

M E M O

**TO: Mayor Walter Ash Jr., Honorable Members of City Council,
Members of City Boards, Committees and Commissions,
City Department Heads and Employees, and
The good people of Belfast**

DATE: Friday, April 23, 2010

RE: Proposed Draft Budget for FY2010-2011.

While municipal budgets are annual gauntlets, they are also a time to reflect more broadly on bigger pictures where fundamental questions are revisited, updated and, assessments are made as to what we are and what we want to be. My one long-term recommendation to help the City run more efficiently and effectively would be to return to the days of 3-year terms for City Council members.

Of the six full council members who hired me three years ago five of them (83%) left at various times during this brief period. Each member I have served with has been truly dedicated. Yet, when the doors revolve so quickly it is more difficult to maintain a steady course. None of the City's Boards, Commission's or Committees experience such short service lives. Many of those fine volunteers serve for years.

I have watched every year at the pace of the work from November to June when we finish the budget and how distracting it can get from July to October when part of the Council is up for re-election. The whole City gets caught up in electioneering, which is what America is all about.

Being a Council member requires a lot of hard work and every member I have ever met says that it takes a full year to get a good grasp on everything. After that year it's a quality effort through the budget but then suddenly they need to spend more of their valuable time in campaigning. No private business anywhere offers more diverse services, products, programs or structures than we do. There's not much overlap between assessment and police work. Change can be good, but I hope one day that we can have it just a little less often. There are good reasons why no company changes its Board of Directors every two years.

Council members should have the extra year to develop their efforts and expertise into real contributions. Ok, I'm done.

I submit this year's budget proposal with a hope that it works to balance current needs with future goals.

The City Council lowered property tax rates two times in the last 2-years. I think that it will be very difficult to do that again this year. State revenue sharing to the City has been cut almost \$250,000. While some of our expenses have decreased by competitive bidding, strategic changes and positive experience- on the whole –total expenses have gone up.

To some this sounds like the same old story. Yet in a larger sense City services are supposed to support a common continuing story. Belfast people expect us to continue to provide the services they want- to the level of quality the City they expect- at a price that no one wants to see increase. The challenge we face in this budget is to review those services and their cost/benefit and make the tough decisions to cut or the equally tough decisions to add.

We are a City of many perspectives and that diversity is well represented in the Council. Some in the community say that things are tough and we need to cut back – even on things we love or want. Others suggest that we need to invest in order to grow a more prosperous economic garden. Some think we are already on our way to an improved economy while others feel that we have yet to see the bottom of this awful recession. None of these perspectives is wrong. The choices ahead are not about who is right but rather where the majority of hard-deliberated Council votes will fall. This is a difficult dialogue involving everyone. I know that we will all make every effort to do our best.

This budget proposal reflects a net increase in City spending of \$296,960 over last year, representing a 3.7% increase. Under this proposal, the City portion of the property tax bill would be offset by \$32,739 in additional revenues leaving a net City property tax increase of \$264,221.

Over \$100,000 of this increase is an investment in Economic Development. We introduce to the budget for the first time the position of Economic Development Director and also propose to fund \$25,000 toward the formation of a “Main Street” Maine Program (about 1/3 of their program budget). The Main Street Program is a national program that more than 2,500 municipalities have joined and specializes in increasing the economic growth of the downtown economic and cultural engine. There is too much to this successful program to adequately review it here. Suffice it to say that with these investments there will be full time employed professionals here every day with the common mission to strengthen and grow the Belfast economy.

Part of the proposed increase in expenses next year actually represents a match for some current spending this year. When I worked on the union negotiations last year I attempted to hide from Union scrutiny some money that might be needed to cover potential cost of living adjustments. In trying to be financially crafty I mistakenly put the money in an area of the budget funded by surplus or reserves. When negotiations

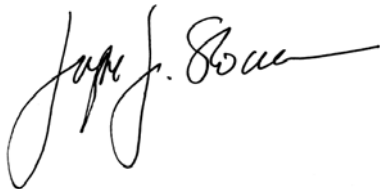
closed and those funds were needed they were paid out of reserves and not last years property tax levy. A gentleman wrote a letter to the editor saying this was wrong because it hid the issue from view from the taxpayers as well. He was right and I called him and told him so. Here, I tell you.. Last year I made the mistake of funding potential operating expenses from surplus and calling them something other than what they really were. That mistake is not repeated anywhere in this budget- but this proposed budget does reflect our continuing obligation to cover that overhead.

This budget proposal has cut about \$200,000 from Departmental, Board and Commission requests.

The citizen is entitled to know that many here- staff, elected officials and volunteers does understand that these are difficult economic times. Certainly let us hear from you but also have some faith that there are some good people here with some common sense that never lose track of the fact that you are there.

This is a working draft budget that will be scrutinized and reshaped many times before it is completed. We will all be working on the fine details and the differing perspectives over the next two months. I thank everyone for his or her effort and input to date and pledge an open, clear and respectful process as we move forward.

Most sincerely,

A handwritten signature in black ink, appearing to read "Joseph J. Slocum". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Joseph J. Slocum, City Manager