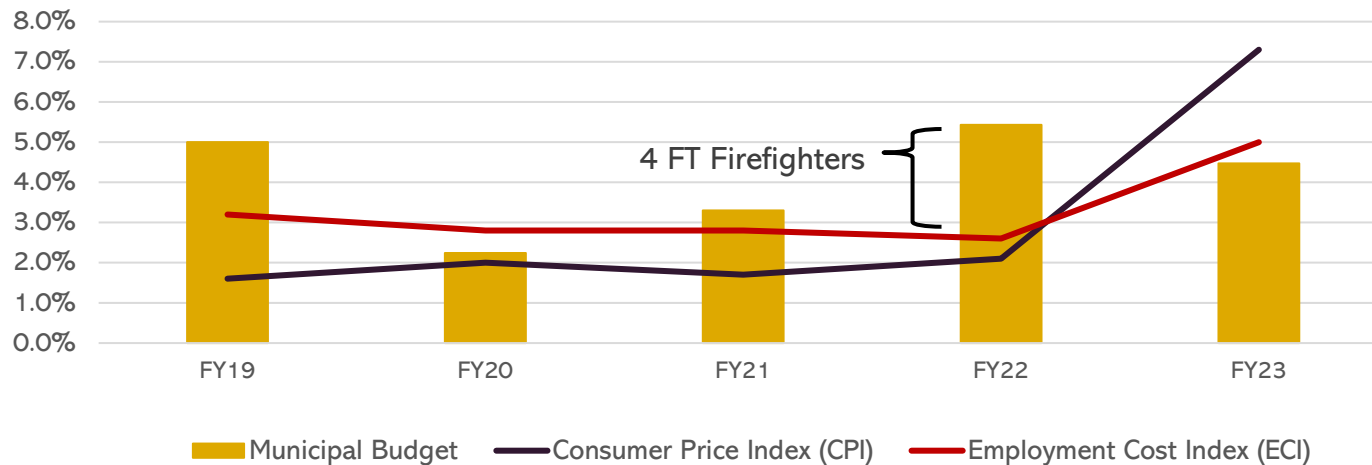
WAGES

- 3% Cost of Living + scheduled steps, longevity, negotiated wage adjustments

SHARED EXPENSES - \$156,810

- Estimated 6% increase in health benefits

% Increase Consumer Price Index, Employment Cost Index, & Municipal Operations



Expenses – Departments

ADMINISTRATION – \$23,851

- Salary Adjustment –(\$165,000) Union negotiations completed
- Moved Facility Maintenance Supervisor into Admin (from KCC) - \$59,055
- New Communications Director position \$71,400
- SeeClickFix ~ \$4,000

