

Portland, Maine



Yes. Life's good here.

FY19 Finance Committee Recommended Budget

WORKSHOP FOR CITY COUNCIL – 5/14/18

Brendan T. O'Connell – Finance Director

FY19 Finance Committee Recommended Budget – Review to Date

- Nine meetings over a six week period in April/May
- Culminated with unanimous approval of FY19 City Manager Recommended Budget on 5/9/18
(budget includes two amendments adding \$68k to tax levy in addition FY19 City Manager Recommendations)
- FY19 Finance Committee Recommended Budget Pamphlet (Yellow Book) is [available for download here](#)
- FY19 Finance Committee requests for information and staff responses document is [available for download here](#)

FY19 Department Requested Budget

Where did we start? FY19 DR Budget

- Departments Requested budgets (“DR”) submitted December (revenues) and January (expenditures)
- If Department Requested budget had simply been put forth with no additional cuts, tax rate increase would have been 18.8% with a net increase in FTE of over 60 positions
- Finance Department, Budget Team, and City Manager received began budget review in February

FY19 Department Requested Budget

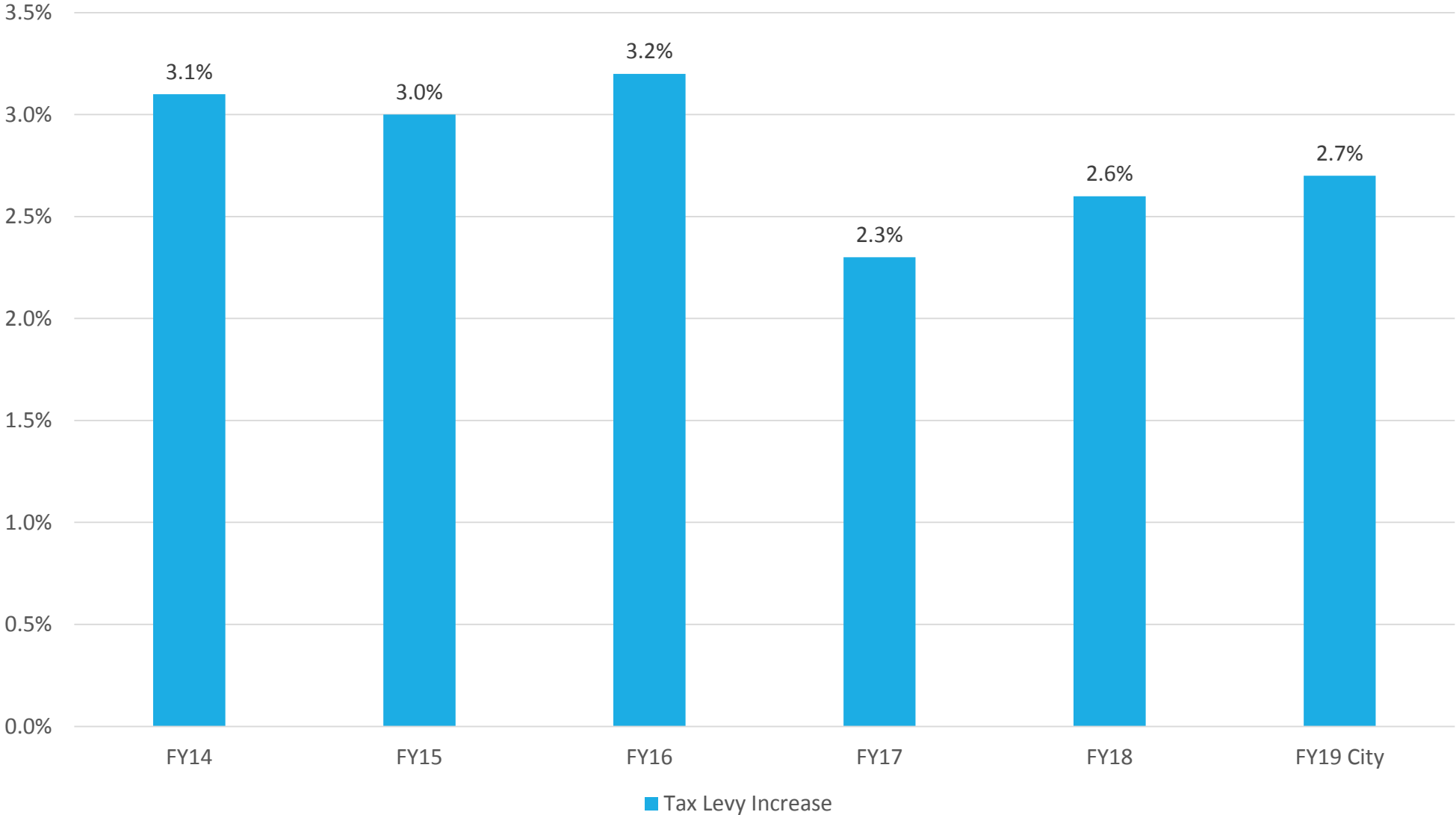
Where did we end up? FY19 FC Rec Budget

- City Council provided guidance in March of no tax rate increase greater than 2.5% - 2.9%
- City Manager (CM) reduced Department Requested tax levy by approximately \$14M down to 2.6% increase
- During budget reviews, over 70 positions were cut from DR requested budget, ending with a net GF reduction in FTE from FY18 to FY19 of 12.4 positions
- Finance Committee made minor amendments and FC recommended budget includes 2.7% tax rate increase

Budget Challenges

- State of Maine Equalized Valuation Increase
- Debt Service Increases
- Expansion to 24/7 Shelter Operations
- Staff Recruitment Issues

Tax Levy: Increases by Budget Year



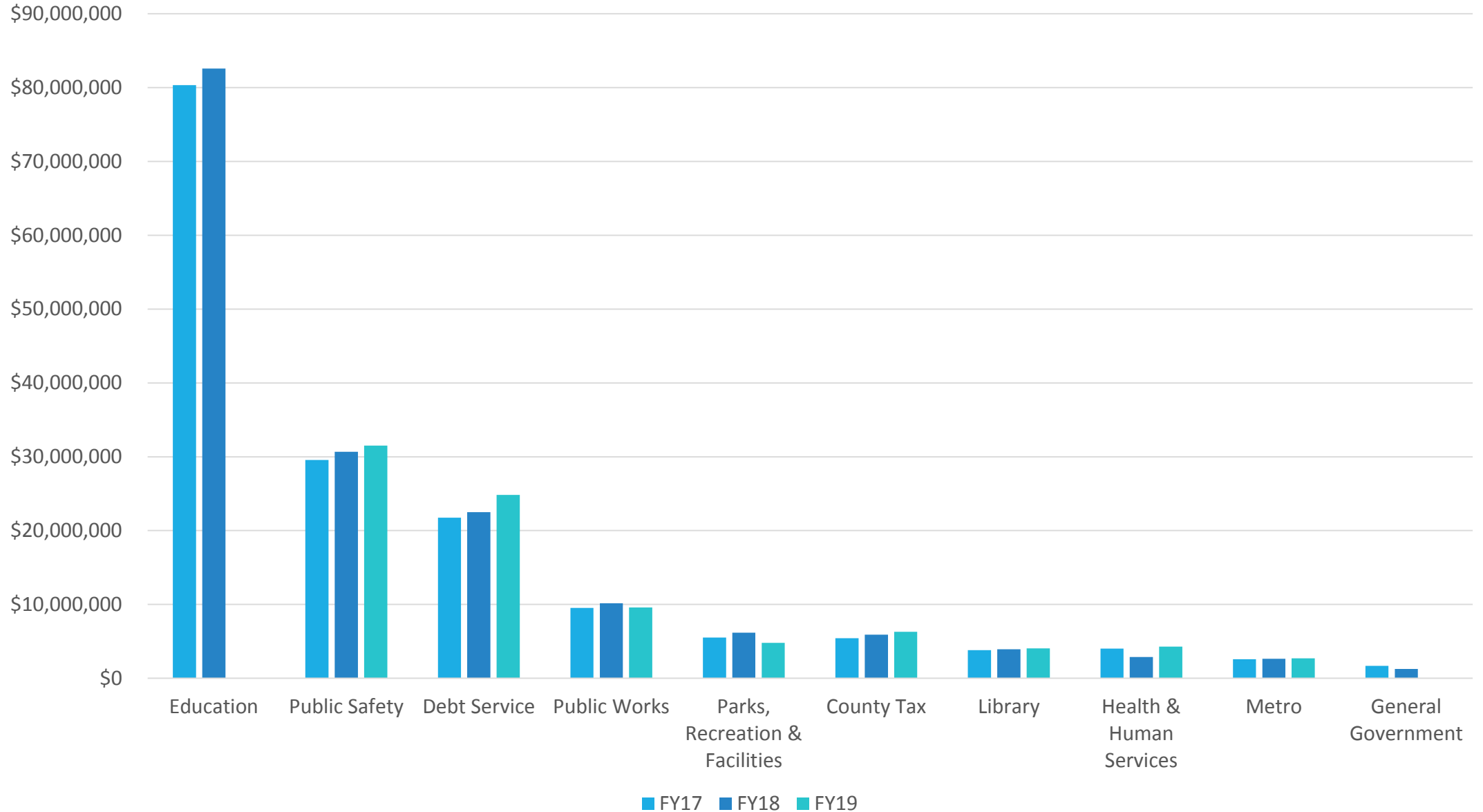
Note: FY14 – FY18 figures represent final approved budgets – FY19 represents City Manager Recommended levy with estimated School tax levy increase

