



April 11, 2017

MEMO

To: Town Meeting Voters

From: Cornell Knight, Town Manager

Re: 2018 Municipal Budget

As per the Town Charter, Article VI Sec C-31-D, I presented the municipal budget proposal for Fiscal Year 2018 and it has been reviewed by the Town Council and the Warrant Committee. The estimated tax rate with increased expenditures in the Town at 4.1% (Operations and Capital), Hancock County estimate at 7.06%, all Schools estimated at 1.9 % and an increase in revenues and valuation, will rise 2% from \$10.73 mils to \$10.96. As proposed, the tax increase on a median valued home would be \$68 but with the increased Homestead Exemption, it will reduce that increase to \$10.

One new employee is proposed to be added in the Fire/EMS budget. There is a bond request for the Transfer Station, ladder truck, parking meters and completion of the Fire Station floor. There is additional information regarding the Bond Issue in the Debt section of the Chart Tab.

The Tax Calculation Page follows this memo listing department expenses, revenues, school and county costs, valuation, tax rate and LD 1 limits. The page after that is the Budget Summary that calculates the gross municipal appropriations number for the warrant article at Town Meeting and the effect on the median household property tax. The proposed budget is below the LD 1 limit.

A wage increase of 1.7% for union salaried and hourly employees and .3% for dept. head staff.

Some highlights in the budget:

***Revenues***

Revenue estimates show a 3.7% increase, most of it by budgeting for the MDEA reimbursement. There will be less use of unassigned fund balance (generally referred to as Surplus) from \$105,000 last year to \$85,000 this year. I've included the Fund Balance History in the Charts Tab section. Rating agencies were concerned on the use of fund balance during our last bond

issue review. The goal will be to eventually get to zero use and use extra funds for one time purchases.

Excise tax and Revenue Sharing reflect increases, but Ambulance billings are down slightly.

The fee schedule for all departments is included in the Revenue section and two changes were made. Parking tickets increased from \$15 to \$20 and Planning documents from \$60 to \$100.

### ***Expenditures***

Overall spending for operations is up \$487,699.

Fuel expenses are budgeted at \$2.35 per gallon for diesel and unleaded gas at \$2.50.

Tech-1022 Increased spending for equipment replacement, much of it for PC Toughbooks in the emergency vehicles.

Employment Benefits 1028- A 5.7% increase due to health insurance costs. The town was moved from being individually rated to the Pool because less than 50 employees now participate in the program and the Pool has a higher premium. There is also extra costs for the new employee. The 80/20 employer, employee cost share is maintained. Workers Compensation coverage increased due in part to a higher experience modification.

The Ambulance budget is now combined with the Fire Budget- 1042- Wages increased to cover a new worker to start October 1. Although wages increased, part time and per diem lines were reduced. This should also help with the revenue for transfers, which has been declining in recent years. Call Firefighter pay increased from \$8.97 to \$10/hr.

Police- 1045- The Chief sharing agreement with the Town of Mt. Desert was recently renewed for another 2 years. Although the spending shows a 14.7 % increase, with revenue offsets the actual increase is 2.0%. This budget more accurately reflects spending and corresponding revenue offsets, such as MDEA reimbursement, cruise ship reimbursement for PT training and from the town of Mount Desert for shift coverage. The cruise ship reimbursement to Operations increased by \$47,000.

Parks & Recreation 1059- An increase in Jesup Library funding from \$20,344 to \$75,000 is proposed. And the YMCA from \$49,544 to \$74,544.

Transfer Station-1079- This budget assumes the bond issue for a new station will pass. Therefore, the budget reflects 3 months in the current operations format, 6 months format with single sort recycling set up at the temporary facility located at the old highway garage, and 3 months with a new building and operations.

### ***Cruise Ship Fund***

The Cruise Ship Fund reflects an 11.3% increase in revenues over FY 17 estimates to \$884,857. A result of increased passenger counts. The current fee is \$4.30 per passenger. This fund

transfers \$354,264 to offset town operation costs and \$313,142 to offset capital improvement costs. The Ferry Terminal negotiations with the DOT are underway for the town to assume ownership in 2018. There is \$14,000 budgeted for ferry terminal improvements which adds to the carried forward balance in CIP of \$ 84,100. The fund is contributing towards the cost of police cruisers and Municipal Building repairs this year.

