

City of South Portland FY25 Proposed Budget

SCOTT MORELLI, CITY MANAGER

ELLEN SANBORN, FINANCE DIRECTOR

APRIL 2, 2024



FY24 Budget Error

May 23, 2023: Council holds Budget Workshop #3 and adds a net \$776,979 to Manager's Recommended Budget

FY23 Tax Rate:

\$15.56

FY24 Manager Recommended:

\$16.21 (4.2%)

FY24 Council Approved:

\$16.37 (5.2%)

From 5/23/23 Workshop			
Department	Item	General Fund Amount	Council Approved GF Amt
City Council	Eliminate Mayor's Coalition	\$ (6,000)	\$ -
City Council	Restore GPCOG Dues	\$ 55,646	\$ 53,246
Economic Development	Restore Temp Position	\$ -	\$ -
Economic Development	Restore Contractual for Branding	\$ -	\$ -
Economic Development	Health Insurance	\$ -	\$ -
Facilities	Add New Admin Asst Position	\$ 78,210	\$ 78,210
Facilities	Mahoney School Costs	\$ 103,365	\$ 103,365
Parks & Rec	Restore Lifeguards @ Willard	\$ 9,350	\$ 9,350
Parks & Rec	Add Signage	\$ 1,000	\$ -
Planning	Add Comprehensive Plan Add-Ons	\$ -	\$ -
Police	Add Part-Time Behavioral Health Liaison	\$ -	\$ -
Police	Replace MRAP (CIP)	\$ -	\$ -
Public Works	Increase Paving	\$ 220,000	\$ 220,000
Public Works	Restore Sidewalk Maintenance	\$ 25,000	\$ 25,000
Public Works	Add New Equipment Operator I Position	\$ 82,140	\$ 47,915
Social Services	Restore HOME Team Funding	\$ 134,540	\$ -
Sustainability	Reduce Contractual Services	\$ (19,000)	\$ (19,000)
Various	Additional 2% COLA for Non-Union EEs	\$ 258,893	\$ 258,893
Water Resource Protection	Remove Four CIP Requests	\$ -	\$ -
TOTALS		\$ 943,144	\$ 776,979
	Above Impact to Tax Rate	\$ 0.19	\$ 0.16
	Current FY23 Tax Rate	\$ 15.56	\$ 15.56
	Proposed FY24 Tax Rate	\$ 16.21	\$ 16.21
	Proposed FY24 % Tax Rate Increase	4.18%	4.18%
	FY24 Tax Rate w/ Above Changes	\$ 16.40	\$ 16.37
	Total % Tax Rate Increase	5.41%	5.19%
	Difference: Proposed v Above Changes	1.23%	1.02%

FY24 Budget Error

- \$16.37 = tax rate approved by Council in June 2023
- In June/July 2023, Assessor equalizes predominantly residential and business equipment values up to keep pace with the market & inflation
- As values increase, tax rate decreases, resulting in a zero-sum equation, raising same amount of money, where some pay more, and others pay less
 - Ex. A \$10.00 tax rate on \$100 million in property value = \$1,000,000 in revenue
 A \$5.00 tax rate on \$200 million in property value also = \$1,000,000 in revenue

FY24 Budget Error

- Based on increase in values, proposed tax rate changes from \$16.37 to \$14.14
 - Should have set at \$14.69 but double-counted certain revenues, leading to a tax rate that was too low and collected less revenue than needed

FY24 Budget Error

Municipal Valuation Return (MVR) Form

All municipalities must complete annually - helps determine tax rate and overlay amount



2288040

MAINE REVENUE SERVICES
2023 MUNICIPAL VALUATION RETURN
(36 M.R.S. § 383)

DUE DATE - NOVEMBER 1, 2023 (or within 30 days of commitment, whichever is later)

1. County: Commitment Date: mm/dd/yyyy

2. Municipality: Account ID:

Commitment period (select one):

3. 2023 Certified Ratio (Percentage of current just value upon which assessments are based.) %
Homestead, veterans, blind, and BETE exemptions, and Tree Growth values must be adjusted by this percentage.

TAXABLE VALUATION OF REAL ESTATE
(Exclude exempt valuation of all categories)

- 4. Land (include value of transmission, distribution lines and substations, dams and power houses).....
- 5. Buildings.....
- 6. Total **taxable** valuation of real estate (sum of lines 4 and 5 above).....
(must match Tax Rate Calculation Form page 15, line 1)

TAXABLE VALUATION OF PERSONAL PROPERTY
(Exclude exempt valuation of all categories)

- 7. Production machinery and equipment.....
- 8. Business equipment (furniture, furnishings and fixtures).....
- 9. All other personal property.....
- 10. Total **taxable** valuation of personal property (sum of lines 7 through 9 above).....
(must match Tax Rate Form line 2)

OTHER TAX INFORMATION

- 11. Total taxable valuation of real estate and personal property (sum of lines 6 & 10 above).....
(must match Tax Rate Form line 3)

FY24 Budget Error

Municipal Valuation Return (MVR) Form

- When completing this 18 page, 201 question form, BETE and Homestead revenue was double counted on one question

MAINE REVENUE SERVICES
2023 MUNICIPAL TAX RATE CALCULATION FORM

Municipality:

BE SURE TO COMPLETE THIS FORM BEFORE FILLING IN THE TAX ASSESSMENT WARRANT

1. Total taxable valuation of real estate. (Here and on MVR pg 1, line 6).....	<input type="text"/>
2. Total taxable valuation of personal property. (Here and on MVR pg 1, line 10)...	<input type="text"/>
3. Total taxable valuation of real estate and personal property (Line 1 plus line 2) (Here and on MVR pg 1, Line 11).....	<input type="text"/>
4a. Total exempt value for all homestead exemptions granted. (Here and on MVR pg 2, Line 14f).....	<input type="text"/>
4b. Homestead exemption reimbursement value. (Line 4a multiplied by 0.76).....	<input type="text"/>
5a. Total exempt value of all BETE qualified property. (Here and on Enhanced BETE sheet Line 1a).....	<input type="text"/>
5b. BETE exemption reimbursement value. (Here and on Enhanced BETE sheet Line 4a).....	<input type="text"/>
6. Total valuation base (Line 3 plus Line 4b plus Line 5b).....	<input type="text"/>
ASSESSMENTS	
7. County tax.....	<input type="text"/>
8. Municipal appropriation.....	<input type="text"/>
9. TIF Financing plan amount. (Here and on MVR pg 2, Line 16c + 16d).....	<input type="text"/>
10. Local education appropriation (local share/contribution)..... (Adjusted to municipal fiscal year)	<input type="text"/>
11. Total assessments (Add lines 7 through 10).....	<input type="text"/>
ALLOWABLE DEDUCTIONS	
12. Anticipated state municipal revenue sharing.....	<input type="text"/>
13. Other revenues: (All other revenues formally appropriated to be used to reduce the commitment such as excise tax revenue, T.G. reimbursement, renewable energy reimbursement, trust fund or bank interest income, appropriated surplus revenue, etc. (Do not include any homestead or BETE reimbursement).....	<input type="text"/>
14. Total deductions. (Line 12 plus line 13).....	<input type="text"/>



2288055

MAINE REVENUE SERVICES
2023 MUNICIPAL TAX RATE CALCULATION FORM

Municipality:

ALLOWABLE DEDUCTIONS CONTINUED...

15. Net to be raised by local property tax rate (Line 1 minus Line 14).....	<input type="text"/>
16. Maximum Allowable Tax. (Line 15 multiplied by 1.05).....	<input type="text"/>
17a. Minimum Tax Rate. (Line 15 divided by Line 6).....	0. <input type="text"/>
17b. Maximum Tax Rate. (Line 16 divided by Line 6).....	0. <input type="text"/>
18. Selected tax rate (Here and MVR pg 1 Line 12).....	0. <input type="text"/>
19. Tax for Commitment. (Line 3 multiplied by Line 18) (Enter here and on MVR pg 1, Line 13).....	<input type="text"/>
20. Maximum Overlay. (Line 15 multiplied by 0.05).....	<input type="text"/>
21. Homestead Reimbursement. (Line 4b multiplied by selected rate) (Enter here and on Line 8 Assessment Warrant).....	<input type="text"/>
22. BETE Reimbursement. (Line 5b multiplied by selected rate) (Enter here and on Line 9 Assessment Warrant).....	<input type="text"/>
23. Overlay. (Line 19 plus Lines 21 and 22 minus Line 15) (Enter here and on Line 5 Assessment Warrant).....	<input type="text"/>

(If Line 23 exceeds Line 20 select a lower tax rate.)

Results from this completed Tax Rate Form should be used to prepare the Municipal Tax Assessment Warrant, Certificate of Assessment to Municipal Treasurer and Municipal Valuation Return.

FY24 Budget Error

Municipal Valuation Return (MVR) Form

- This led Finance staff to confirm the \$14.14 rate (instead of \$14.69)
- Staff were initially happy that we could deliver a lower than expected/approved tax increase
- Unfortunately, this helped lead to a \$4 million shortfall

FY24 Budget Error

- Taxes should always have been collected at the \$14.69 rate – this was the amount approved by the City Council
- Learned of this error in January 2024 – decided to NOT send out corrected tax bills but instead to find \$4 million in savings
 - Higher than expected non-property tax revenues have filled much of the gap, have been working on finding \$1 million in savings by limiting discretionary spending and enacting a limited hiring freeze

FY24 Budget Error

- Effect is that in FY24, the average taxpayer paid \$201.30 less in taxes than Council approved
 - *Ex. You buy a house and get a 30-year mortgage. For the first year, the mortgage company accidentally charges you \$50 less per month than you agreed to pay. When they discover this error, they begin charging you the correct amount in years 2-30 but hold you harmless by counting your first-year payments as if you had paid that missing \$50 each month*
- This amount needs to be added back in FY25 to the tax levy – again, was approved by the Council in FY24 and always should have been in there

FY24 Budget Error

- The Finance Team has safeguards in place to ensure this double-count does not happen again
- We apologize for this error

FY25 Budget: Trends

- Demands for City service are growing, both in terms of existing service delivery and expectations for more service offerings. For example...
- Finance
 - In FY23, processed 15,569 vehicle registrations, up 20% over FY22 and up 50% over FY19
- Library
 - Over past year, users borrowed 140,618 items, up 7,969 (6%) from same time last year
- General Assistance
 - Since January 2023, have received 2,893 applications for assistance, with 80.5% (2,519) qualifying for aid

FY25 Budget: Trends

- Police

- Responded to 28,300 calls in 2023, up 5.7% from 2022 (26,785), but down -7.7% from 2021 (hotels)
- Currently down 6 officers, more officers = more traffic enforcement

- Fire/EMS

- Though down slightly from 2022 (5,909), responded to 5,459 emergency calls in 2023. This is up 10.8% from 2019 (4,925), and 27.6% from 2013 (4,279)
- Though down from 2022 (1,413), responded to 1,325 fire calls in 2023. This is up 3.4% from 2019 (1,281), and 6.8% from 2013 (1,241)

- Bus Service

- In 2023, ridership returned to within 5% of pre-pandemic levels

FY25 Budget: Trends

- Parks & Recreation

- Art in the Park: artist exhibitor increased from ~120 in 2023 to 170 with a waitlist for 2024
- Increased participation in Bug Light Car Show by ~100 vehicles
- Added three summer concerts to Redbank Neighborhood in partnership with TOA