FY19 Budget Challenges

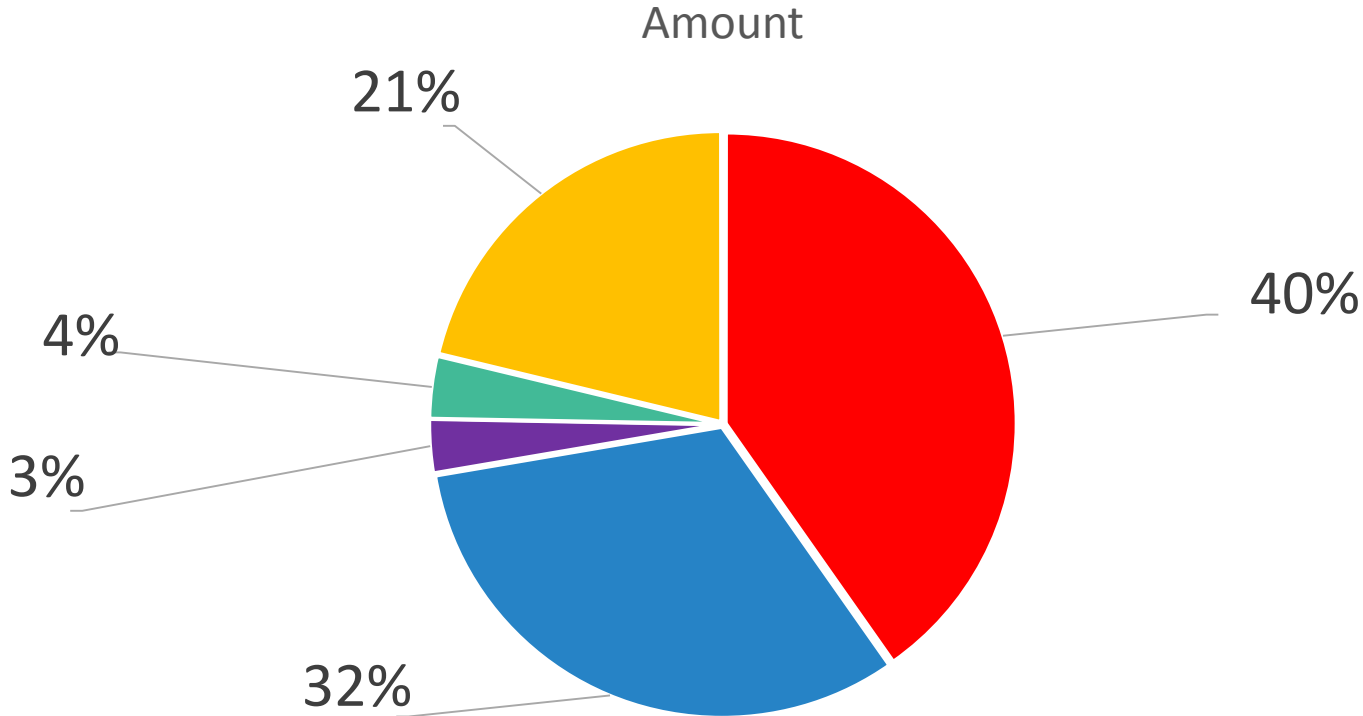
Major Non-Discretionary Changes

- **State of Maine Valuation – City of Portland**
- \$8.50 for 2017, rising to \$9.05M in 2018 (6.45% increase)
- State of Maine Valuation has several impacts on City budget
- Impacts to Cumberland County tax paid by City, State revenue sharing received by City, PWD charges paid by City, and more
- This budget challenge will likely repeat itself in FY20 and beyond

