



Monday, April 22, 2019

Gardiner City Council FY 20 Budget Work Session
Presented by: Christine M. Landes, City Manager
and Denise Brown, Finance Director

April 22, 2019

FY20 Work Session Agenda

- ▶ Review FY20 Budgets for:
 - ▶ Intergovernmental
 - ▶ Community and Social Services
 - ▶ Wages and Benefits
 - ▶ Revenue
 - ▶ Tax Rate Impact
 - ▶ TIF
 - ▶ Ambulance
 - ▶ Wastewater
 - ▶ FY21 Projected

* Please note for this presentation decreases to the proposed budget are highlighted in **RED**, proposed increases are highlighted in **GREEN**.



Intergovernmental

The Intergovernmental budget category can be categorized as the debt taxed from Kennebec County and MSAD#11. As of last year, these budget numbers were \$347,746 and \$3,550,050, respectively. As of this presentation, the numbers for these entities are unknown and not finalized. Please stay abreast of how these numbers develop.

Overall Intergovernmental Budget unknown at this time.

PLEASE ATTEND THE MSAD #11
BUDGET HEARING
SCHEDULED FOR
MAY 6, 2019, 6PM
GARDINER MIDDLE SCHOOL



**American
Red Cross**



THE PROGRESS CENTER, INC.
community. opportunity. growth.

Community and Social Services/Other

The Community and Social Services budget category consists of the administration of General Assistance and donations to area non-profits. This years requests include nine previous non-profits that include a decrease of \$5,000, and eight new non-profits that include an increase of \$8,556.

Overall Community & Social Services
Budget up \$5,403 or 3.07%

Other Budget down \$10,000 or 40%

Overlay Budget up \$7,248 or 95.91%



- ▶ Accounts with a change of \$1,000 or more
 - ▶ 910-965 Donations: **+\$8,556** due to an increase in agency requests. (Please see below.)
 - ▶ 19-95-710-715 Other: **\$-10,000** due to past history
 - ▶ 910-935 Overlay: **+\$7,248** due to balance of budget with some overlay

Item	Donations				Notes
	Previous FY	Requests	Mgr Proposed		
American Red Cross	\$ -	\$ 1,200			
Boys & Girls Club	\$ 51,572.00	\$ 51,572			
Chrysalis Place	\$ 2,500.00	\$ 2,500			
Community Health and Counseling Services	\$ -	\$ 106			
Crisis & Counseling Centers	\$ -	\$ 2,857			
Faith Food Pantry Inc	\$ 2,500.00	\$ 2,500			
Gardiner Main Street	\$ 30,000.00	\$ 25,000			Funded from Downtown TIF
Healthy Equity Alliance	\$ -	\$ 500			
Johnson Hall	\$ 25,000.00	\$ 25,000			Funded from Downtown TIF
Kennebec Behavioral Health	\$ -	\$ 500			
Mt. Hope Cemetery	\$ 5,000.00	\$ 5,000			
Oak Grove Cemetery	\$ 3,000.00	\$ 3,000			
Oldies But Goodies	\$ 1,500.00	\$ 1,500			
Sexual Assault Crisis & Support Center	\$ -	\$ 1,993			
Snowmobile Club	\$ 1,200.00	\$ 1,200			Funded from snowmobile license fees
Spectrum Generations	\$ -	\$ 1,200			
The Progress Center, Inc.	\$ -	\$ 200			
TOTAL	\$ 122,272.00	\$ 125,828	\$ -		



Wages and Benefits

Currently the City of Gardiner employs 64 individuals that staff multiple departments. Currently there are four unions that service multiple departments: General Unit, Firefighters (AFL-CIO), Teamsters, and Gardiner Police Officers Association. Three of the unions have negotiated a 3% pay raise in the upcoming year, and the fourth, Gardiner Police Department, has negotiated a 3.5% raise. Non-union employees and department heads pay increase is proposed at 3%.

