

Portland, Maine



Yes. Life's good here.

FY19 Budget Discussion

WORKSHOP FOR CITY COUNCIL – 1/8/17

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FY19 Budget Discussion

Purpose of Budget Workshop

- Provide overview of City of Portland budget process and general budget timeline
- Discuss FY19 City of Portland budget challenges

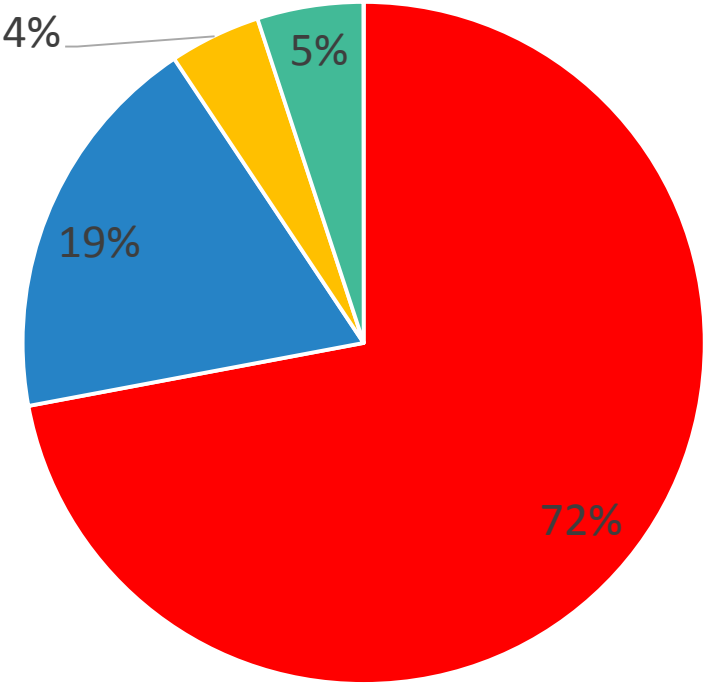
FY19 Budget Discussion

Budget Calendar and Process

Building the City of Portland budget is a 6 month process

- **December** – City Departments compile revenue budgets
- **January** – City Departments compile expenditure budgets
- **February** – Finance & HR Department review of submissions
- **March** – City Manager review of submissions
- **April** – Presentation of City Manager Recommended Budget, detailed review of budget by City Councilors
- **May** – Final Budget Approval by City Council

FY18 Budget Composition Excluding Debt Service and County Tax



■ Payroll & Benefits ■ Contractual Services ■ Maintenance & Repairs / Rentals ■ Supplies

Note: This breakdown excludes debt service and county tax



FY19 Budget Challenges

City Council Goal – Shelter Improvements

- **Oxford Street & Family Shelters – Operating 24 Hours**
- Significant impact to both FY18 and FY19 Budget
- Cost Estimate for FY18 (November through June) - \$500k – Unbudgeted operating and startup costs
- Operating Cost Estimate for FY19 - **\$638,036** - a 61% increase in net operating costs for overall City shelter operations
- Equates to an 8 cent increase in tax levy (0.4%)

FY19 Budget Challenges

City Council – Pesticides Ordinance

- **Pesticides Ordinance**
- Significant impact to all future operating budgets
- Annual Operating Budget Cost Increase - **\$148,000**
- Equates to an 2 cent increase in the tax levy (0.1%)

- Additional one-time initial capital costs of **\$298,000**
- Annual additional capital costs of **\$100,000 - \$250,000** per year



FY19 Budget Challenges

City Council Goal – Senior Tax Relief Program

- **PSTEP Senior Tax Relief Program**
- Projected FY19 revenue decrease - \$250,000
- Equates to an 3.5 cent increase in the tax levy (0.16%)