### ***Capital Improvements***

CIP funding is down 4.6%. However, there is bond funding proposed for the Transfer Station renovation, a Ladder Truck, parking meters and the Fire Station floor repair. The \$79,000 in revenue that the DOT paid the town for land takings along Rte. 3 went into the CIP fund. \$20,000 of that payment is in reserve, \$40,200 is for Park Street playground equipment and \$18,800 is used to off-set 2018 CIP purchases.

Assessing- Commercial Property Revaluation appropriation increased to \$15,000 in order to undertake this project in FY 20.

Technology- Half (\$25,000) the cost of a Broadband Engineering study is appropriated. The cost has come down because the overall distance to run municipal fiber has been reduced. Total cost is estimated to be \$50,000 which would be completed in 2019.

Fire- The ladder truck was scheduled for replacement in 2019 but the cost and frequency of repairs has caused reconsideration. See the Chief's note in Bond Issue section. I am recommending borrowing the balance needed \$320,000 to purchase it in FY 18. There is a balance of \$ 26,350 remaining from the Fire Station brick work, so \$150,000 is needed to repair the main floor/truck bays and any mandated Haz-Mat remediation required by the EPA.

Police- Two cruisers are scheduled for purchase.

Harbor- \$15,000 will be transferred from Cruise Ship for Harbormaster's boat reserve.

Parks- The Park Street playground appropriation increased from \$6,426 to \$40,200 to complete the funding goal for the Rotary Club. The town is contributing (\$63,889) or 1/3 the total cost of the project. This increase is funded from the land taking revenue from DOT (Rte 3 project).

Highway- Parking Meters and kiosks purchases were recommended by the Parking Solutions Task Force and the Town Council. The \$400,000 bond would be paid back from meter revenues, not the property tax. A street sweeper purchase is proposed, which is now on a 5 yr replacement schedule due to selling off the other broom sweeper. A one ton truck is also proposed for purchase. Roads to be paved are a portion of Schooner Head and West, and Lower Rodick, Betsy's Road and Folkstone Drive.

Solid Waste- The Recycling Task Force and the Town Council recommended the \$2.6 million bond issue for renovation of the Transfer Station. There will be two drive up compact bins for single sort recycling and 2 drive thru lanes thru a building for msw disposal. The plot plan and engineer's cost estimate is in the Charts Tab. The bond repayment will increase the tax rate 13 cents next year.