Reminder about salaries/payroll:

- ▶ Multiple duties are assigned under each position/individual
- ▶ Some individuals take advantage of the extra benefits of HRA, insurance, education stipends, etc., and some elect to take the health insurance stipend
- ▶ Some individuals bring many years of experience with them when they are hired
- ▶ Hard to compare apples to apples when municipalities have different job descriptions and serve various populations
- ▶ A good employee is worth the pay: the city receives commitment, dedication, knowledge, and enthusiasm
- ▶ 67 Million Americans on Social Security and Supplemental Security Income will receive a 2.8% Cost-of-Living adjustment in 2019
- ▶ The City Council is committed to employments steps and union negotiated pays once agreed upon
- ▶ Department Heads have always received the General Unit Union negotiated pay raise (10+ years)



Capital Improvement Plan

A capital improvement plan (CIP) establishes the priorities and funding of capital infrastructure investments a community should make to ensure its continued economic vitality and to protect health and safety.

Keeping all of the city’s capital assets in functional and working order requires regular investment. This investment must represent a balance between maintaining the city’s existing assets and investing in new assets to support city growth.

Funding sources for CIP projects can include; borrowing, operating budget funds, surplus, grants, and/or state/federal aid.

(Please see grant worksheet in front of the budget book.)

- ▶ City Department Heads are asked to submit capital projects for consideration. The requests must include a project description and the service need it addresses, a proposed timetable, proposed funding levels and sources, and estimated ongoing operating costs (if applicable). Each request is scored and reviewed according to the following factors: legal obligation, impact of service to public, asset maintenance need, funding source, fiscal impact, prior phases, and department priority.

Capital Asset Scoring Results

Department	Project	Total P&I	Score
Fire	Fire Truck (E2)	\$236,424	63
B&G	Sidewalk Tractor	\$88,686	42
PW	Plow Truck	\$195,048	38
Police	Police Utility Vehicle	\$31,000	34
PW	Sweeper	\$277,264	30



Revenue

Revenue can be from a variety of sources: taxes, excise, penalties/interest, licenses, permits, state revenue sharing, library aid, fines, investment earnings, TAP sales, cable franchise fees, etc.

Budgets should be conservative on calculating non-property tax revenues, as a shortage would end up hitting fund balance at the end of the fiscal year.

The City Council is reminded that the use of fund balance should not be used on a consistent basis. Auditors recommend one to two months of expenditures (equal to 8.3% to 16.7%). Moving forward new revenue sources would need to be found, or expenses would need to be cut to cover the use of fund balance.

► Accounts with a change of \$1,000 or more

- 4000: Taxes **+\$226,460** due to increases that cannot be avoided ~ 3.21%
- 4221: State Revenue Sharing **+\$117,296** due to proposed increase of 2% to 2.5% from state
- 4223: General Assistance **-\$2,880** due to experience
- 4224: Homestead **+\$8,812** due to increase of homestead reimbursement to 62.5%
- 4225: BETE **+\$2,374** due to increase from state reimbursement
- 4230: Library Aid **+\$16,050** due to not budgeting for Farmingdale in the current year and the new Library service fee formula
- 4410: Investment Earnings **+\$40,000** due to increased return on investments
- 4430: Sale of Property **+\$7,000** due to the continuation of getting TAP back on the tax roles
- 4440: Credit Card Reward Points **+\$2,500** due to increased card use
- 4442: SCTV Franchise Fees **+\$4,427** due to past history
- 4600: Interfund Transfer **-\$1,748** due to past history
- 4604: Interfund Transfer **-\$126,000** due to reduction in revolving loan fund and Gazebo Funds
- 4680: Use of Fund Balance **+\$175,000** due to bridging the gap of proposed increases

Consumer Price Index - Urban (Northeast) vs. Gardiner Tax Increases			
Year (FY)	CPI-U NE*	City Tax +/-	Difference
2018 (FY19)	2.16%	-2.73%	-4.89%
2017 (FY18)	1.84%	2.33%	0.49%
2016 (FY17)	1.06%	-0.46%	-1.52%
2015 (FY16)	-0.11%	4.85%	4.96%
2014 (FY15)	1.38%	3.52%	2.14%
TOTALS	6.47%	2.96%	-3.50%

**Percent changes in CPI obtained by comparing annual averages*

Tax Rate Impact

As the proposed FY20 budget stands, without MSAD #11 and Kennebec County tax increases, there is a .60 increase on the mill rate. The total expenditures for the budget total \$10,793,193 (using last years school and county expense). Of this amount, \$7,283,330 will need to be raised to cover the city, county, and school. It is projected that \$2,744,863 will come from non-property tax revenue, and \$225,000 will be used from fund balance.