FY17 – FY19 Tax Levy by Budget Category Comparison

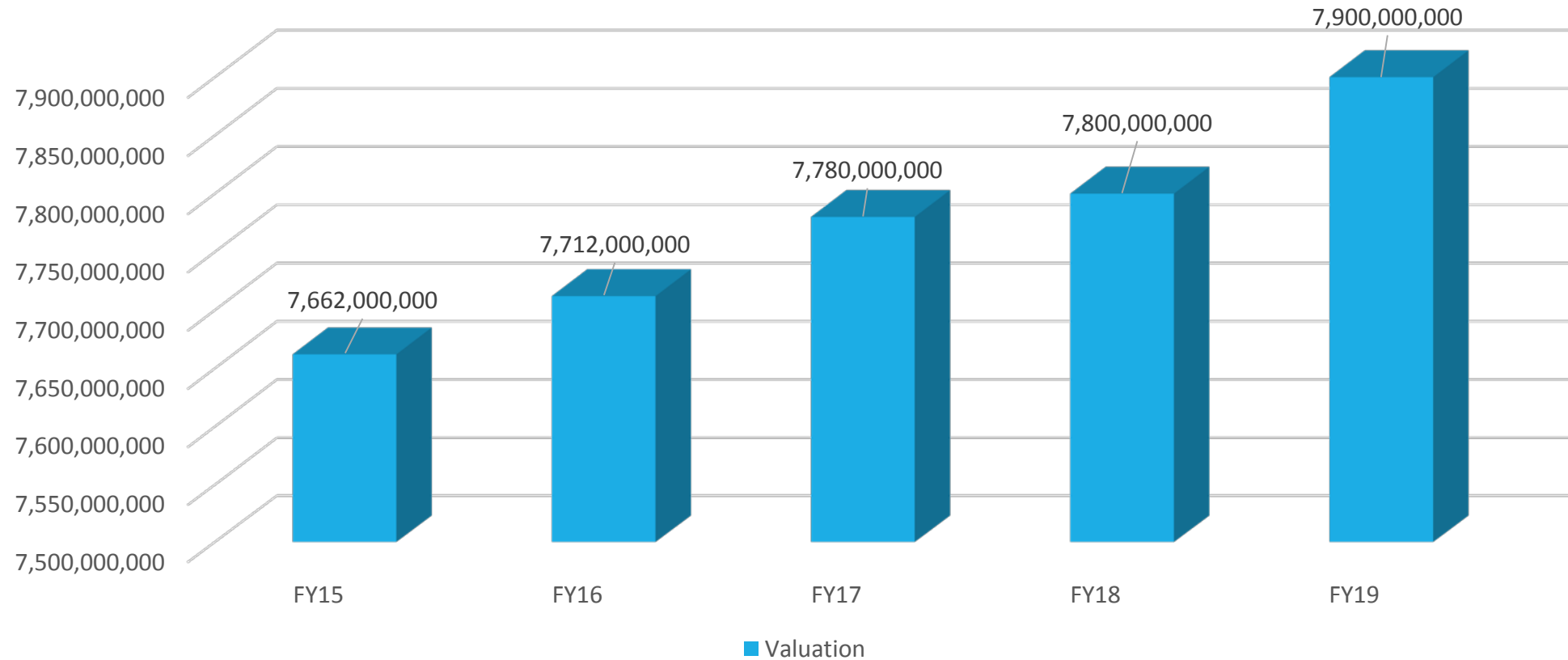


FY19 Expenditures by Budget Category



■ Wages ■ Contractual Services ■ Maintenance & Repairs ■ Supplies ■ Debt Service

5 Year History of Valuation Increases



FY19 Overview by Department

- **City Council (100-1100)**
 - Overall \$10k increase in expenditures, up 3.0% from FY18
 - 10 FTE, No Staffing Changes from FY18
 - City Council Travel/Training held at FY18 level

FY19 Overview by Department

- **City Clerk (100-1200)**

- Overall \$19k decrease in expenditures, down -3.4% from FY18
- 0.1 – Hours Increase for Vital Records Clerk
- Decrease related to the new voting booths which were included in the FY18 budget (not included in the FY19 budget)

FY19 Overview by Department

- **City Manager / Executive (100-1300)**
 - Overall \$10k increase, up 1.5% from FY18
 - Deputy City Manager + Chief Policy Adviser positions eliminated
 - Replaced with two Assistant City Manager positions
 - Includes \$10k for Sustainability Outreach
- FY18 and FY19 figures above do not include Office of Economic Opportunity which has moved into Economic Development. Inclusive of this change overall budget is down \$194k (-16.9%)

FY19 Overview by Department

- **Assessors (100-1400)**

- Decrease in expenditures of \$75k, down 15.7% from FY18
- No Net FTE Change (5.9FTE)
- Revaluation Process Underway – \$1.055M appropriation of Unassigned Fund Balance on Council agenda for 4/18/18
- Expenses moved OUT of FY19 budget include the overall revaluation, assessment card updates, communications plan, pictometry phase 2 of 3, and revamped of public access webpage
 - If included in FY19 budget instead of being funded with unassigned fund balance the FY19 tax rate increase jumps from 2.6% to 3.8%

FY19 Overview by Department