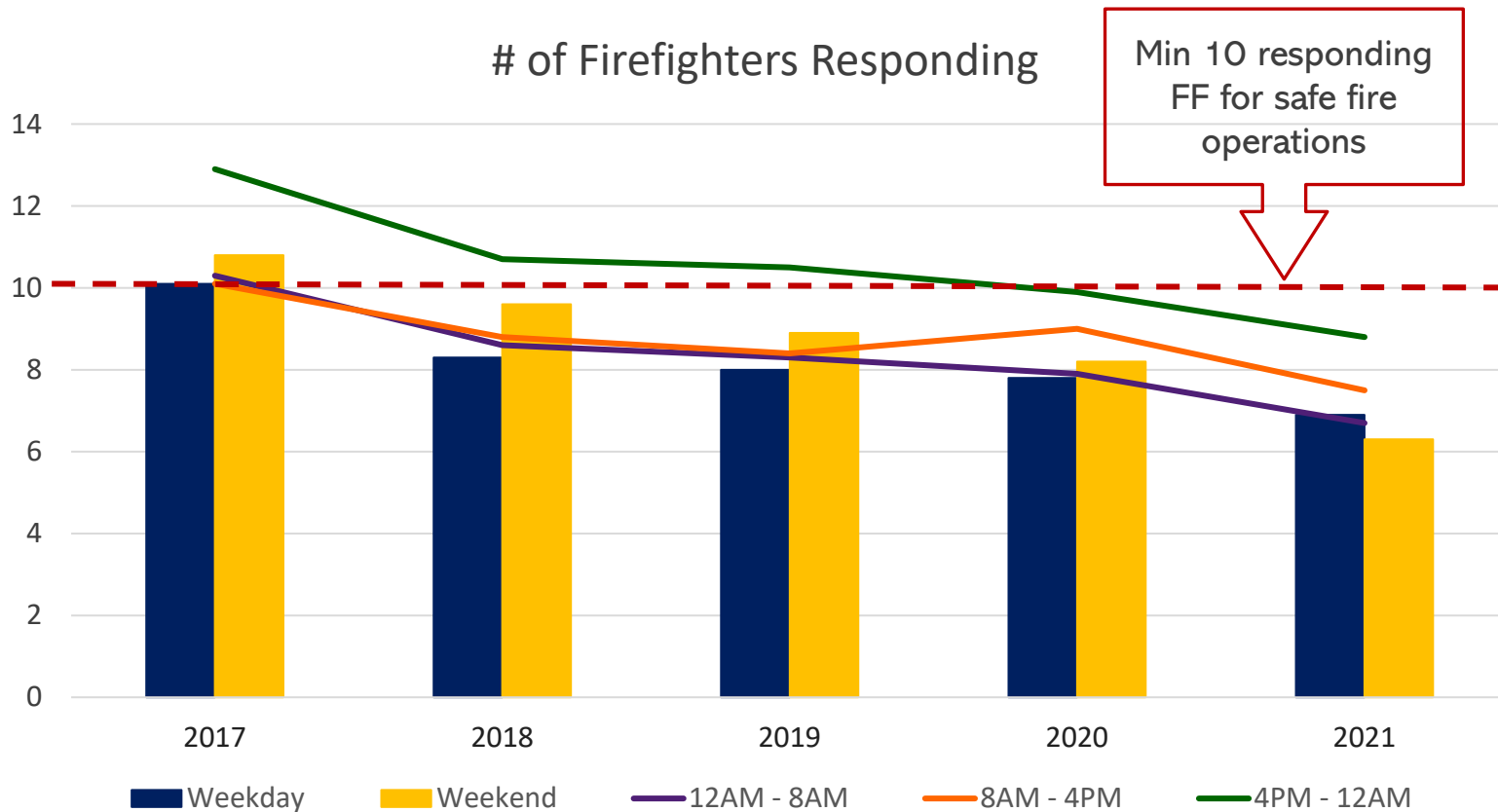
PLANNING AND CODE - \$50,411

- Neighborhood planning and design guide updates - \$50,000



Expenses – Departments

FIRE - \$42,224



OPTIONAL: Add Firefighters

Current FT Firefighter (FF) force = 4

Applied for Federal Safer Grant for 8 more FT FF

- Will add 8 more FT FF
- Grant pays for wages and benefits for 3 years
- No matching funds required

If grant not awarded, recommend adding 4 FT FF

- Add ~ \$265,500 to Fire Department
- Add ~ \$140,500 to Shared Expenses (employee benefits)
- Projected impact to Mil Rate ~ \$0.19
- Annual cost increase on average single family home of \$422,000 in value: \$80.18



Expenses – Departments

POLICE – \$223,000

- Incorporate additional Officer from YE transfer
- Community Outreach Liaison – \$28,000
- Software for policy maintenance - \$10,500