- City Clerk

- 100% increase in June School budget referendum (871 voters); Presidential & Charter amendment election this November

- Human Resources

- 43 full or part-time benefit eligible employees separated from service in 2023, down from 57 in 2022 and 47 in 2021, but up from 33 in 2020 and 31 in 2019

FY25 Budget: Trends

- Water Resource Protection

- Pumped and treated 2.3 billion gallons of wastewater, with an average influent flow of 6.2 millions gallons per day
 - Removed 92% of biological oxygen demand and 95% of total suspended solids before discharging into Casco Bay
 - 5,051 tons of sludge was generated and disposed of
- Out of 1,542 Maine DEP required in-house monitoring points, achieved 99.8% compliance

- SPCTV

- Broadcast and streamed 82 government meetings, such as City Council, Planning Board, Comp Plan Committee, School Board, etc.

FY25 Budget: Trends

- Sustainability

- Over 24 weeks, a total of 324 checkouts occurred at the South Portland Electric Tool Library (grant funded)
- Partnered with 8 organizations and 25 volunteers to help 89 South Portland properties begin to transform into more resilient yards
- In 10 months, issued \$262,000 in rebates to 317 low-to-moderate income residents for electric vehicles, lawn care equipment, e-bikes, heating and cooling systems, and home weatherization

- Information Technology (IT)

- City staff received 2,037,001 legitimate (non-spam) emails over past 12 months, or 5,566 emails per day
 - Doesn't include phone calls, in-person visits, social media interactions, or online work orders

FY25 Budget: Trends

- Code Enforcement
 - In FY23, issued 1,904 permits, up 7% from FY22 (1,780), and 17% from FY19 (1,626)
 - Between FY18 and FY23, issued 2,263 building permits, with an estimated projects cost of \$262,738,529
- Public Works
 - Paved 15% more local roads in 2023 (+2.1 miles)
 - Repaired 213 potholes
 - In FY23 responded to 532 online work orders, and in FY24 YTD have responded to 401
 - Responded to 73 more traffic signal complaints in 2023 than 2022 due to aging equipment
 - Repaired 109 streetlights in 2023 vs 73 in 2022 (+49%)
 - 29 overnight storm events (ice, snow, rain) from 12/1/23 – 4/1/24, up from 24 during the same period last year (+21%)

FY25 Budget: Trends

- Planning
 - 25 ordinance amendments. For example...
 - Shelter ordinance
 - Tree ordinance
 - Open space tiering and protections
 - 92 applications processed, including new housing units
 - 19 ADUs
 - Betsy Ross expansion
 - Landry Woods expansion
 - O'Neil St
- Economic Development
 - Monthly newsletter up to 1,400 recipients (open rate of 39%, above industry standard)
 - ED Staff and EDC members met with ALL businesses with food and beverage licenses as part of ongoing retention/engagement efforts

FY25 Municipal Budget Process

- Budget Prepared with Three Primary Objectives:
 1. Submit a Budget within the Guidance Given by City Council
 2. Address the Council's Adopted Goals for 2024
 3. (Continue to) Invest in Employees

FY25 Municipal Budget Process

- **Objective 1: Submit a Budget within the Guidance Given by City Council**
 - January workshop: Council guidance of “reasonable” tax increase
 - Proposed taxes to be raised is up 6.1% (Combined City/School/County)
 - City impact is 4.3%, or 71% of the overall increase
 - Without the \$4 million error, the City’s tax increase is 1.1%, and the overall tax rate increase is 2.0%

FY25 Municipal Budget Process

- **Objective 2: Address the Council's Adopted Goals for 2024**
 - Goal 1: Climate Resilience/Sustainability
 - Goal 2: Expand Affordable and Moderate Income Housing
 - Goal 3: Strengthen/Prioritize Culture of Public Service

FY25 Municipal Budget Process

- Goal 1: Climate Resilience/Sustainability
 - \$40,000 to hire consultant as part of larger effort to identify coastal risks, analyze solutions, review pros/cons/costs of viable solutions, and engage public to ultimately bring a package of recommendations to the City Council
 - Continued match for GPCOG fellow in Sustainability
 - Continuance of certain programs, such as SPETL
- Goal 2: Expand Affordable and Moderate Income Housing
 - In FY23 invested \$300,000 into an Affordable Housing Trust. Was unable to include request from Affordable Housing Committee to add \$500,000 to the Trust
 - Increases senior property tax relief program to help keep seniors in their homes

FY25 Municipal Budget Process

- Goal 3: Strengthen/Prioritize Culture of Public Service
 - Funds to hire a consultant to review the processes and timeliness of service in Planning and Codes and provide recommendations for improvements

FY25 Municipal Budget Process

- **Objective 3: (Continue to) Invest in Employees**

- 3% COLA (or more) in FY25 for all staff
- Funding to implement Phase I update to non-union pay plan
- Modest amounts for tuition reimbursement programs for PD, FD, and non-union
- Increases in training budgets to improve staff proficiency and development
- New hire orientation program
- Annual Employee recognition program
- Annual Holiday event