- **Finance (100-1500)**
- Overall expenditures increase of \$11k, 0.6% increase
- Two Divisions: Finance Admin and Treasury
- 25FTE (no increase from FY18)
- Transition to Tyler Technologies Software underway
- Key Revenue Increase: Excise Taxes up \$850k to \$12.05M

FY19 Overview by Department

- **Legal (100-1600)**

- Expenditures increase of \$88k (up 14.2% from FY18)
- FTE count increasing from 6.0 to 7.0
- Increase due to new FTE – Liability and Insurance Claims Manager (\$75k)

- **Human Resources (100-1700)**

- Expenditures increase of \$27k (up 2.7% from FY18)
- No FTE changes

FY19 Overview by Department

- **Parking (100-1800)**
- Expenditures increase of \$61k (up 2.7% from FY18)
- No FTE changes – 1 position reclassification
- Parking meter rate increasing from \$1.25/hour to \$1.50/hour
- Elm Street and Spring Street garages hourly rate increase from \$2.00/hour to \$3.00/hour
- Elm Street and Spring Street monthly rate increase from \$120/month to \$130/month

FY19 Overview by Department

- **Economic Development (100-1900)**
- Expenditures increase of \$143k (up 29.1% from FY18)
- Increase due to Office of Economic Opportunity Transferring from Executive Division
 - Director of Economic Opportunity (\$86k)
 - Program Assistants – 0.3 increase from FY19 (\$35k)

FY19 Overview by Department

- **Police Department (100-2100)**
- Expenditures decrease of 372k for FY19 (2.3%)
- Primarily related to contractually obligated salary increases
- Net FTE decrease of 6.0 FTE (all vacant positions)
- PD continuing to focus on recruitment

FY19 Overview by Department

- **Fire Department (100-2200)**
- Expenditures decrease of 51k for FY19 (0.3%)
- Net FTE decrease of 3.0 FTE (no layoffs as a result)
- Reduction in 1 FTE per shift in the Marine Division (existing staff will be shifted to other locations)

