



# Town of Brunswick, Maine

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April 4, 2019

To the Town Council of the Town of Brunswick, Maine:

In accordance with the Charter of the Town of Brunswick, Maine, the proposed budget for the Town of Brunswick for the period of July 1, 2019 through June 30, 2020 is presented for your consideration. It combines the municipal services budget proposed by the Town Manager with the education budget proposed by the School Board. The County tax levy is added to these to produce a total budget, which becomes the basis for the property tax levy – by far, the largest funding source.

While this budget document contains the total proposed revenues and expenditures for both municipal and school operations, it only includes details for the municipal departments. The School Department's totals are incorporated in this document as requested by the School Board. The details of the school budget are available from the School Department and will be provided to you later this week.

## *Municipal Services Budget*

This year's municipal services portion of the budget would increase the property tax rate by approximately 2.16%.

Some of the drivers for this year's expenditure budget increase include:

- Personnel – Salaries and benefits continue to comprise the majority of the municipal expenditure budget. Maintaining existing personnel levels increases the budget by nearly \$516,000, with the largest portion of that increase related to a nearly 8% increase in health insurance costs.

The budget also proposes additional personnel in the following areas:

- Fire Department - The budget would add four new firefighters throughout the year. This would add one firefighter to each shift to address the increasing volume of calls. This is critical for the safety of our firefighters and the public. The budget also adds an inspection officer to address the inspection of multi-unit apartment buildings and enhance the Department's other inspection and fire safety activities.
  - Police Department – The budget would add one traffic safety officer to help with the growing demand for traffic patrol and enforcement.
  - Emergency Communications – The budget would add one communications officer to handle the increasing call volume and call complexity.
  - Parks & Recreation – The budget would add two seasonal park rangers, primarily to patrol parks and boat launches.
  - Town Clerk – The budget would convert a part-time position to full-time.
- Paving and Road Rehabilitation – The budget would increase the amount for road paving and rehabilitation from \$750,000 to \$1,000,000. This increase, while still not sufficient to meet the

recommended paving and rehabilitation mileage, would continue to move the Town towards adequate funding, which is essential to minimize future, costlier, road repairs.

- Capital Reserves – The budget continues to fund the vehicle capital reserves we initiated a few years ago. The reserve approach has worked well to smooth budget funding and to provide flexibility in replacement scheduling. This budget introduces a new reserve, a technology equipment reserve, for the same reasons.
- Recycling – The budget includes a substantial increase, \$137,000, in the cost to process items collected under the Town’s curbside collection program. This is a direct result of the collapse of recycling markets. It now costs more to process recyclables than it does to landfill them. We will continue to explore alternative methods of handling recyclables. Among those is a potential suspension of the program.
- Fire Suppression (Hydrants) - The budget includes a 20% increase in the mandatory fire protection charge, payable to the Brunswick Topsham Water District. This amounts to an increase of \$56,500.

The revenue portion of the municipal budget anticipates an increase in State Revenue Sharing, a program that provides municipalities with a share of State income and sales taxes. For many years, the State set aside approximately 5% of its income and sales taxes for the program which distributes funding to municipalities primarily on the basis of population and tax effort. Over the last ten years the amount set aside (a/k/a the revenue sharing “pool”), was substantially reduced, as money was removed from the pool and transferred to the State General Fund budget. For 2018-19, approximately 2% of the State’s income and sales taxes went into the pool. By law, the amount deposited into the pool is set to return to 5%, effective July 1, 2019. However, the Governor’s proposed budget rescinds the jump to 5% and replaces it with a “ramp-up” approach to the 5% level. Her budget would increase the revenue sharing pool to 2.5%. The proposed municipal budget assumes that the pool will be funded in accordance with the Governor’s recommendation, not the current law.

#### *Education Budget*

The budget delivered by the School Board increases the amount of proposed property tax funding by \$1,550,624, resulting in an estimated 3.60% property tax rate increase. The School Department will be making its budget presentation to the Town Council on April 11<sup>th</sup>.

#### *Total Proposed Budget*

Combining the increases in the municipal and school budgets, along with the increase in the County tax, results in an increase of \$2,503,857 in the total amount to be raised from property taxes. This would increase the property tax rate by 5.81%. A summary of the budget components and their impact on the property tax levy can be found on pages 4 and 5 of the budget document.

The estimated property tax rate increase assumes no increase in the Town’s taxable valuation. Last year I reported that, typically in the year following a revaluation, the Town would expect to see little or no growth in taxable valuation, and quite possibly a reduction. In fact, last year’s net taxable valuation was lower than it was in 2017. Fortunately, that was offset by an increase in other revenues.

### *Capital Budget*

In accordance with the Town's Fund Balance Policy, the amount of Unassigned General Fund Balance over the target is to be used for capital or one-time expenditures. I have proposed that a portion of the Fund Balance be used to fund the following.

- Road Paving and Rehabilitation – In years past, the Town annually budgeted for a road reconstruction project. These projects were dropped in response to the cuts in State Revenue Sharing. As I mentioned above, the Town is not adequately funding its road paving and rehabilitation needs. The capital budget would add an additional \$200,000 to this year's efforts.
- Facilities Maintenance – Three years ago the Town established a Facilities Maintenance Reserve. The Town has a number of buildings that have expensive maintenance requirements and the reserve approach was adopted in an effort to smooth those costs over time. Although we have not been able to fund those reserves through the annual operating budget, we have funded them through an appropriation from Fund Balance. The capital budget continues that approach for a third year.
- Information Technology "Forklift" Project: The capital budget would also fund a "forklift" upgrade of the Town's information technology (I/T) infrastructure. The "forklift" approach would allow for a more systematic approach to future equipment replacement and leverage backup and redundancy capabilities that would not be possible otherwise. The I/T infrastructure is a critical component in the Town's public safety and general municipal operations.
- Other Projects: The capital budget proposes funding for two other small projects. One project would be for drainage improvements and a parking lot resurfacing at People Plus. A second would be the initial phase of a traffic signal upgrade in the Cooks' Corner corridor.

### *Tax Increment Financing (TIF) Budget*

The TIF budget for 2019-20 has been expanded to provide more detail on the Town's TIF Districts. In addition to providing funding for ongoing allowable expenditures in the municipal services budget, proposals for TIF funding include allocations for Downtown sidewalks and the Cook's Corner Connector road.

### *Acknowledgements*

In closing, let me acknowledge those who assisted in the preparation of the budget. Thank you to the department heads for your daily contributions to the community and for your cooperation in the development of this budget. Thank you to Julia Henze, Branden Perreault, and Diane Lathrop of the Finance Department for assistance with this document.

I look forward to discussing the 2019-20 budget with the Town Council as we work to balance competing demands and costs.

Respectfully,

*John S. Eldridge*

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Town Manager