Cost of Living Adjustment (COLA) Comparisons				
Community	22/23 COLA	23/24 COLA	24/25 COLA Est	Total COLA
Auburn	3.0%	6.0%	TBD	TBD
Bangor	5.0%	4.0%	TBD	TBD
Biddeford	3.0%	4.5%	3.0%	10.5%
Cape Elizabeth	5.0%	6.0%	3.0%	14.0%
Falmouth	5.0%	5.0%	4.5%	14.5%
Gorham	4.0%	6.0%	3.0%	13.0%
Kennebunk	3.0%	5.0%	4.0%	12.0%
OOB	3.0%	5.0%	3.0%	11.0%
Portland	3.0%	4.0%	3.0%	13.0%
Scarborough	2.7%	4.7%	4.7%	12.1%
Wells	4.5%	5.0%	5.0%	14.5%
Westbrook	3.0%	3.0%	TBD	TBD
York	7.5%	4.0%	4.0%	15.5%
AVERAGE	4.0%	4.8%	3.7%	13.0%
South Portland	6.0% ↑	6.0% ↑	3.0% ↓	15.0% ↑

Yellow Highlight = Highest COLA that Year

Blue Highlight = Lowest COLA that Year

NOTE: South Portland's COLA in 21/22 was 1%

FY25 Municipal Budget Process

South Portland COLA comparison to other communities

FY25 Municipal Budget Process

- Fixed wage and non-wage expenses have increased, and when combined with new department asks, the initial Municipal budget would have increased the City's share of the tax rate by \$1.16 (+25%), or an 8.2% increase on the tax bill alone
 - Why so much?
 - 14 new positions requested
 - Inflation/costs of goods and services (e.g., tipping fee increase from ecomaine, assessment to Harbor Commission increasing)
 - Wage increases: 3% COLA for all except Fire Command (7%) + step increases
 - City contribution to Portland Dispatch increased \$280,401
 - Cost to implement City's share of new paid leave law (\$136,000)

FY25 Municipal Budget Process

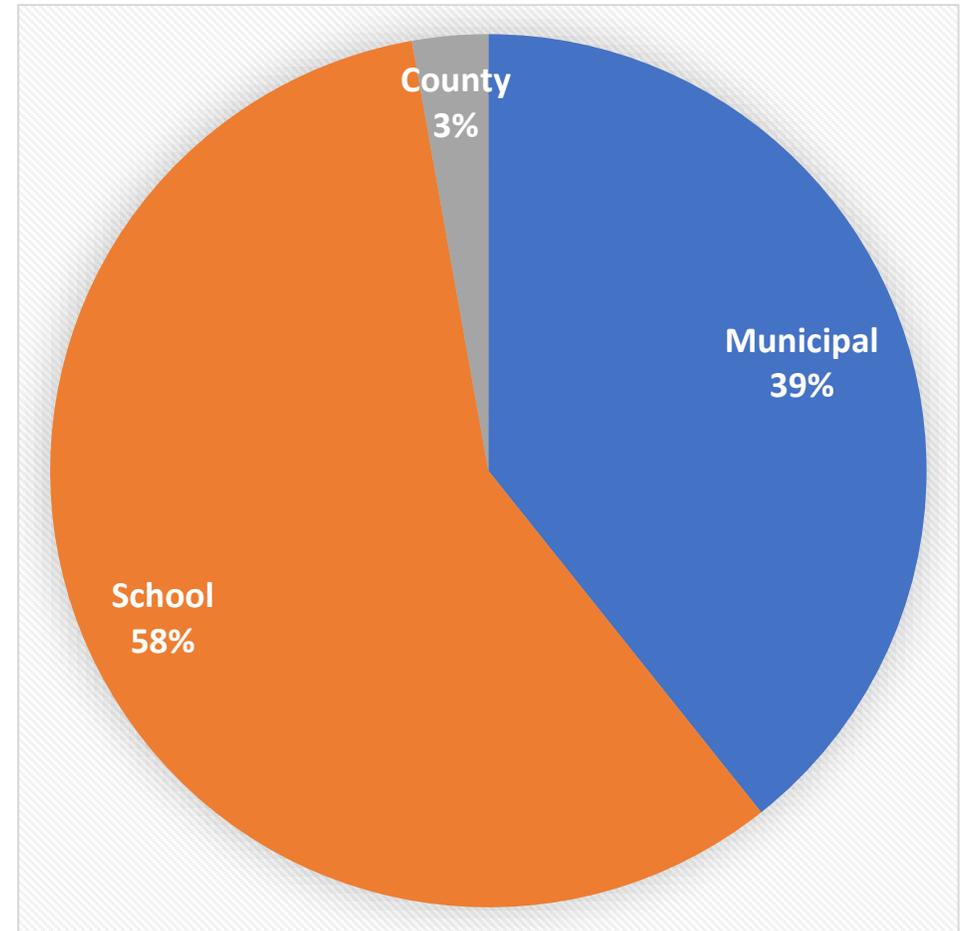
- Needed to find nearly \$3.5 million in cuts/new revenues just to wind up with a City budget that increased taxes by 4.3% on the overall tax rate
- Made \$2.1 million in reductions...
 - *Ex. Did not fund 12 of 14 new position requests (-\$1,078,607)*
 - *Ex. Did not fund Affordable Housing Committee request (-\$500,000)*
 - *Ex. Did not fund Fire foam disposal/replacement (-\$108,000)*
- ...and found \$1.3 million in new revenues
 - *Ex. Increase in taxable value (+\$575,000)*
 - *Ex. Increase in investment income (+\$200,000)*

FY25 Total Budget (All Funds)

	FY24 Adopted	FY25 Proposed	\$ Change (FY24-25)	% Change (FY24-25)
General Fund	\$116,245,046	\$122,776,230	\$6,531,184	5.6%
<i>Municipal</i>	<i>\$46,270,546</i>	<i>\$49,927,273</i>	<i>\$3,656,727</i>	<i>7.9%</i>
<i>School</i>	<i>\$66,130,311</i>	<i>\$69,431,062</i>	<i>\$3,300,751</i>	<i>5.0%</i>
<i>County</i>	<i>\$3,844,189</i>	<i>\$3,417,895</i>	<i>(\$426,294)</i>	<i>(11.1%)</i>
Sewer Fund (Enterprise)	\$7,792,178	\$7,942,799	\$150,621	1.9%
Special Revenue Funds	\$3,511,458	\$3,045,654	(\$465,804)	(13.3%)
	\$127,548,682	\$133,764,683	\$6,216,001	4.9%