FY19 Overview by Department

- **Permitting & Inspections (100-2500)**
- Expenditures increase of \$115k (7.0%)
- No FTE changes within Department
- Continued microfiche conversion effort
- Investment in new short-term rental software (\$29k)
- Energov went live in FY18 (included in IT budget)

FY19 Overview by Department

- **Information Technology (100-2900)**
 - Expenditures increase of \$367k (up 15.6% from FY18)
 - Increase – New IT Director Overlap 0.3 FTE (\$40k)
 - Increase – Contractual Services – increasing by \$214k – Primarily related to annual maintenance and subscription costs under Tyler Technologies contract (new system) while running parallel with Superior/NaviLine (old system)

FY19 Overview by Department

- **Public Works (100-3100)**

- Expenditures decrease of \$485M (down 3.4% from FY18)
- Primarily related to utilities savings from LED Streetlight project (no more “maintenance fee” on our CMP bills plus lower energy consumption, estimated savings approx. \$900k)
- 2.0FTE increase, notable additions include an Operations Manager and Solid Waste Program Administrator

FY19 Overview by Department

- **Parks, Rec & Facilities (100-3300)**
 - Expenditures increase of \$1M (up 10% from FY18)
(when combined with revenue increase from 100-33 and 100-35 there is a net decrease in City cost of approximately 4%)
 - Net increase in FTE of 0.8

FY19 Overview by Department

- **Public Buildings and Waterfront (100-3500)**
 - Expenditures decrease of \$238k (down 4.5% from FY18) (when combined with revenue increase from 100-33 and 100-35 there is a net decrease in City cost of approximately 4%)
 - Net increase in FTE of 4.0, primarily to keep up with waterfront growth over past several fiscal years
 - Project Manager position added (focus on Fire Department facilities) plus three waterfront related positions

FY19 Overview by Department

Health & Human Services

- **HHS Admin (100-4001) – \$17k increase, 4.4%**
- **Public Health (100-4100) – \$697k decrease, 40.3%, but when including grant funded employees of \$835k the budget actually increased by \$135k (8.0%)**
 - New Research & Equity Position Added
- **Social Services (100-4200) - \$1.3M decrease, 11.5% but when including grant funded employees of \$1.35M the expenditures actually increased slightly**
 - New Day Shelter Operations – approximately \$500k increase

FY19 Overview by Department Health & Human Services

- **Barron Center (100-4700)**
- Expenditure decrease of \$1.3M (7.9%)
- Significant revenue decrease due to patient census drop
- FTE decrease of 19.4, all vacant positions
- Facility will staff up/down based on patient census, although recruiting CNA's continues to be a challenge

FY19 Overview by Department

- **Debt Service (100-4700)**
 - Expenditures increase of \$4.3M (11.4%) from FY18
 - Total debt service now up to \$41.3M (21.5% of total budget)
 - Increase related primarily to:
 - Pension Obligation Bond +\$872k
 - Hall School +\$2.1M (offset by \$1.9M in revenue from State)
 - LED Streetlights +\$442k (offset by \$800k+ in utilities savings)

