

FY19 Budget Message

JULY 1, 2018 TO JUNE 30, 2019

James A. Bennett, City Manager
March 6, 2018

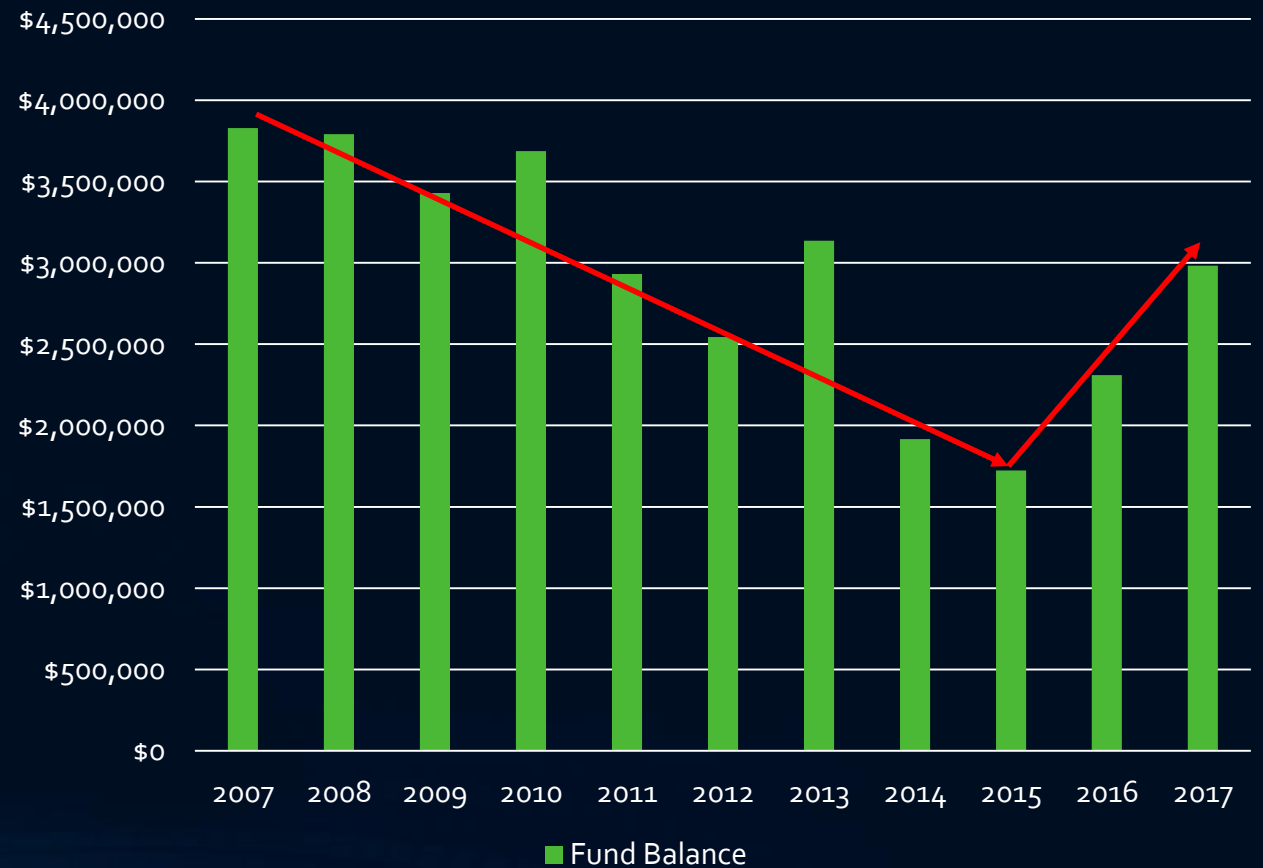
Overview

- Recap of last couple of years
- Existing challenges before beginning FY19 budget
- Approach to FY19 budget
 - Part I budget
 - Part II budget
- General Overview & Recommendations
- Concluding Comments