FY25 General Fund

- **School Share (58%):**
Previously presented by the Superintendent, Council only controls bottom line amount
- **County Share (3%):**
County budget assessed across all Cumberland County communities based on valuation
- **Municipal Share (39%):**
Major focus of this presentation



FY25 Budget Highlights

- Two new positions: 1) Public Works Operations Manager to increase capacity of department to perform work, especially in winter months, and 2) Applications Tech in IT to better assist several hundred City and School users with technology questions/problems
- Increases Senior Property Tax Relief program funding
- Adds ASL interpreters for offsite Council meetings

FY25 Budget Highlights

- Consultant to review and make recommendations on improving process/timeliness in Planning and Code Enforcement
- Consultant to help present options, costs, and public input related to coastal resiliency
- Debt service funding for lease purchases in Capital budget (5 yrs)

FY25 Budget Highlights

- Funding to outfit FD apparatus with new mobile data terminals
- Restored some funding for employee tuition reimbursement program
- Restored funding for employee recognition event
- Reduce tax bills from four to one annually

FY25 Budget Highlights

- Cost savings in IT budget assuming switch from Microsoft to Google for email and other applications
- Several minor capital purchases for Public Works: curber, transfer station containers, etc.
- Funding for controlling vegetation growth around the City on arterial roads (waiver granted by LMAC to use herbicides)

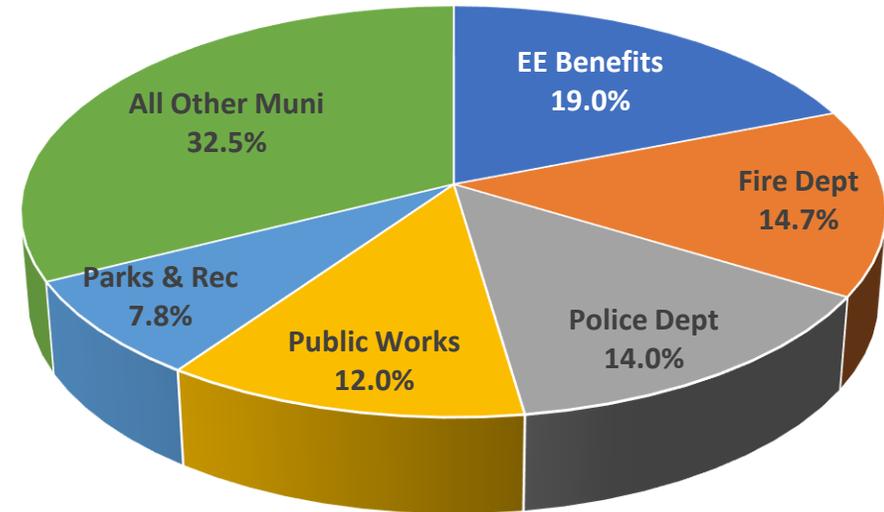
FY25 Budget Highlights

- 3% COLA for most personnel, higher for Fire Command, and implementation of Phase I of pay study to bring numerous positions closer to market
- Additional funding to help implement CAAC recommendations
- Increased funding in PD for wellness and officer retention efforts

FY25 Highest Expenditures

- As a percent of the Municipal General Fund Budget:

• Employee Benefits	19.0%
• Fire Department*	14.7%
• Police Department*	14.0%
• Public Works	12.0%
• Parks & Recreation	7.8%
• All Other (16)	32.5%



**Includes 50% of cost for Portland Regional Communication Center (Dispatch)*

Fund Balance

- Fund Balance
 - Fund Balance is the difference between total City assets and its liabilities
 - A component of Fund Balance is Unassigned, which is available for use (i.e., not assigned for any other use)
 - City Policy requires maintaining a minimum Unassigned Fund Balance of 9% of General Fund budgeted expenditures, with a goal of maintaining 12%
 - City Policy also states that any amounts over 12% may be used for one-time expenditures, such as capital improvement projects

Fund Balance

- Fund Balance
 - As of 6/30/23, Unassigned Fund Balance was \$15.8 million (13.4% of expenditures)
 - Use of Fund Balance FY25:
 - \$410,000 toward Operating Budget (down from \$500,000 in FY24 and \$950,000 in FY23)
 - \$350,000 toward FY25 Capital Improvement Plan (CIP) via lease purchases (5 years)
 - TOTAL: \$760,000
 - Brings balance down to \$15.1 million = 12.4% of overall proposed budget

Other One Time Revenues

- Also includes several other one-time revenue sources (\$475,768)
 - ARPA funds (final year) (\$327,268)
 - Police Asset Forfeiture funds (\$148,500)
 - Some of this funding covers one-time purchases, some covers recurring items

Property Tax Rate

Total Needs from Taxes

	<u>FY24 Committed</u>	<u>FY25 Proposed</u>	<u>\$ Change (FY24-25)</u>	<u>% Change (FY24-25)</u>
Municipal	\$ 26,374,640	\$ 30,239,093	\$ 3,864,453	14.7%*
School	\$ 50,279,364	\$ 52,950,243	\$ 2,670,879	5.3%
County	\$ 3,844,189	\$ 3,417,895	(\$ 426,294)	(11.1%)
TOTAL	\$ 80,498,193	\$ 86,607,231	\$ 6,109,038	7.6%

