



# CITY OF BELFAST

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To: The City Council and Community of Belfast

Re: 2019-2020 Budget Message

From: Joe Slocum, City Manager

Date April 18, 2019

From: For several years now I have introduced the budget by saying that I, along with the City Council, believe that we have the positions we need to deliver the services this City expects and demands. We also believe that we have the right people in those positions.

Unfortunately, In recent years we have lost \$500,000 per year in Municipal Revenue Sharing and another \$500,000 a year from the devaluation of the Bank of America Campus due to their inability to find tenants for their empty buildings.

This next budget is now faced with another devastating challenge imposed by the loss of \$260,000 in annual Ambulance Revenue. Collectively, this may overwhelm our ability to maintain the number of people that we employ and the level of services that we provide.

## **KEY CHALLENGES.**

### **1. THE DECREASE (LOSS) OF NON PROPERTY TAX REVENUE:**

Ambulance revenues have historically exceeded the Ambulance budget, helping to offset the property tax burden. Losing \$265,000 in Ambulance revenue exceeds what it cost to run our entire Fire Department for a year.

Until this year we received payment for emergency trips to the hospital and also a second payment for the return trip home. We are no longer being paid for the return trips home because Medicare does not accept them as being medically necessary and hence not an emergency requiring an ambulance.

On a better note we do hope to recover some of the Municipal Revenue Sharing that the State has taken away from us over the past 10 years. While this additional \$160,000 is a step in the right direction, it still short sheets what Belfast Property Tax payers are supposed to get by over \$500,000 a year.

Ambulance Revenue and Municipal Revenue Sharing are but 2 of the 41 sources of revenue the City collects to offset the City property tax bill. In this proposed budget I **anticipate that total non -property tax revenues will be reduced from \$4,817,169 to an estimated \$4,619,885. This is a 4.1% decrease.**

## **2. THE INCREASE IN PROPOSED CITY EXPENSES:**

**City Departments and various non-profit entities have submitted budget requests totaling \$10,506,017. This is \$578,428 over the current budget of \$9,927,589. This is a 5.8% Increase**

**When you combine an anticipated net revenue loss of \$226,284 and the requested increase in proposed expenses of \$578,428 we start with a budget gap of \$804,712**

**What is driving the requested increases in expenses?**

100-512-Legal Fees \$5,000

120-501-Assessing Salary/car stipend \$7,000

130-501-Clerk- restore part time position to full time \$16,000

\*150-501-Elections/supplies \$5,500

\*140-873 -Computer IT Management up \$22,000

\*180-530 -Health Insurance up \$50,000

\*180-527-Social Security \$7,000

\*180-528-Retirement \$4,000

210-501 Fire Dept Salary/wages \$10,000

210-535 Fire Equipment \$5,000

220-535-Police up an extra \$42,000 to purchase a 2nd Hybrid Cruisers this year

\*220-501-Salary adjustments to Police Wages with a 2% COLA is up \$81,000 per our Union Contract which responded to our Statewide survey that found our Officers were being paid significantly less than other Departments in other communities; including the County Sheriff's Department

250-501 Cable Salary/wages \$5,000

\*260-550 to 555 various Insurance \$10,000

270-501 &503 Ambulance Salary/wages/overtime \$12,000

410-535 Public Works Equipment up \$10,000

\*410-501-Salary Adjustments for Public Works Union Employees under Union Contract and 2% Cost COLA is up \$15,000 based upon research showing underpayment compared to similar positions in other communities

420-573 Sidewalks up \$10,000

440-575-Transfer station hauling fees will be up \$28,000 next year

450- Road Construction \$15,000

460-578 Tree Program \$2,000

550-581 -Social Service Agency requests are up \$32,000

610-582 Parks Salary/wages \$1,800

610-537 -Parks and Recreation is asking for a new Truck Reserve account \$26,500

610-511 – Parks Training \$2,000

630-593-Cemetery Maintenance reserve \$12,000

650-596-Miscellaneous Promotionals Requests are up by \$37,000

660-504- Bath supplies \$1,500

\*700-608- Debt Service payments are up by \$111,573 to start paying for the new Public Works Facility and Solar Farm.

This represents \$575,300 of the \$578,428 in extra requested expenses.

\* These items total \$306,073 and are arguably required for us to operate.