FY19 Overview by Department

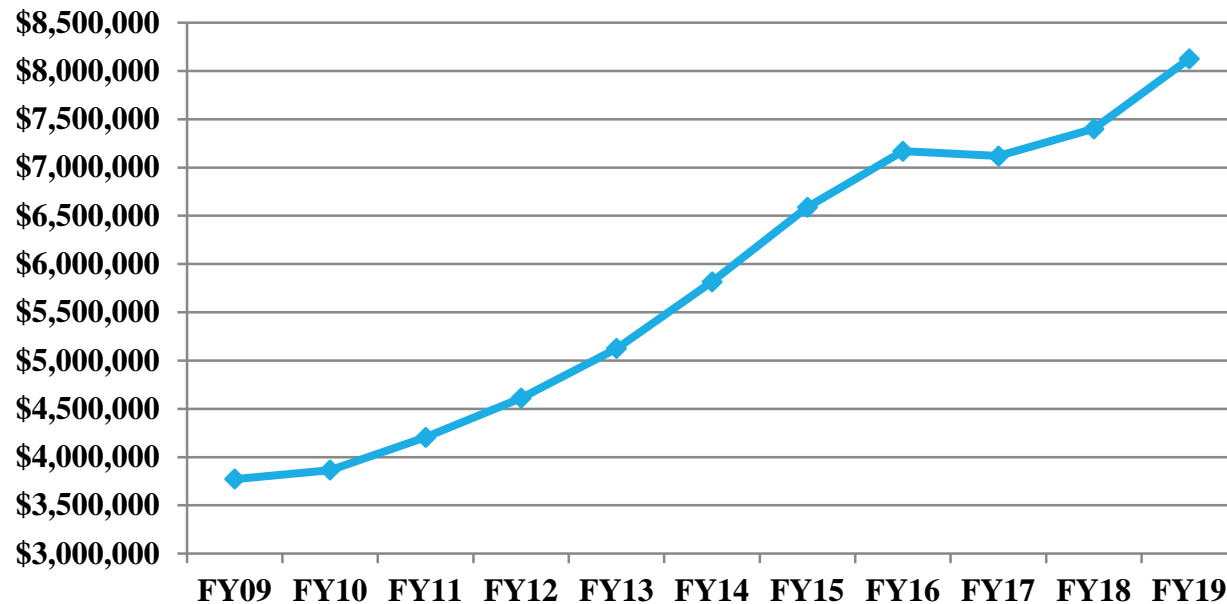
- **Library (100-4800)**

- Total City contribution of \$4.062M, increase of \$125k (3.2%)

FY19 Overview by Department

- **Pension (100-5100)**

- FY18 Budget of \$7.4M, increase of 725k (9.8%) from FY18



FY19 Overview by Department

- **Employee Benefits (100-5200)**
 - Expenditures up \$2.0M (9.6% increase from FY18)
 - Included in this budget is Health Insurance, Workers Comp, Group Life Insurance, Unemployment, and FICA
 - Budget increase is fully attributable to the rising cost of Health Insurance (\$2.05M increase from FY18)
 - Liability Insurance is separately budgeted in Department 100-6200 but there was no major change in that cost (\$7k decrease)

FY19 Overview by Department

- **Contingency (100-6100)**

- Total Budget of \$275k - no major change from FY18
- Legal Services - \$100k
- Emergency Issues - \$175k

- **Insurance (100-6200)**

- Budget down \$7k from FY18, generally flat

FY19 Overview by Department

- **County Tax (100-6300)**
 - FY18 Tax of \$5.907M
 - FY19 Tax of \$6.288M
 - Overall Increase of \$381k (6.5%) from FY18 Tax

FY19 Overview by Department

- **METRO (100-6500)**
 - FY19 City Contribution of \$2.7M
 - Increase of \$74k from FY18 (2.8%)