**includes all of the \$4 million approved to be raised but mistakenly not raised in FY24*

Property Tax Rate

Share of Property Tax Rate Increase

	<u>FY24 Committed</u>	<u>FY25 Proposed</u>	<u>\$ Change (FY24-25)</u>	<u>% Change (FY24-25)</u>	<u>Impact to Tax Rate</u>
Municipal	\$ 4.64	\$ 5.24	\$ 0.61	13.1%	4.3%*
School	\$ 8.83	\$ 9.17	\$ 0.34	3.8%	2.4%
County	\$ 0.68	\$ 0.59	(\$0.09)	(13.0%)	(0.6%)
Total	\$14.14	\$15.00	\$0.86	6.1%	6.1%

**includes all of the \$4 million approved to be raised but mistakenly not raised in FY24*

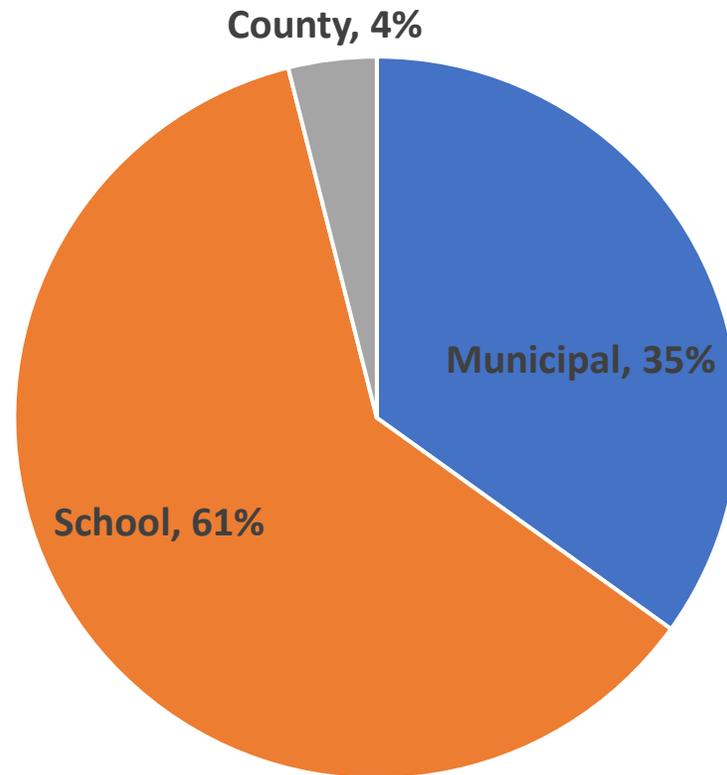
Property Tax Rate

Share of Property Tax Rate Increase – Factoring Out \$4M Error

	<u>FY24 Committed</u>	<u>FY25 Proposed</u>	<u>\$ Change (FY24-25)</u>	<u>% Change (FY24-25)</u>	<u>Impact to Tax Rate</u>
Municipal	\$ 5.18	\$ 5.24	\$ 0.06	1.1%	0.4%
School	\$ 8.83	\$ 9.17	\$ 0.34	3.8%	2.3%
County	\$ 0.68	\$ 0.59	(\$0.09)	(13.0%)	(0.6%)
Total	\$14.69	\$15.00	\$0.31	2.0%	2.0%

Property Tax Rate

Percentage Shares of FY25 Tax Rate



FY25 Tax Rate Impact

City of South Portland						
FY25 Tax Rate Impact						
	Without Homestead Exemption			With Homestead Exemption		
	FY24	FY25	\$ incr	FY24	FY25	\$ Incr
<i>Tax Rate per \$1,000</i>	\$ 14.14	\$ 15.00		\$ 14.14	\$ 15.00	
<i>Homestead value exemption</i>				\$ 25,000	\$ 25,000	
Property Value:						
\$200,000	\$ 2,828	\$ 3,000	\$ 172	\$ 2,475	\$ 2,625	\$ 151
\$300,000	\$ 4,242	\$ 4,500	\$ 258	\$ 3,889	\$ 4,125	\$ 237
\$366,000 (average single family)	\$ 5,175	\$ 5,490	\$ 315	\$ 4,822	\$ 5,115	\$ 293
\$400,000	\$ 5,656	\$ 6,000	\$ 344	\$ 5,303	\$ 5,625	\$ 323
\$450,000	\$ 6,363	\$ 6,750	\$ 387	\$ 6,010	\$ 6,375	\$ 366
\$550,000	\$ 7,777	\$ 8,250	\$ 473	\$ 7,424	\$ 7,875	\$ 452
\$1,000,000	\$ 14,140	\$ 15,000	\$ 860	\$ 13,787	\$ 14,625	\$ 839

Tax Rate Comparison: Consumer Price Index (CPI)

- The Consumer Price Index (CPI) is “a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.”
 - In other words, it measures inflation
 - CPI-U is the CPI for all urban consumers, and represents about 87% of the total U.S. population and is based on the expenditures of all families living in urban areas
- CPI-U in 2023: 3.5%
- City tax increases have historically been below the annual CPI-U

Tax Rate Comparison: Consumer Price Index (CPI)

- Proposed 6.1% tax rate increase is higher than CPI-U
 - However, when factoring out the \$4M budget error that should have been included in the FY24 budget, the increase is only 2%, which is below CPI-U

Tax Rate Comparison: Abutting Communities

- SP tax rate ranks lowest, or \$2.19 less than the median of abutting communities
- SP median tax bill is the third lowest of all abutting communities, about \$547 less