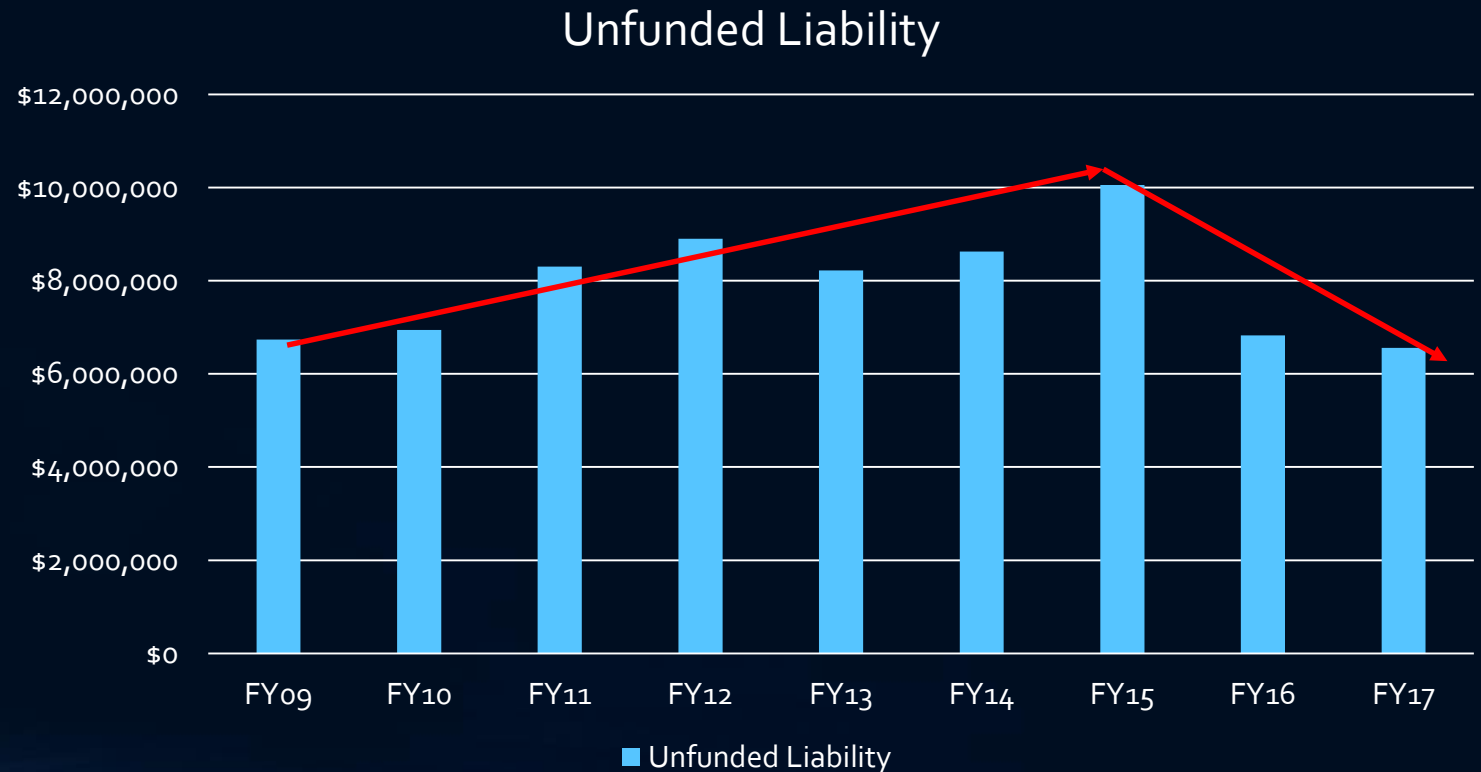
Choosing Long Term Stability vs Short Term

- Increasing fund balance



Choosing Long Term Stability vs Short Term

- Increasing fund balance
- Decrease unfunded liabilities



Choosing Long Term Stability vs Short Term

- Increasing fund balance
- Decrease unfunded liabilities
- Reducing old longevity bonus (unfunded liability)

Real Savings:

\$80,881.67 one time

\$4,102.01 annually

plus compounding of wage increases

In 2016:

Unfunded liability \$483,710.83*

Annually increasing at 24,532.88*

*Plus cost of wage increases

In 2019 if left unchanged:

Liability projection: \$608,987.16

Increasing annually 26,897.74

Actual (after FY19 payment): \$ 85,259.00

(last payment in FY20)

annual payment 21,230

Choosing Long Term Stability vs Short Term

- Increasing fund balance
- Decrease unfunded liabilities
- Reducing old longevity bonus (unfunded liability)
- Reduced liability associated with 100% payout of sick leave*