FY19 Overview by Department

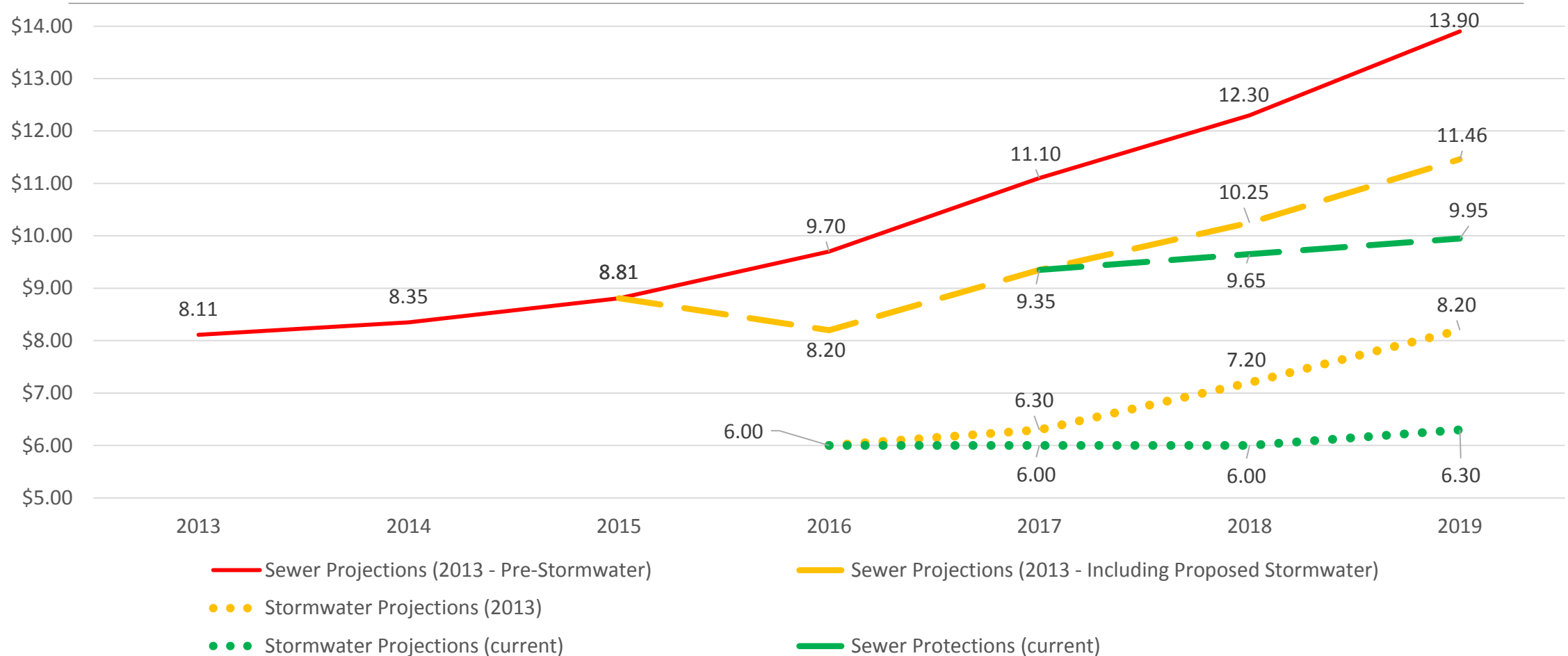
- **Memberships / Contributions**

- METRO (Division 02) Increase of \$74k (2.8%)
- RTP (Division 06) Flat Budget – No Increase/Decrease

- **Memberships Misc (Division 07) – Increase of \$2k to \$365k**

- Community Television \$100k
- Peaks Island Council \$40k
- Other Island Transportation \$5k
- Maine Municipal Association \$73k
- Harbor Commission \$43k
- Community Counseling TIP Program (Maine Behavioral Health) - \$10k
- GPCOG - \$69k
- Milestone Home Team - \$27k (they also received \$112.5k of CDBG funds and \$216k in HHS budget)

Sewer and Stormwater Rate Increases FY13 through FY19 (Projected and Actual)



FY19 Budget Amendment Requests from Councilors

Amendment from Councilor Thibodeau to fully implement sustainability and pesticides initiatives

- Add half-time Sustainability Associate with funding of \$22,259
- Add full-time position of Maintenance Worker II with funding of \$39,062
- Add Seasonal Athletic Facilities Maintenance Worker with funding of \$12,000
- Add \$10,000 in consulting fees, \$1,500 in the agricultural supplies, \$10,200 for an additional grass seed planter and \$14,225 for an additional top spreader

\$14,225 Total increase to FY19 expenditures of \$109,246

FY19 Budget Amendment Requests from Councilors

Amendment from Councilor Ray to fund City membership in the Greater Portland Council of Governments (GPCOG)

- Add an additional \$38,060 to the Memberships / Contributions budget to fully fund the FY19 funding request from GPCOG of \$105,910.

Looking Ahead

FY20 Budget Challenges

- Pension Obligation Bond Debt Service (\$925k increase)
- Additional \$5M of CIP Debt Service (est. \$300k increase)
- LED Streetlight Phase II Debt Service (est. \$450k increase)
- Contractual Salary expenditure increases
- Impact of Maine State Equalized Valuation increases

FY20 Budget Challenges

POB Debt Service by Budget Year (in Millions)