As noted in the above chart, the City of Gardiner has attained an average of staying below the CPIU (Northeast) by 3.5%.

In order to reduce the mill rate by one mill, the city, school, or county would have to reduce expenses by \$355,606.

How to Calculate Property Tax Rate

Amount to be raised from Property Taxes
Divided by: Total Tax Rate Valuation of City of Gardiner
 Equals: Tax Rate (expressed in dollars or per \$1,000 of value)

FY20 Proposed

Municipal	6,191,375
TIF	704,022
County	347,746
Education	3,550,050
Total Expenditures	10,793,193
Non-Property Tax Revenue	(2,744,863)
Less Use of Fund Balance	(225,000)
Total Non-Property Tax Revenue	(2,969,863)
Net to be raised from Property Taxes	7,823,330
Divided by Property Tax Base	355,605,900
Tax Rate per \$1,000 of Valuation	22.00

Tax Rate Impact cont.

Annual Appropriations by Tax Year					
	FY15	FY16	FY17	FY18	FY19
Municipal	\$ 5,260,982.51	\$ 5,242,995.45	\$ 5,812,148.58	\$ 5,548,401.51	\$ 5,760,785.00
County	\$ 343,703.82	\$ 317,589.74	\$ 322,495.47	\$ 337,339.82	\$ 347,745.71
School	\$ 3,340,649.58	\$ 3,524,524.02	\$ 3,667,691.31	\$ 3,773,650.50	\$ 3,550,050.28
TIF	\$ 594,530.42	\$ 654,579.36	\$ 629,414.65	\$ 650,874.40	\$ 684,821.40
Overlay	\$ 23,180.34	\$ 1,892.50	\$ 17,331.30	\$ 67,590.96	\$ 7,556.57
Mun Rev Share	\$ (382,392.23)	\$ (369,794.30)	\$ (387,386.23)	\$ (404,021.98)	\$ (414,727.31)
Other Rev	\$ (1,650,792.00)	\$ (1,428,022.02)	\$ (2,153,161.61)	\$ (1,890,254.00)	\$ (1,927,267.00)
Homestead Reimb	\$ (123,748.32)	\$ (127,703.52)	\$ (188,983.93)	\$ (257,275.70)	\$ (314,304.48)
Bete Reimb	\$ (97,897.44)	\$ (97,705.15)	\$ (96,961.04)	\$ (92,381.51)	\$ (84,693.92)
Property Tax	\$ 7,308,216.68	\$ 7,718,356.08	\$ 7,622,588.50	\$ 7,733,924.00	\$ 7,609,966.25
Tax Rate	20.6	21.6	21.5	22	21.4
Taxable Valuation	\$354,767,800.000	\$357,331,300.000	\$354,539,000.000	\$351,542,000.000	\$355,605,900.000

Percent of Taxes by Category						
Catetory	FY15	FY16	FY17	FY18	FY19	5 yr Average
City	49.59%	50.22%	47.65%	46.84%	48.78%	48.62%
School	45.71%	45.66%	48.12%	48.79%	46.65%	46.99%
County	4.70%	4.11%	4.23%	4.36%	4.57%	4.40%
Totals	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Share of Budget by Category						
Catetory	FY15	FY16	FY17	FY18	FY19	5 yr Average
City	59.67%	58.42%	60.04%	58.23%	60.22%	59.31%
School	36.57%	38.14%	36.73%	38.35%	36.23%	37.21%
County	3.76%	3.44%	3.23%	3.43%	3.55%	3.48%
Totals	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%



TIF/Tax Increment Financing

Tax Increment Financing is a flexible finance tool used by municipalities to leverage new property taxes generated by a specific project or projects within a defined geographic district (currently the city has two districts: Libby Hill and Downtown). Any portion of the new taxes may be used to finance public or private projects for a defined period of time up to 30 years.