FY 18 Reduced liability by \$110,000

Choosing Long Term Stability vs Short Term

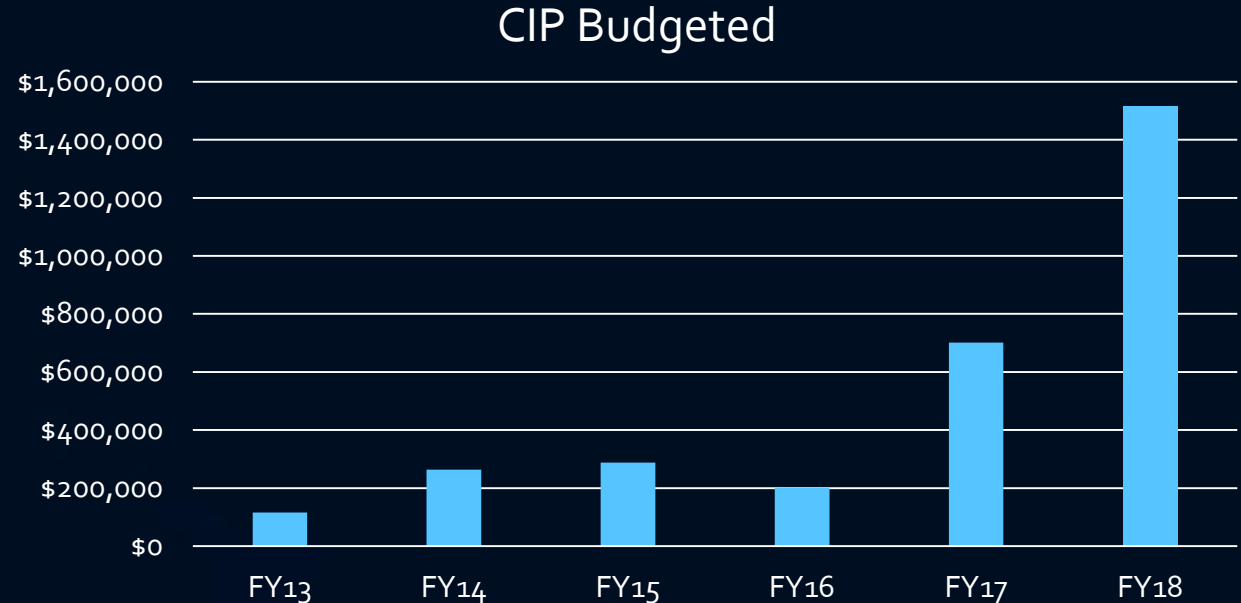
- Increasing fund balance
- Decrease unfunded liabilities
- Reducing old longevity bonus (unfunded liability)
- Reduced liability associated with 100% payout of sick leave*
- Reduced annual liability associated with allowing cash in of vacation pay*

FY 19 reduced annual liability by \$30,000

*Few or no communities offer this benefit

Choosing Long Term Stability vs Short Term

- Increasing fund balance
- Decrease unfunded liabilities
- Reducing old longevity bonus (unfunded liability)
- Reduced liability associated with 100% payout of sick leave*
- Reduced annual liability associated with allowing cash in of vacation pay*
- Increase spending on capital annually



*Few or no communities offer this benefit

Existing Challenges in FY19 Budget

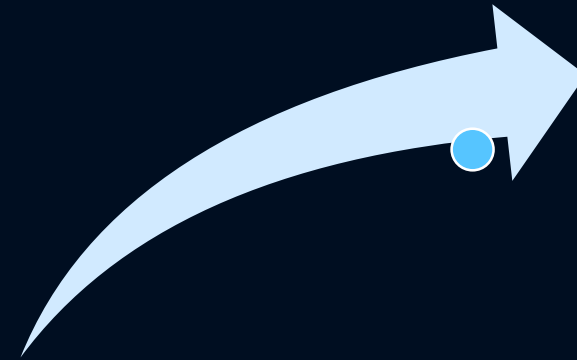
- One time transfers to increase capital spending \$588,471
- Unallocated reduction to tax commitment \$250,000
- **Total** **\$838,471**

Tax rate impact

\$0.37

Tax Incremental Financing (TIF) Impact

- TIF 101
 - Tax sheltering effect
 - State determination of assessed value of City impacts
 - General purpose aid to education
 - \$12,490,595 in FY18
 - State Revenue Sharing
 - \$1,360,000 in FY18 (should have been approximately \$3,400,000 if no raid)
 - Payment for York County Tax
 - \$1,299,010 in FY18