## Bar Harbor FY 2018 Budget Tax Calculation

	FY15	FY16	FY17	FY18	CHANGE	
DEPARTMENT EXPENSE SUMMARIES	Actual	Actual	Budget	Town Meeting		
Town Council	\$ 37,388	\$ 33,557	\$ 38,434	\$ 38,937	\$ 503	1.3%
Town Manager	\$ 131,270	\$ 116,286	\$ 126,221	\$ 126,515	\$ 294	0.2%
Town Clerk	\$ 123,202	\$ 114,534	\$ 130,167	\$ 126,055	\$ (4,112)	-3.2%
Finance Dept	\$ 322,362	\$ 327,930	\$ 335,594	\$ 342,660	\$ 7,066	2.1%
Town Attorney	\$ 36,982	\$ 18,544	\$ 18,950	\$ 19,950	\$ 1,000	5.3%
Elections	\$ 12,156	\$ 9,764	\$ 18,230	\$ 14,118	\$ (4,112)	-22.6%
Technology	\$ 147,667	\$ 153,317	\$ 131,514	\$ 162,528	\$ 31,014	23.6%
Municipal Building	\$ 96,879	\$ 84,144	\$ 69,568	\$ 77,823	\$ 8,255	11.9%
Town Offices	\$ 35,269	\$ 35,371	\$ 35,646	\$ 37,816	\$ 2,170	6.1%
Employee Benefits	\$ 1,252,045	\$ 1,341,367	\$ 1,434,848	\$ 1,516,316	\$ 81,468	5.7%
Code Enforcement	\$ 91,282	\$ 68,855	\$ 75,232	\$ 76,136	\$ 904	1.2%
Assessing	\$ 116,759	\$ 116,749	\$ 134,996	\$ 138,215	\$ 3,219	2.4%
Planning	\$ 91,360	\$ 119,471	\$ 152,984	\$ 155,513	\$ 2,529	1.7%
Miscellaneous	\$ 211,723	\$ 220,893	\$ 220,378	\$ 229,689	\$ 9,311	4.2%
Fire / EMS	\$ 731,678	\$ 769,772	\$ 831,924	\$ 853,733	\$ 21,809	2.6%
Public Fire Protection	\$ 480,468	\$ 533,036	\$ 585,602	\$ 585,602	\$ -	0.0%
Police Dept.	\$ 983,866	\$ 1,033,361	\$ 1,056,841	\$ 1,213,223	\$ 156,382	14.8%
Dispatch	\$ 204,277	\$ 217,475	\$ 215,590	\$ 219,986	\$ 4,396	2.0%
Public Safety Bldg	\$ 42,602	\$ 40,135	\$ 36,143	\$ 41,848	\$ 5,705	15.8%
Street Lights	\$ 69,069	\$ 64,625	\$ 71,575	\$ 71,575	\$ -	0.0%
Harbor Dept	\$ 116,162	\$ 113,119	\$ 115,221	\$ 118,205	\$ 2,984	2.6%
Parks & Rec	\$ 229,730	\$ 242,210	\$ 239,154	\$ 352,879	\$ 113,725	47.6%
Emerg Mgt & Gen Assist	\$ 1,170	\$ 1,269	\$ 1,458	\$ 1,622	\$ 164	11.2%
Cooperating Agency	\$ 45,231	\$ 42,843	\$ 40,038	\$ 45,092	\$ 5,054	12.6%
Comfort Station	\$ 83,607	\$ 95,528	\$ 92,432	\$ 94,328	\$ 1,896	2.1%
Public Works	\$ 144,809	\$ 142,561	\$ 147,064	\$ 149,609	\$ 2,545	1.7%
Highway Dept	\$ 1,160,595	\$ 946,532	\$ 1,040,312	\$ 1,049,339	\$ 9,027	0.9%
Solid Waste	\$ 611,136	\$ 611,609	\$ 642,434	\$ 700,274	\$ 57,840	9.0%
<b>SUBTOTAL</b>	<b>\$ 7,610,744</b>	<b>\$ 7,614,857</b>	<b>\$ 8,038,550</b>	<b>\$ 8,559,586</b>	<b>\$ 521,036</b>	<b>6.5%</b>
Capital Improvements Transfer	\$ 1,820,106	\$ 1,810,435	\$ 1,773,144	\$ 1,691,003	\$ (82,141)	-4.6%
School Local - Transfer	\$ 5,176,423	\$ 5,223,669	\$ 5,365,115	\$ 5,400,763	\$ 35,648	0.7%
Other Transfers out	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>TOTAL Expense Taxable</b>	<b>\$ 14,607,273</b>	<b>\$ 14,648,961</b>	<b>\$ 15,176,809</b>	<b>\$ 15,651,352</b>	<b>\$ 474,543</b>	<b>3.1%</b>
Hancock County	\$ 565,744	\$ 584,111	\$ 599,218	\$ 641,082	\$ 41,864	7.0%
MDI High School Assessment	\$ 2,831,140	\$ 2,980,513	\$ 2,997,795	\$ 3,122,142	\$ 124,347	4.1%
OVERLAY	\$ 32,045	\$ 48,581	\$ 32,000	\$ 44,078	\$ 12,078	37.7%
<b>TOTAL ASSESSMENT</b>	<b>\$ 18,036,202</b>	<b>\$ 18,262,166</b>	<b>\$ 18,805,822</b>	<b>\$ 19,458,654</b>	<b>\$ 652,832</b>	<b>3.5%</b>
<b>REVENUES</b>						
General Revenues	\$ 2,063,443	\$ 2,363,044	\$ 2,411,730	\$ 2,478,014	\$ 66,284	2.7%
Reserves-Use of Fund Balance	\$ 412,639	\$ 110,000	\$ 105,000	\$ 85,000	\$ (20,000)	-19.0%
Transfers In -Cruise Ship Fees & Other	\$ 268,907	\$ 265,457	\$ 275,147	\$ 360,389	\$ 85,242	31.0%
<b>SUBTOTAL (REVENUES)</b>	<b>\$ 2,744,989</b>	<b>\$ 2,738,501</b>	<b>\$ 2,791,877</b>	<b>\$ 2,923,403</b>	<b>\$ 131,526</b>	<b>4.7%</b>
State Revenue Sharing	\$ 124,871	\$ 132,854	\$ 122,000	\$ 126,000	\$ 4,000	3.3%
<b>TOTAL DEDUCTIONS</b>	<b>\$ 2,869,860</b>	<b>\$ 2,871,355</b>	<b>\$ 2,913,877</b>	<b>\$ 3,049,403</b>	<b>\$ 135,526</b>	<b>4.7%</b>
Net Commitment	\$14,810,010	\$15,588,095	\$15,891,945	\$16,409,251	\$517,306	3.3%
Valuation (estimate)	\$ 1,449,120,900	\$ 1,471,963,700	\$ 1,481,606,195	\$ 1,497,194,400	\$ 15,588,205	1.1%
Mill Rate (estimate)	<b>10.22</b>	<b>10.59</b>	<b>10.73</b>	<b>10.96</b>	<b>0.23</b>	<b>2.2%</b>
Total Municipal Budget	\$ 12,658,195	\$ 9,615,426	\$ 9,811,694	\$ 10,250,589		
- Total Deductions	\$ 6,458,328	\$ 2,883,444	\$ 2,913,877	\$ 3,049,403		
= Municipal Property Tax	\$ 6,199,867	\$ 6,731,982	\$ 6,897,817	\$ 7,201,186	\$ 303,369	4.4%
LD-1 Levy Limit - maximum	\$ 6,632,283	\$ 6,774,604	\$ 7,040,190	\$ 7,389,121	\$ 348,931	5.0%
<b>Difference for LD-1 (under limit)</b>	<b>\$ (432,416)</b>	<b>\$ (42,622)</b>	<b>\$ (142,373)</b>	<b>\$ (187,935)</b>	<b>\$ (45,562)</b>	<b>32.0%</b>