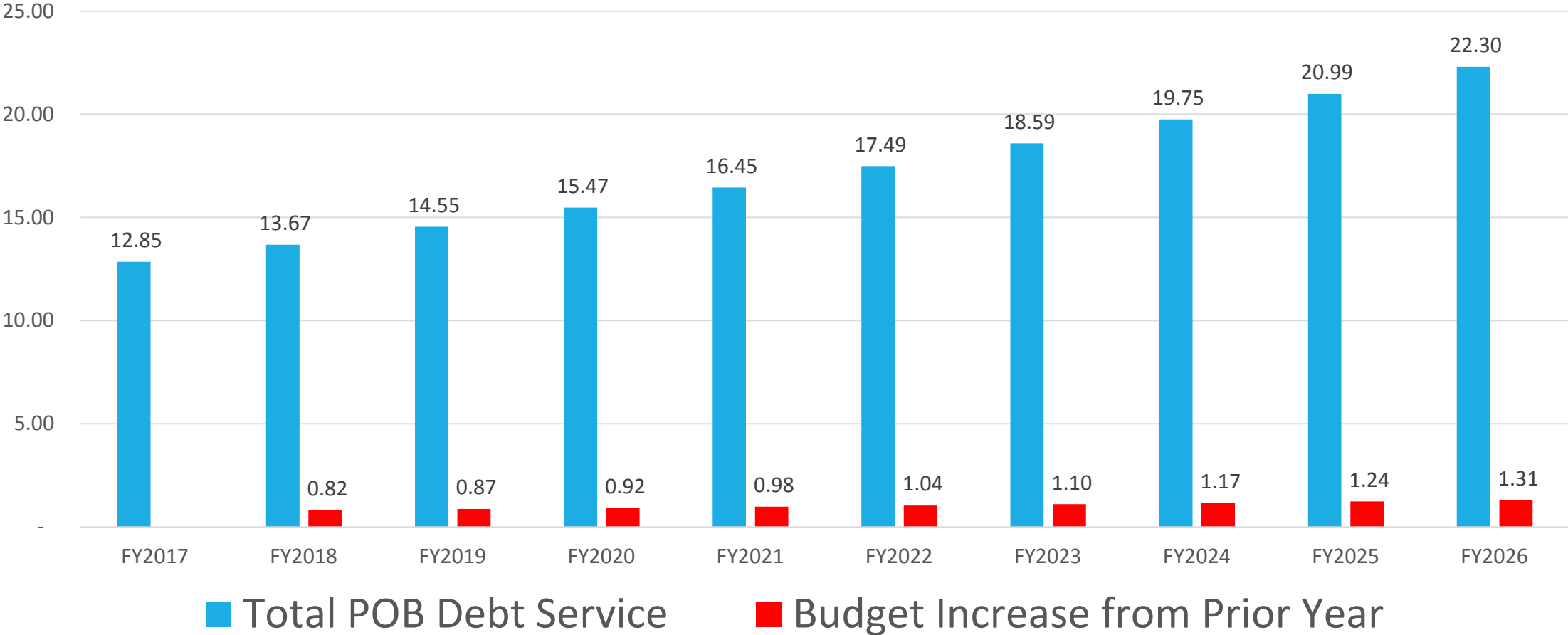
FY19 Budget Challenges

Pension Obligation Bond

- **Pension Obligation Bond Debt Service**
- \$13.76M in FY18, rising to \$14.48M in FY19
- Increase of **\$873,030**
- Equates to an 11 cent increase in tax levy (0.51%)
- POB debt service rises about \$1M annually through FY26

FY19 Budget Challenges

POB Debt Service by Budget Year (in Millions)



FY19 Budget Challenges

Other Significant Budget Items

- **Contractual Salary Increases – Settled Union Agreements**
- Total of approved amounts for FY19 to date - \$2.39M
- Amounts to a 31 cent tax increase in the tax levy (1.4%)
- Three union contracts are still unsettled for FY19



FY19 Budget Challenges

State of Maine Valuation

- **State of Maine Valuation – City of Portland**
- \$8.50B for 2017, rising to \$9.05B in 2018 (6.45% increase)
- State of Maine Valuation has several impacts on City budget
- *Impact #1 – Cumberland County Tax Assessment will increase*
- Portland's share of county tax increasing from 20.17% to 20.55%
- Cumberland County Total FY19 Tax rising to \$30.6M (4.5% increase)
- Portland's overall estimated increase is \$381k (6.5% increase)
- Equates to an 5 cent increase in the tax levy (0.23%)



FY19 Budget Challenges

State of Maine Valuation

- **State of Maine Valuation – City of Portland**
- \$8.50B for 2017, rising to \$9.05B in 2018 (6.45% increase)
- State of Maine Valuation has several impacts on City budget
- *Impact #2 – School Educational Subsidy*
- Impact / EPS estimates typically calculated by PPS staff
- If \$9.05B had been in place during FY18, Portland's educational subsidy would have been approximately **\$4M** lower due to valuation
- Actual change in FY19 funding still unknown – many factors to be considered including formula changes and additional State funds