As valuation increases, negative impacts occurs 2-3 years later; for Biddeford, the impact is 48%-mostly in education

Advantage of TIF

NEW VALUE DOES NOT COUNT

- New incremental value in TIF does not count as far as state value is concerned
- Mitigates new values
- Like making 4.8% return

PROPOSED TIF FUNDS TO SUPPORT GENERAL FUND

- \$30,000 General Admin costs
- \$175,000 Plow truck
- \$90,000 ED staff support
- \$25,000 Marketing
- \$43,617 Beautification funds
- **\$363,617** **Total**

Taxpayer value is equal to \$757,535 if not paid by TIF; \$0.33 on tax rate savings

Emerging Policy Issues

ISSUE

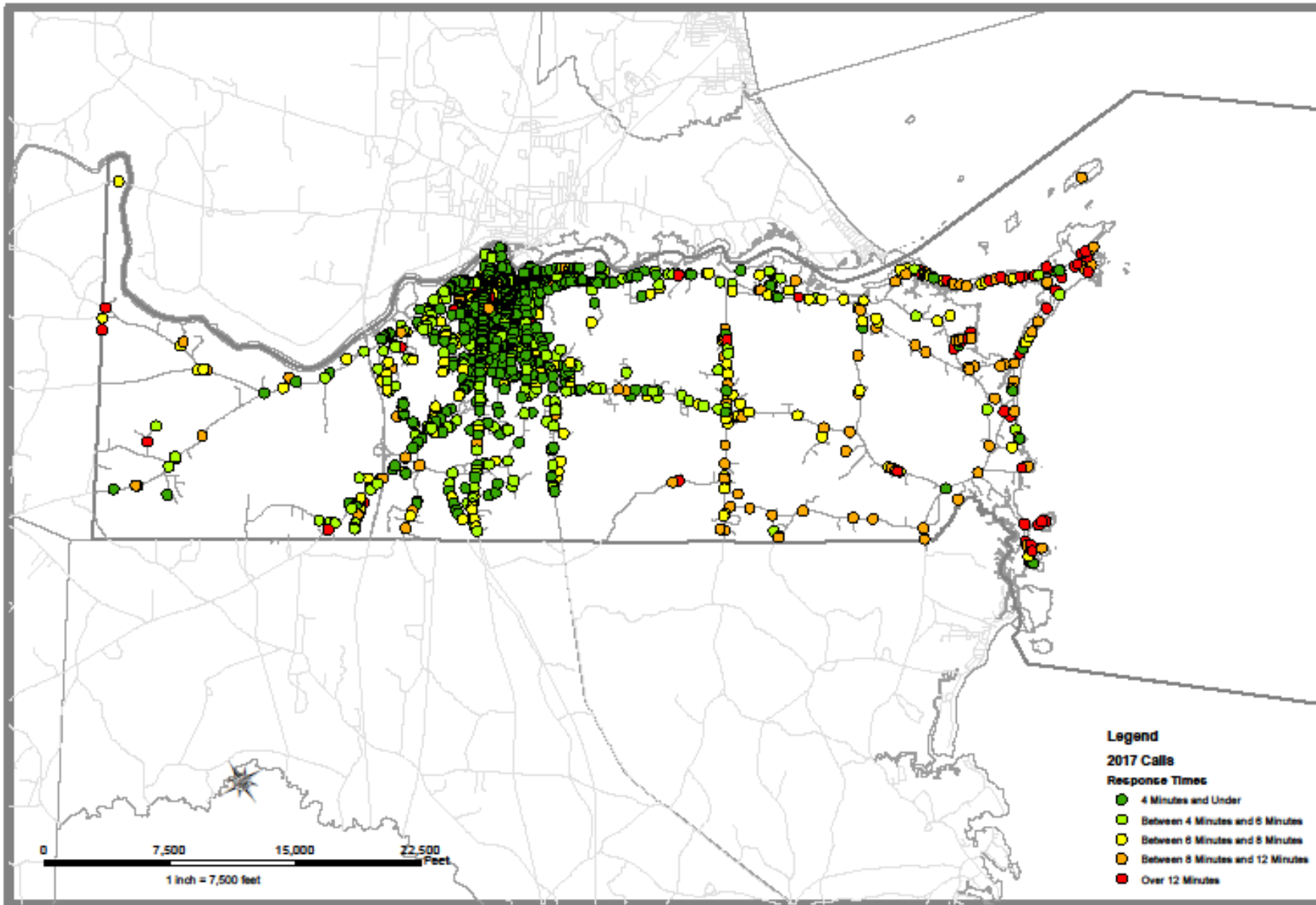
- *EMS Response Time and Staffing*
- *Downtown Improvement District*
- *Human Resources Staff*