### Municipal Budget: Budget Summary for Warrant Article

Fund	Appropriation (Expenditures) Requested	Revenues Other Than Prop.Tax	Fund Balance Used *	Property Taxes Needed	Tax Rate Change
<b>Assessments</b>					
County Assessment	641,082	0	0	641,082	7.0%
High School Assessment	3,122,142	0	0	3,122,142	4.1%
Overlay	44,078	0	0	44,078	37.7%
Total Assessments	3,807,302	0	0	3,807,302	
<b>Municipal Budget</b>					
General Fund	8,559,586	2,964,403	0	5,595,183	7.0%
Capital Improvement Program Fund	5,332,836	3,641,833	85,000	1,606,003	-3.7%
Dog Control Reserve Fund	2,900	2,900	0	0	n/a
Shellfish Conservation Reserve Fund	3,200	3,200	0	0	n/a
Cruise Ship Fund	807,009	807,009	0	0	n/a
Total Municipal Budget	14,705,531	7,419,345	85,000	7,201,186	4.4%
	Approp. warrant			LD-1	
<b>Education Budget</b>					
Elementary School Fund	6,108,792	318,000	390,029	5,400,763	0.7%
Total Education Budget	6,108,792	318,000	390,029	5,400,763	0.7%
		5%	6%	88%	
<b>Grand Totals</b>					
	24,621,625	7,737,345	475,029	16,409,251	2.2%
		31%	2%	67%	

mill rate calc:  
16,409,251  
1,497,194,400  
0.01096

<b>Tax Rate Change</b>	
Estimated Tax Rate Next Year	\$10.96
Actual Tax Rate This Year	\$10.73
Est. Tax Rate Increase	\$0.23
	<b>2.2%</b>

Estimated Total Valuation Next Year  
\$1,497,194,400

<b>What Will It Cost Me?</b>		
Median Home Value	Total Tax Increase Per Month	Total Tax Increase Per Year
\$297,600	\$5.70	\$68

<b>860 Existing Registered Homestead Exem.</b>		
Median Home Value	Total Tax Increase Per Month	Total Tax Increase Per Year
\$277,600	\$0.83	\$10

**TAX BILL BREAKDOWN**  
PROPERTY TAX COMMITMENT = \$16,376,303