HARBORMASTER - \$14,382

- Shellfish Warden stipend - \$4,000



Expenses – Departments

PUBLIC WORKS - \$176,591 combined

Highway - \$32,113

- Sand - \$20,000
- Striping scope and vendor costs- \$9,000

Parks & Beaches - \$45,762

- PT wage increases to meet market demand
- Weed maintenance - \$13,800

Resource Recovery - \$98,716

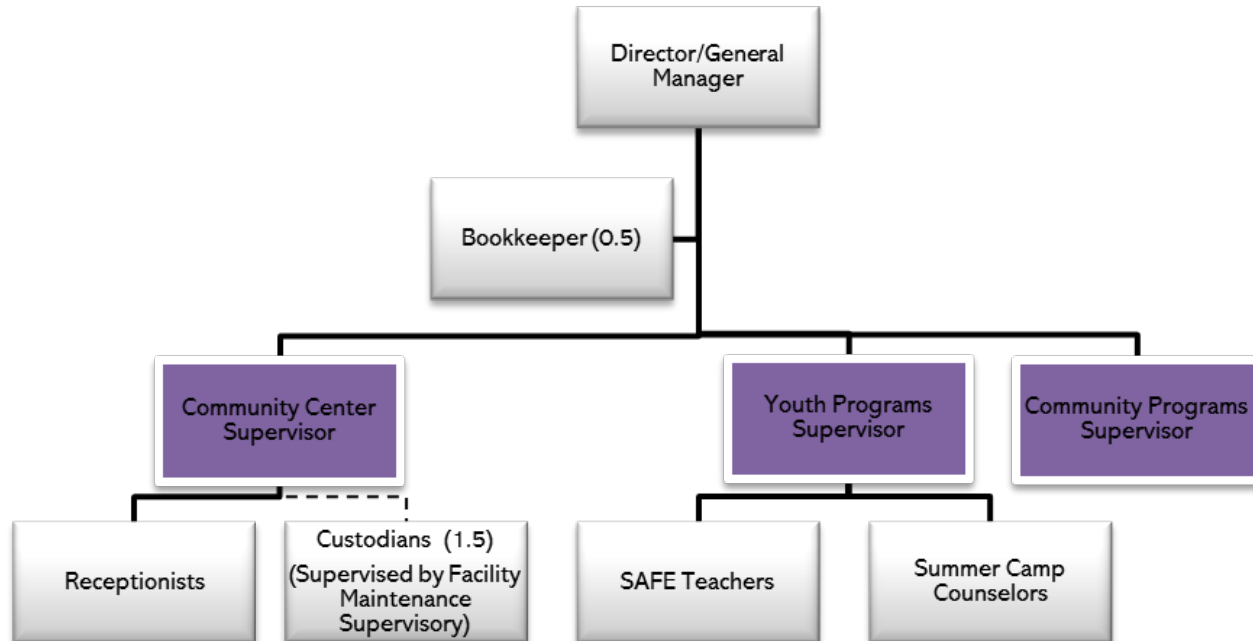
- Contractual increase for waste hauling and disposal - \$55,500



Expenses – Departments

KITTERY COMMUNITY CENTER – \$25,528

- Moved Facility Maintenance Supervisor to Admin
- Reorg of leadership time
- Increasing/resuming programs and activities



Expenses – Departments

LIBRARY – \$66,887

- Resume full normal operations with reopening of expanded and renovated Rice Public Library building
- Assumptions about electrical, heating, & cooling for first year



Expenses – Enterprise Fund

SEWER

- Project minimal operating deficit – (\$52,229)

Sewer Revenue – \$58,500

- Regular revenue (flow) flat due to reduction in customer activity

Sewer Expenses – \$137,990

- Sludge and plant chemical costs - \$65,000

Sewer Debt – 2016 Expansion

- FY23 - \$501,741
- FY24 - \$501,741
- FY25 - \$675,661



Wrap Up

Summary

- Budget increases less than inflation (CPI and ECI)
- Budget supports implementation of Council's annual goals & ongoing Comp Plan implementation

Budget proposal increases driven primarily by

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

Total Tax Levy Increase

- Municipal Capital and Operations – \$465,872 – 4.49%
- School Department - \$717,381 – 4.27%

Projected mil rate ~ \$13.49

Add FT Firefighters (if SAFER Grant not approved) + ~ \$406,000

Projected mil rate ~ \$13.68

Thank you to the Town Department Heads
and staff for their efforts in developing
the FY2023 budget.

Questions