Community	2023-24 Tax Rate	Median Home Value*	Median Tax Bill
Cape Elizabeth	\$ 22.34	\$ 514,900	\$ 11,503
Portland	\$ 14.41	\$ 341,700	\$ 4,924
Scarborough	\$ 15.97	\$ 397,700	\$ 6,351
Westbrook	\$ 16.68	\$ 253,900	\$ 4,235
MEDIAN	\$ 16.33	\$ 369,700	\$ 5,638
So. Portland	\$ 14.14	\$ 360,000	\$ 5,090
DIFFERENCE	\$ (2.19)	\$ (9,700)	\$ (547)
<i>*Based on 2022 Census and may not reflect actual assessed values</i>			

Even at \$14.69 rate, South Portland would have the second lowest tax rate, and still have the third lowest median tax bill, about \$349 less

Tax Rate Comparison: 10 Largest Communities

- SP 4th largest community (pop.)
- SP tax rate ranks second lowest, or \$1.83 less than the median of largest communities
- SP median tax bill is the fifth lowest of all abutting communities, about \$1 less

Community	2023-24 Tax Rate	Median Home Value*	Median Tax Bill
Bangor	\$ 19.15	\$ 189,900	\$ 3,637
Portland	\$ 14.41	\$ 341,700	\$ 4,924
Lewiston	\$ 29.91	\$ 189,500	\$ 5,668
Biddeford	\$ 13.12	\$ 321,900	\$ 4,223
Scarborough	\$ 15.97	\$ 397,700	\$ 6,351
Sanford	\$ 15.14	\$ 238,000	\$ 3,603
Brunswick	\$ 23.29	\$ 304,800	\$ 7,099
Saco	\$ 14.75	\$ 345,200	\$ 5,092
Auburn	\$ 22.75	\$ 227,300	\$ 5,171
MEDIAN	\$ 15.97	\$ 304,800	\$ 5,092
So. Portland	\$ 14.14	\$ 360,000	\$ 5,090
DIFFERENCE	\$ (1.83)	\$ 55,200	\$ (1)

At the \$14.69 rate, South Portland would have the third lowest tax rate, but the fourth highest median tax bill, about \$197 more

Tax Rate Comparison: Full Value Tax Rate & LD 1

- Full Value Tax Rate (FVTR) Data (from State of Maine)
 - South Portland's FVTR (\$15.56) is 3.9% above the average of all communities in Cumberland County (\$14.97)
 - South Portland's FVTR (\$15.56) is \$0.09 less than the average of all communities in Maine (\$15.65)
- LD 1 (2005 Law)
 - LD 1 limits the growth of property taxes to rates by tying the increase to the average change in household income and property value. Increases above this amount require special Council approval. Increases under this amount can be "stockpiled" for future years
 - City has \$6,390,925 in additional or "unused" capacity

FY25 Tax Rate

Recap

- Increase is above the CPI-U for 2023 (6.1% v 3.0%)
 - Is lower when factoring out \$4 M error (2.0% v 3.0%)
- Tax rate is lower than all abutting communities and second lowest when compared to 10 largest communities in Maine
- Median tax bill is third lowest out of all abutting communities and fifth lowest out of the top 10 largest communities in Maine

FY25 Tax Rate

Recap

- Equalized tax rate is above the County average and below the state average
- City could raise an additional \$6,390,925 in property taxes for municipal portion of budget and still be in compliance with the State's LD 1 property tax levy limit

All of these statistics suggest South Portland's tax rate is not unreasonable and that there has been an ongoing mindfulness to keep the mil rate in check

FY26 Outlook

- Several looming expenses, including:
 - Union negotiations with all City bargaining units for contracts starting 7/1/25
 - Still have not agreed with 1 of the 5 unions (Fire Privates) for a prior contract, so that expense is also an unknown
 - We are in the process of updating our pay study to help ensure we are competitive with our wages. While this budget implements Phase I, it is likely future updates will require additional funding
- Also utilizing one-time revenue for ongoing expenses (ex. fund balance, some ARPA)

FY26 Outlook

- Regardless of whether the City Council chooses to utilize Mahoney as a consolidated City Hall or not, the City faces \$60-80 million in deferred maintenance and future needs renovations to several City buildings, including Central Fire, Police, Library, the Hamlin School, and City Hall
- Need new taxable growth needed to offset inflation, fixed cost escalation, to mitigate future tax increases

FY25 Sewer User Fund (Enterprise)

- FY24: \$7,792,178
- FY25: \$7,942,799 (+1.9%)
- Does not rely on property tax dollars – funded primarily by sewer user fee

- Sewer rate will increase from \$6.95/hcf to \$7.16/hcf (3.0% increase)
 - Lowest increase in 5 years (FY20: 1.9%)
 - HCF = hundred cubic feet
 - 1 HCF = 748 gallons
 - The average American uses 80-100 gallons of water per day
 - \$16.80 annual increase to average homeowner

FY25 Special Revenue Funds

	FY24	FY25	\$ Change	% Change
	<u>Adopted</u>	<u>Proposed</u>	<u>(FY24-25)</u>	<u>(FY24-25)</u>
Golf Course	\$164,304	\$190,942	\$26,638	16.2%
Community Television	\$301,439	\$318,552	\$17,113	5.7%
Street Openings	\$99,315	\$88,862	(\$10,453)	(10.5%)
Bus Service	\$2,456,582	\$2,447,298	(\$9,284)	(0.4%)
Total	\$3,021,640	\$3,045,654	\$24,014	0.0%

Starting in FY25, Economic Development has been removed as a Special Revenue Fund and moved into the General Fund with an offsetting TIF revenue

FY25 Capital Improvement Program (CIP)

- Prioritizes in an orderly fashion both short and long-range plans for land acquisition, equipment replacement, and capital construction projects over a several year period to help maximize use of public funds
- First year of program (in this case FY25) represents the proposed capital budget for that fiscal year
- Requests made by departments and evaluated by City Manager and Finance Director for prioritization based on City critical objectives, Council and department priorities, Comp Plan, special studies/reports, and anticipated funding sources