The Program is locally-driven: the city defines the district and chooses how much of the new taxes will go to what public and private projects over what period of time, with the whole package requiring City Council approval.

A business may approach a municipality with a proposal for investment for which a TIF district would provide financing. Or, the city might take advantage of an already-planned and financed project and create a TIF district around it, capturing a portion of new property tax revenue for specific uses.

Over their term, TIF districts can return thousands to millions of dollars to the city.

Gardiner Business/Industrial Parks Credit Enhancement Agreements					
Developer	CEA Start year	Term	Project	Status	CEA Stated Performance Measures
Harpers II LLC	2001	10 Years	New Office Bldge	completed	No actionable performance measures indicated
Pine State Trading	2004	10 Years	New warehouse	completed	No actionable performance measures indicated
EJ Prescott	2005	10 Years	New Office Warehouse	completed	No actionable performance measures indicated
Associated Grocers	2006	10 Years	Freezer Addition	Teminated upon sale	No actionable performance measures indicated
Dennison Lubricants	2009	10 Years	New warehouse	2018 last year	No actionable performance measures indicated
Harpers II LLC	2011	10 Years	Office Remodel	2020 last year	Specified Tenant upon completion of remodels. CEA non transferrable except under specific conditions
Black Diamond	2012	15 years	still vacant	suspended/awaiting construction	Building must be minimum 5,000 sq ft. and value at minimum of \$250,000) Aemended and expanded CEA under negotiation currently
William Lovely	2015	up to 20 years	New Slaughterhouse	4 years in	CEA caps out at purchase price of land from City (\$146,250)
Gardiner Downtown District Credit Enhancement Agreements					
Developer	CEA Start year	Term	Project	Status	
Johnson Hall Redevelopment LLC	2018	8 Years	Renovations of tax exempt performing arts center. Center becomes taxable entity during renovation phase in order to secure	1 year in to agreement	No actionable performance measures indicated



TIF/Tax Increment Financing cont.

TIF allows the city to “shelter” new value resulting from certain development projects from the computation of its State subsidies and County taxes.

The sheltering allows the city to retain all or a portion of those new tax revenues that would otherwise be passed on to the County and State.

The designation “freezes” the value of taxable property within the district with respect to the State and County for the term of the district.

- ▶ **Without** a TIF, economic development works by:
- ▶ Using a municipality’s total Equalized Assessed Value to compute:
 - ▶ General Purpose Aid to Education (subsidy)
 - ▶ State Revenue Sharing (subsidy)
 - ▶ County Taxes (expense)
 - ▶ As total value increases (through inflationary growth and increased investment), the municipality will realize a **decrease** in Education and Revenue Sharing subsidies, and an **increase** in County tax obligations.



Ambulance

Licensed at the Paramedic Level, the Gardiner Ambulance Department serves Gardiner, West Gardiner, Litchfield, Farmingdale, Pittston, Randolph, Richmond, and half of Chelsea. They also have EMS mutual aid agreements with Augusta, Winthrop, and United Ambulance. This coverage area encompasses 172.82 miles and 25,040 individuals (2010 Census and not covering day visitors to these areas).