FY19 Budget Challenges

State of Maine Valuation

- **State of Maine Valuation – City of Portland**
- \$8.50B for 2017, rising to \$9.05B in 2018 (6.45% increase)
- State of Maine Valuation has several impacts on City budget

- Impact #3 – State Revenue Sharing Formula
- Impact #4 – Portland Water District Assessment

- Reminder: Valuation increases within TIF's are sheltered from the State of Maine valuation

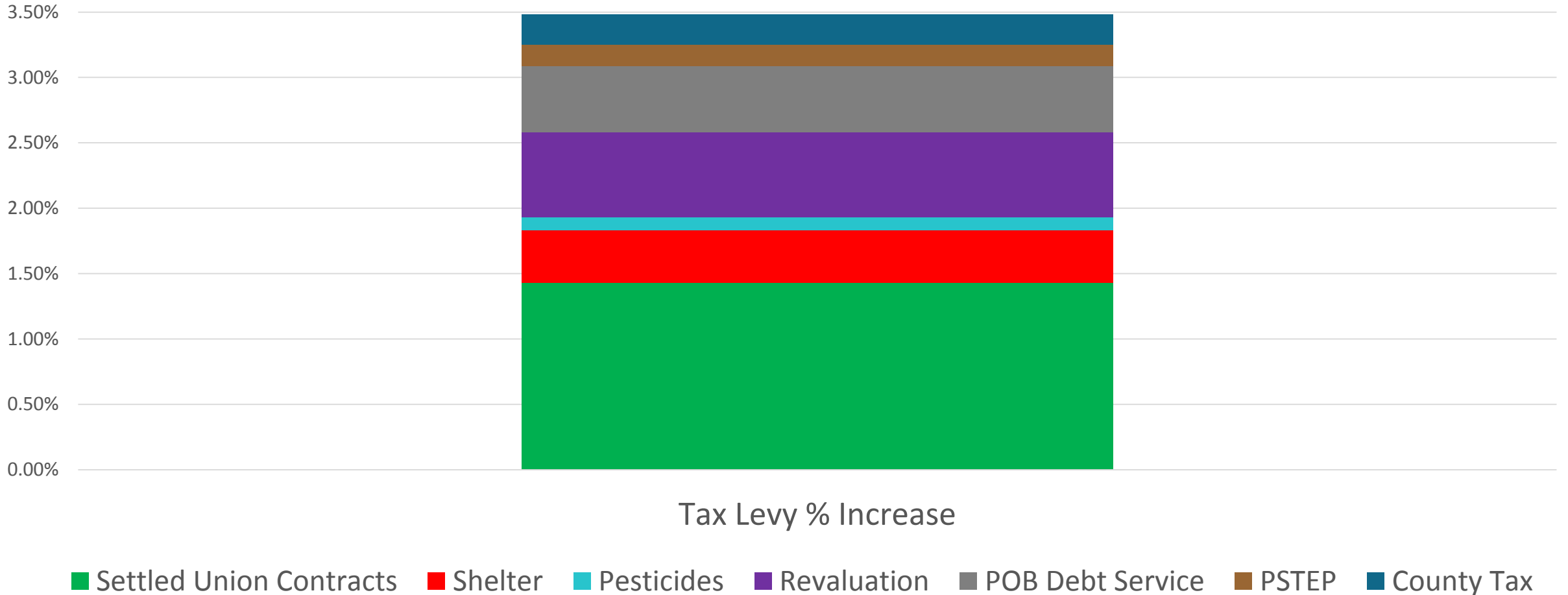
FY19 Budget Challenges

Citywide Revaluation

- **Citywide Revaluation**
- Estimated one time cost of **\$1,000,000**
- Estimated 14 cent increase in the tax levy (0.65%)
- City Tax Assessor will cover the revaluation in more detail

FY19 Budget Challenges

Summary of Existing FY19 Tax Rate Impact Items



FY19 Budget Challenges

Final Thoughts for FY19 Budget

- Amounts shown do not reflect any other budget changes
- Other City budget additions would increase tax levy
- Changes in local City valuation would lower tax levy
- Changes in local City revenues would help lower tax levy
- City Council Goals have significant impact on budget & tax levy