Please note that we also do pay some annual expenses directly out of the Downtown TIF account, The money in this account comes from taxes raised on new improvements to the Downtown District that were made after 2005. The amount of money Property taxes raised on valuations in the Downtown prior to 2005 continue to go to support the general Budget. However, the value added in the Downtown after 2005- say for the construction of the Front Street Shipyard, which occurred after 2005, is placed in a Tax Increment Finance Fund and pays for the following expenses:

The Debt service on the Harborwalk	\$55,883
The Debt Service on the Front Street Reconstruction	\$155,339
½ The Economic Develop Departments Annual Budget	\$38,747
Support for Our Town Belfast	\$40,000
Support for the Creative Coalition	\$40,000
Support for Waterfall Arts	\$10,000
<b>TOTAL</b>	<b>\$339,969</b>

**This proposed budget assumes that the City will continue to fund these expenses through the Downtown TIF and not through general property taxes.**

### **3. What IF WE APPROVED THE BUDGET AS REQUESTED:**

**This would result in a 15.1% increase for that portion of the property tax bill ( about 31%) that covers City taxes (not the portions collected for School and County Tax which account of the other 69% of the property tax bill.).**

**If one were to assume that the County Tax bill and the School Tax bill stayed the same in this next budget year, then the net effect of approving all of the requested City expenses would result in a Mil rate increase of \$1.14 per thousand. On a \$100,000 property the increase in City tax would cost \$114. On a \$300,000 property the increase in City taxes would cost \$342.**

**I do not know a soul who wants to see that kind of increase, especially considering that it is highly unlikely that County Taxes and School taxes will stay the same this next year.**

	<b>Total City Budget</b>	<b>Non Property Tax Revenue</b>	<b>Property tax needed</b>
Current Year	9,927,589	4,817,169	5,110,420
Next year Requested	10,506,744	4,619,885	<b>5,886,859</b>

#### **4. HOW DO WE MOVE FORWARD?**

While the City has grown over the last 10 years, Council has tightened expenses across 275 individual Budget lines during that same period. From my perspective I have been unable to find a way to reduce the City portion of the Property Tax Bill to something less than a 10% increase without cutting City Employment positions. Any significant non-employee cuts would push our already strained infrastructure maintenance well below responsible levels. So do we cut infrastructure or do we cut the services the community expects? Vehicles, salt piles and buildings do not deliver services- people do.

#### **5. Manager's Proposed Budget Cuts (\$1,000 and over)**

I am not elected, but I nevertheless have the responsibility to use my best judgement in making recommendations to those who are elected. I have poured through these numbers dozens of time trying to make lemonade. At this point I am stuck and I need to engage the Council in this dialogue to help give this budget a proper shape.

Together we will have to identify and support the hard choices and decisions that may need to be made. The City Departments, Non-profits and I will need the perspective and feedback from the Council to reach the best resolutions possible. As always, while we go through the Budget, everyone- especially Department Heads, is welcomed and encouraged to address any disagreements they may have with any of my recommendations. Every story has at least 2 sides and the Council and the City deserves to hear them all.

Here, with great regret, are my recommendations:

120-501&511 -Assessing cut \$7,000 Salary and Vehicle expense

130-501-City Clerk cut \$16,000 to restore a full- time position (currently vacant)

130-631-City Clerk cut \$3,000 Records Restoration (Carry Forward)

210-501-Fire cut \$ 2,125 partial increase in hourly wage for Firefighters and Officers Stipend

210-535-Fire cut \$5,000 equipment purchase

220-535-Police cut \$40,000 to purchase 2 hybrid cruisers and purchase 1 Hybrid Cruiser

220-536-Police cut \$3,000 vehicle repairs

220-501-Police cut \$45,000 eliminate one patrol officer (currently vacant)

220- 539 -Police cut \$1,000 mileage

230-544-Street Lights cut \$40,000 for savings from lights purchase and conversion

250-501-Cable cut \$1,000 Salaries

270-501-Ambulance cut \$10,000 Salaries (less Trips)

270-567-Ambulance Fuel cut \$1,500

410-501-Public Works cut \$35,000 eliminate one truck driver (currently vacant)

410-535-Public Works cut \$10,000 equipment

410-567-Public Works cut \$1,500 Fuel/ oil

450-577-Roads cut \$5,000

420-573-Sidewalks cut \$5,000

510-579-General Assistance cut \$5,000

550-581-Cut Social Service Agencies \$32, 219 in additional requests  
Also -Social Service Agencies cut \$17,195 a 10% across the board cut