Total Ambulance Budget up \$86,511 or 6.94%~

Gardiner's portion down \$6,632.71 or -5.54%

- ▶ Accounts with a change of \$1,000 or more:
 - ▶ 510-111 Regular: **+\$20,734** due to union negotiated salaries
 - ▶ 510-130 Overtime: **+\$3,214** due to proposed increase of wages resulting in an increase in the overtime rate
 - ▶ 520-210 Health Insurance: **-\$3,052** due to enrollment changes
 - ▶ 520-220 Retirement: **+\$3,556** due to proposed increase of wages resulting in an increase in the retirement contribution total
 - ▶ 520-250 Workers Comp: **+\$28,311** due to mod rate increase
 - ▶ 520-270 Clothing: **+\$1,500** due to a new employee clothing costs, and \$1,500 for new visibility coats
 - ▶ 610-314 Registration Fees: **+\$2,000** due to EMS Licensing Classes, new employee to Paramedic Program
 - ▶ 650-445 Medical Supplies: **+\$6,053** due to increase in call volume requiring more supplies
 - ▶ 680-560 Repairs/Maint.: **+\$1,175** due to past history
 - ▶ 680-561 Fuel: **+\$2,000** due to more call volume despite negotiated fuel prices with school
 - ▶ 690-618 Dispatching: **+\$21,657** due to this department assuming 18% of total dispatch fee
 - ▶ 690-637 Medical Billing: **+\$5,000** due to increased billing resulting in increased collection agency costs
 - ▶ 710-710 Special Projects: **+\$9,000** due to estimations on budgets for partner municipalities (overflow due to estimates) will most likely be used to purchase equipment
 - ▶ 810-810 Principal: **-\$19,632** due to payoff of Rescue 1, Rescue 2, and made Rescue 3 payment out of fund balance and purchasing a new Ambulance



Ambulance cont./Revenue

Total Ambulance Budget up \$86,511 or 6.94%~
Gardiner's portion down \$6,632.71 or -5.54%

- ▶ The Gardiner Ambulance has an Advisory Board that consists of 16 members: two from Chelsea, two from Farmingdale, five from Gardiner, one from Litchfield, two from Pittston, two from Randolph, once from Richmond, and one from West Gardiner. This Board has approved the proposed FY20 Budget as presented and a couple of the municipalities have passed the allocated amounts at their annual Town Meeting.

FY20 Ambulance Budget											
						<u>FY20</u>	<u>FY19</u>	<u>Diff</u>	<u>Revenue</u>		
Budget						\$ 1,332,493.00	\$ 1,245,981.93	86,511.07	fy17	\$ 1,170,433.00	
									fy18	\$ 1,063,000.00	
Estimate of Individual & 3rd Party Bills						\$ 1,100,000.00	\$ 1,000,000.00	100,000.00	fy19	\$ 1,109,000.00	
Net Budget to be covered						\$ 232,493.00	\$ 245,981.93	(13,488.93)	Average	\$ 1,114,144.33	
\$ 122,990.97	50%	Per Capita	4.85	Population	23,946	\$ 116,246.50					
\$ 122,990.97	50%	Usage		Incidents	1	\$ 116,246.50					

City of Gardiner

Wastewater Treatment Plant



Wastewater

Gardiner Wastewater provides wastewater treatment for the communities of Gardiner, Farmingdale, and Randolph.

This wastewater treatment plant is capable of treating up to 4.5 million gallons of wastewater per day.

The Gardiner Treatment Plant uses the following equipment in its process: Screw Pumps, Mechanical Bar Rack, Rolling Screens, RBC's, Clarifiers, Chlorine Contact Tank, Huber Screw Presses as well as several auxiliary pieces of equipment.

The Gardiner Collection System includes 18 pump stations that transport the wastewater to the Treatment Plant. Farmingdale and Randolph also maintain pump stations that transport wastewater to the facility. Eighteen pump stations, as well as the entire pipe system in the Gardiner Collection System are operated by Gardiner Public Works, while the stormwater system is operated by Public Works along with the stormwater system. 23% of this departments budget pays for the Public Works salary.

