

April 17, 2007

TO: Mayor MacLean and City Councilors

FR: Jeff Kobrock

RE: Fiscal Year 2008 Budget for City Services

### Summary

This budget:

- Stabilizes the mil rate at 21.80 for the fourth consecutive year. In nine out of the past eleven years our mil rate has either declined or remained flat.
- Is clearly an extremely conservative, tight budget. Expenses for City services show a minimal 1.5% increase and the total tax commitment is **less than a 1%** increase.
- Fully funds the Homestead Exemption for the third year to provide more than \$110 in local tax relief to each Gardiner homeowner.
- Was built from a “zero increase” directive given to the management team and maintains current high quality services.
- Fully funds the Capital Improvement Plan, including the institution of a sidewalk rehabilitation program.

### FY 08 Budget

A primary attribute of this budget, that we will be reminded of throughout the process, is that this is the inaugural year for the Unifund software; we have converted data, entirely rewritten our chart of accounts and used the new software for the budgeting process. I am sure we will encounter some bumps along the way.

The enclosed FY 08 Budget for City Services represents many challenges and many successes.

Our excellent workforce continues to deliver the same level of high quality services for less money. For the sixth consecutive year we built the budget from a zero increase mandate. Outside of fixed costs, budgets are flat, and our creative, frugal approach to service delivery is a fact for us all to take pride in.

Revenue is projected to be flat, reflecting a conservative approach. Excise revenue has been somewhat soft at points during this year and bears watching. Revenue sharing has been stable this year, but is highly sensitive to changes in the overall economy. The steady (and substantial) increases in energy, seemingly soft consumer confidence, stagnant employment or many other factors could easily affect revenue sharing during the coming year.

There are one-time expenditures for capital projects in this budget that I will recommend we fund out of the Undesignated Fund Balance (UFB). Our UFB is healthy enough to absorb these expenditures. My projected flat mil rate is based upon funding these items outside the annual budget. To fulfill the 21.8 projection we need to minimize their impact upon the FY 08 budget by funding them from the UFB.

This budget package includes the Capital Improvement Plan to yield a truly comprehensive planning document. Furthermore, this capital plan is fully funded in the FY 08 budget. Given the fiscal challenges of this budget year, we should be extremely proud that this budget addresses the long-term priorities of the community, and funds activities now, that save taxpayer money in the future.

Gardiner has been making - and will continue to make - very substantial investments in the community. The Northwest Quadrant is completely rebuilding a substantial portion of public infrastructure, the Waterfront phase one construction was wrapped up just as winter set in, the Libby Hill Business Park expansion is in the permitting process, and designing the Cobbossee Stream Trail will begin soon, for a 2008 construction. We make these improvements and support the increasing levels of service that result from constantly investing in the community, while keeping the size of local government flat. This achievement we are wise to value and celebrate.

I encourage readers of this budget to reflect upon the many successes we have enjoyed in Gardiner and the primary assets we constantly leverage to create these successes:

- We work as a strong team,
- We develop and pursue our goals in common,
- And we make informed decisions based on what is best for the community.