610-582-Parks cut \$2,400 in Salaries

610-511-Parks cut \$2,000 Training

620-501-Library cut \$16,000 (eliminate 1 part time Library Assistant (currently filled)

630-593-Cemetery cut \$12,000 Maintenance Reserve

650-586-Miscellaneous Promotionals cut \$37,125 in additional requests  
Also -Misc Promotioionals cut \$3,347 a 10% across the board cut

680-604-Outside Engineers Consultant cut \$10,000

This list of proposed cuts Totals \$368,411

**If one were to assume that the County Tax bill and the School Tax bill stayed the same in this next budget year (unlikely) then the net effect of approving all of the City Manager's requested cuts to City expenses would result in a Mil rate increase of \$.54 per thousand. On a \$100,000 property the increase in City tax would cost \$54. On a \$300,000 property the increase in City taxes would cost \$162. While this number sounds appealing, there is no question that approving these recommendations will affect our ability to maintain our current levels of City Services.**

**6. Manager's additional Proposed increases in Non- Property tax revenue**

- Transfer Station Garbage bag fee increase by 50 cents = \$25,000 in Revenue
- Transfer Station Construction & demolition waste increase of \$10 a ton= \$14,000
- Auto Excise Tax increase \$40,000
- Harbor fees add \$4,000
- invest Interest \$5,000
- Cable Franchise fees add \$7,000

If all Manger's suggestions accepted this would be an 8.4% increase in what we would ask the Belfast Taxpayer to pay in City Property taxes (Not School or County)

Total City Budget goes **UP** from \$9,927,589 to \$10,164,585 (Up 2.4%)  
Total other Non Property Tax Revenues goes **DOWN** from \$4,817,169 to \$4,619,885 (6.7%)

Net to the property payer for City Property Taxes **UP** from \$5,110,420 to \$5,540,618 which is a proposed increase of 8.4%

**If one were to assume that the County Tax bill and the School Tax bill stayed the same in this next budget year (unlikely) then the net effect of approving all of the**

**City Manager's requested cuts and increases to revenues would result in a Mil rate increase of \$.54 per thousand. On a \$100,000 property the increase in City tax would cost \$54. On a \$300,000 property the increase in City taxes would cost \$162. While this number sounds appealing, there is no question that approving these recommendations will affect our ability to maintain our current levels of City Services**

**Two Items will need to be examined further:**

**There will be a likely reduction in the " Overlay" which are extra taxes needed to be collected so the Assessor can have the funds to address tax abatements that may come into play. This can happen for many reasons including mistakes in our records, lack of notification of changes by taxpayers or specific challenges to the valuations themselves. Because we resolved many of the issues with STAG IV last year, owners of the Bank of America campus, we may be able to collect less Overlay this year than we needed to last year. Reduced Overlay is a reduced tax rate. It is quite possible that we may be able to shave .3 Mills off the ultimate combined property taxes for School, County and City. The ultimate impact of this will not be identifiable for another 2 months.**

**Secondly, I note that while the Police Department and the Public Works Departments budgets include a 2% COLA pursuant to Union Contracts, no other Departmental Budgets include that same treatment. It would cost \$60,000 to provide all other City employees with similar treatment.**

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Before I started to work on this budget I wanted to speak positively about Belfast' History as a regional center- long laced with both large and small businesses. I wanted to recount some tough times and the moments where the Community itself turned those hardships around. I wanted to express my high confidence that no matter what we face, I believe that we will do it together, fueled by the welcoming and engaging nature of our people.

This budget presents some daunting challenges to the City's elected leaders and from them to the Departments and people who serve you every day. I do not really know how it will all turn out but I do know that before we are done, we will review everything with a fine tooth comb and whatever we end up with, we will do our best to make it the best for Belfast.

If this Budget message says anything, it says that revenues are very important- crucial even to many people's ability to live or work here. The City Council has seen many losses of revenue in the past turn into real factors that can lead to property tax



increases in the future. That is why it is no surprise to me that they have shown interest and support, for the Nordic Aquafarm's Project. Every one of them wants to make sure that it will not have harmful environmental impacts. If the project happens, no one should doubt the significant economic revenue and jobs this project could bring to our City. The environment is important. The economy is too. We need to find a way to serve them both.

Thank you for the continuing privilege to work with so many great people who are dedicated to Belfast because they love this community.

A handwritten signature in black ink, appearing to be the initials 'JL' or similar, written in a cursive style.