- ▶ Accounts with a change of \$1,000 or more:
 - ▶ 510-110 Salary: **+\$1,039** due to proposed 3% wage increase
 - ▶ 510-110 Regular: **+\$8,385** due to union negotiated salaries
 - ▶ 510-130 Overtime: **+\$4,750** due to proposed increase of wages resulting in an increase in the overtime rate
 - ▶ 520-210 Health Insurance: **-\$2,005** due to change in employee coverage
 - ▶ 520-220 Retirement: **+\$1,426** due to proposed increase of wages resulting in an increase in the retirement contribution total
 - ▶ 520-250 Workers Comp: **+\$9,894** due to mod rate increase
 - ▶ 650-444 Chemicals: **+\$5,600** due to increased mandated testing
 - ▶ 650-457 Safety Supplies: **+\$1,000** due to needed supplies
 - ▶ 650-463 Lube Oils: **-\$1,500** due to past history
 - ▶ 650-464 Lab Supplies: **+\$1,000** due to past history
 - ▶ 660-510 Misc.: **+\$13,000** due to increased equipment costs
 - ▶ 670-530 Heating Oil: **+\$30,574** due to changeover of heating source- Thermal Effluent System



Wastewater cont.

The Gardiner Treatment Plant, and other wastewater plants like it, are here to protect the drinking water supply. The Plant also works to keep the Kennebec River free of pollutants that would limit public use and endanger the aquatic life. The Plant's number one goal is to protect our way of life through maintaining and improving water quality.

The Wastewater Advisory Group has met and approved this proposed FY20 budget. It is recommended that the City Council continue to proceed with the 4% proposed increase to replenish the fund balance as upgrades to the plant will continue.

Wastewater Budget up \$37,058 or 2.24%

- ▶ Accounts with a change of \$1,000 or more:
 - ▶ 670-534 Electricity: **-\$29,353** due to changeover of heating source
 - ▶ 670-537 Repairs/Maint.: **+\$3,200** due to increased material costs
 - ▶ 670-538 Roof Repairs: **+\$4,000** due to reestablishing this fund
 - ▶ 680-560 Vehicle Maint/Repair: **+\$1,000** due to age of vehicles
 - ▶ 680-561 Fuel: **+\$1,500** due to increased travel costs despite negotiated costs with school
 - ▶ 690-610 Other Cont: **+\$3,000** due to aging infrastructure
 - ▶ 690-611 Medical Testing: **-\$1,500** due to actual trend
 - ▶ 690-612 Legal: **-\$1,500** due to past history
 - ▶ 690-619 Filing Fees: **-\$2,000** due to the decreased number of liens
 - ▶ 710-715 Discount Program: **-\$10,000** due to past history
 - ▶ 810-810 Interest: **-\$42,379** due to actual projection
 - ▶ 820-822 CR-All Towns: **+\$40,000** due to building up of the reserve account again
 - ▶ 510-111 Regular Wages/PW: **-\$1,748** due to past history
 - ▶ 4030 Penalties & Interest: **+\$5,000** due to past history
 - ▶ 4670 Use of Fund Balance: **-\$91,331** due to one time use of fund balance being deleted



FY21 Budget Projection

Looking ahead the FY21 budget projection is for an anticipated increase of \$247,883. (\$250k is an additional .70 on the mill rate.)

At this time, this number does not include any proposed increases to school and county budget.

- ▶ Noted items that will affect FY21 Budget Projections:
 - ▶ Steps and 3% COLA (dependent upon union negotiations)
 - ▶ 10% increase in health insurance, 2% workers compensation, 1% MePers
 - ▶ 5% increase in fuels for heating sources
 - ▶ 5% vehicle fuel increase
 - ▶ 3% Property and Casualty Insurance increase
 - ▶ Omission of Fund Balance use
 - ▶ Additional Revenue Sharing (up to 3%) expected



Summary

Thank you for the opportunity to review each budget category and provide explanations to budget items that have proposed changes of \$1,000 or more. This process will prove beneficial as the City Council moves forward as budget details will have already been explained. The City Council is again reminded that some departmental categories are non-negotiable and must be funded (please see last weeks budget workshop information packet).

QUESTIONS?

Next budget meetings:

Wednesday, May 8, 2019 PH, Discussion,
Debate

Wednesday, May 22, 2019 continued
discussion, debate

Wednesday, June 5, 2019 PH, First Read

Wednesday, June 19, 2019 PH, Second
Read