PROPOSED RESOLUTION

- In Part II Budget
- In Part I Budget
- In Part II Budget

Part II Budget?

- Items not included in the official budget
- Identifies costs associated with proposed resolution of issue
- All new valuation projection is included in Part II
 - Projected new value driven by physical changes (new tax dollars)
 - Projected new value driven by market (tax shifting)



Legend

2017 Calls

Response Times

- 4 Minutes and Under
- Between 4 Minutes and 6 Minutes
- Between 6 Minutes and 8 Minutes
- Between 8 Minutes and 12 Minutes
- Over 12 Minutes

EMS Response Times 2017



The City of Biddeford, Maine
 Technologies Department - GIS Mapping
 205 Main Street - P.O. Box 588 - Biddeford, Maine 04005-0588
 Tel: 207-571-0660 - Email: gl@biddefordma.org

2017 Fire Department Response Times

Fire Chief's Proposed Solution

DETAILS

- New substation
- Fully staffing 3rd Ambulance
 - 8 New FT Personnel
 - Purchase 4th ambulance

Alternative phase in

- Utilize day shift team (4 FT)
(64% of EMS calls 7 am to 7 pm)

ANNUAL COSTS

- To be determined
- \$781,600
- \$42,500
- \$382,251

Other Issues

ADDITION OF HR STAFF

- Effective Jan 1, 2019
- Time to consider options
- \$61,625 impact
- In Part II budget

DOWNTOWN IMPROVEMENT

- Pilot in FY18 \$88,616 from TIF
- Plan to phase in program
- No consensus for FY19
 - \$43,617 planned in part I budget
 - Flower/beautification only
- Donations, other funding
 - Events
 - Promotions
 - Manual cleaning of downtown-clean team

Part I Summary

- Elimination of 2 FT positions
 - PWD because of \$250,000 reduction
 - 1 PWD position on 1.1.19; going to automated trash pickup for half city
- Continue to fund Opiate Outreach Program after state grant runs out
- Fund Mgt Analyst/Intern Position (Summer Only)
- Capital funding
 - \$1,515,547-same as FY18 (\$588,471 of one time transferred last year)
- Municipal spending up 1.05% or \$327,987
- Non-property tax revenues down \$395,716 or 4.75%
- Homestead reimbursement funded at 62.5%: \$169,042 increase
- Assuming only municipal impact and no valuation changes:
 - Tax rate up 1.21% or \$0.24
 - Median home impact is \$50.67

But....there is value changes!

- April 1, 2018 is the 'assessment' date
- \$15,000,000 in new value; \$301,050 available to reduce tax increase or apply to Part II budget
- Valuation adjustments:
 - Adjustments to values because of market conditions
 - Causes tax shifting-even though tax rate decreases
 - Projected changes will increase values by another \$25,000,000 to \$35,000,000 (in commercial downtown and residential)
- The picture will be clearer in May prior to finalization of budget.

Impact of Valuation Changes

Applying to only Part I

- New value (\$15,000,000)
 - Impact on median home is \$22.62
 - Actual bill is still less than 2 years ago
- Valuation Adjustment @\$50,000,000

Tax rate increase is \$0.11 or 0.55%

Tax rate decreases by \$0.19 - \$19.88
(current is \$20.07)

Including Part II

NEW VALUE OF \$15,000,000

- 8 EMS/FF positions
 - \$0.45 increase in tax rate
- 4 EMS/FF positions
 - \$0.27 increase in tax rate
- HR Change
 - \$0.14 increase in tax rate

ALL ADJUSTMENTS (@ \$50,000,000)

- 8 EMS/FF positions
 - \$0.14 increase in tax rate
- 4 EMS/FF positions
 - \$0.03 reduction in tax rate
- HR Change
 - \$0.17 decrease in tax rate

Next Steps