Number of CIP Requests (FY25)

- 11 City departments requested 64 items in FY25 totaling \$13,931,778
 - 40 of these requests relied either in whole or in part on \$9,210,569 in proposed use of General Fund Balance
 - Only have \$1.2 million available to keep fund balance at top end (12%) of policy range (9-12%)
- Cut 22 and partially funded 5 of these projects to save over \$3.5 million and found other sources of funding to pay for other projects

Number of CIP Requests (FY25)

- Opted to utilize lease purchases for 4 items totaling \$1,070,000
 - Allows us to purchase more items
 - Uses \$350,000 in fund balance instead of \$1.2 million in FY25
 - Will result in 5 years of lease payments (City owns at end)
 - Brings our undesignated fund balance to 12.4% of total budget, which is at the top of the 8 – 12% range that is required by our policy

FY25 CIP Highlights

- Design/engineer services for new City facilities (\$4.5 million – TIF)
 - Whether Mahoney or not
- City Hall elevator repair (\$52,850)
- Community Center boiler (\$60,000)
- New Ambulance (\$400,000)

FY25 CIP Highlights

- Ambulance Re-Chassis (\$250,000)
- Ventrac Slope Mower (\$50,000)
- Resilient Zoning Project (\$75,000)
- New loader, wheeler, and paver for Public Works (\$800,000 total)

FY25 CIP Highlights

- Broadway Pedestrian Improvements (\$320,000)
- 2011 Bus Overhaul (\$150,000)
- Transit Stop Access Project (\$315,000)
- 2 New Buses (\$1.2 Million)
 - Diesel, not electric

FY25 CIP Highlights

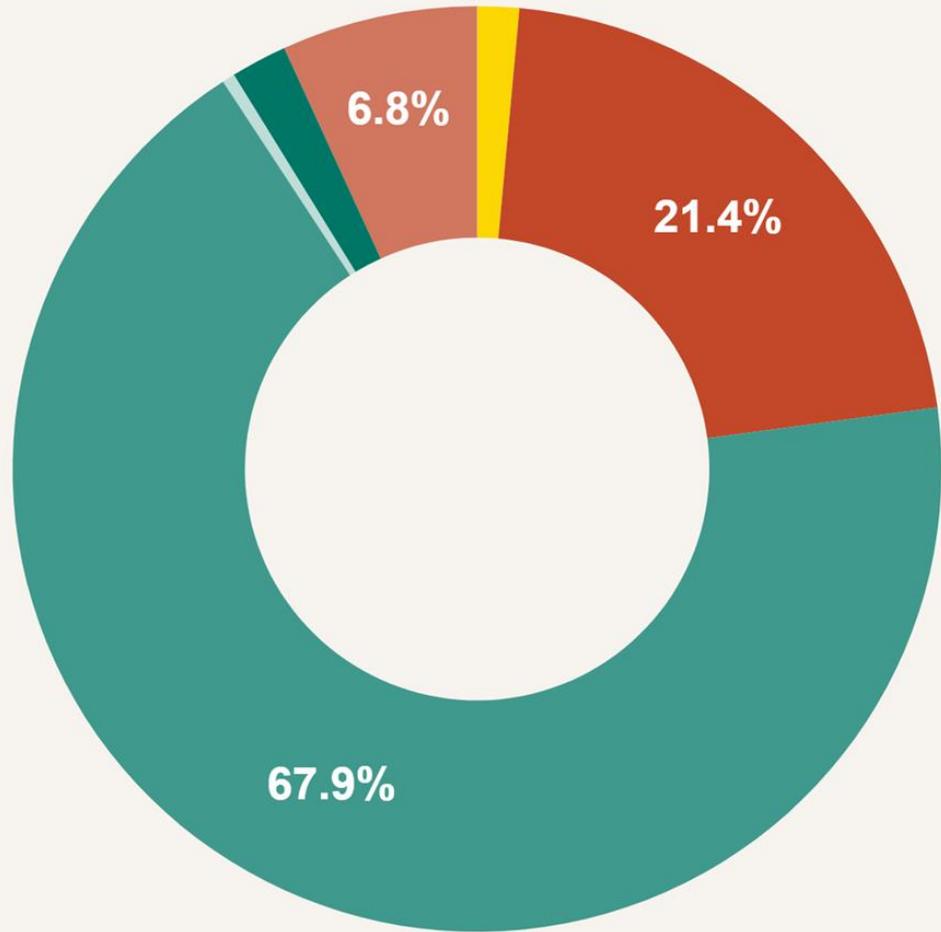
- Long Creek Pump No. 2 Replacement (\$185,000)
- WW Treatment Plant and Pump Station Rehab & Improvement Projects (\$222,635)
- Sewer Lining Program (\$275,000)

FY25 CIP Items Deferred

- These items are needed but are being deferred while we await a decision on what to do with Mahoney/City facilities
 - Community Center Controls (\$45,000)
 - Community Center Rooftop HVAC (\$250,000)
 - Kaler Room Remodel (\$165,000)
 - AC for Garage Bay Area at MSF (\$200,000)
 - Western Ave Fire Station Floor Repair (\$85,500)
- 17 other items also not able to be funded

FY26-31 CIP

Functional Category	2026	2027	2028	2029	2030	2031	Total	% Share
Cultural and Recreational Facilities	\$355,000	\$800,000	\$250,000	\$0	\$250,000	\$0	\$1,655,000	1.45%
Environmental Protection	\$2,175,000	\$15,355,000	\$5,740,000	\$330,000	\$835,000	\$0	\$24,435,000	21.42%
General Government	\$715,000	\$75,350,000	\$330,000	\$335,000	\$385,000	\$335,000	\$77,450,000	67.91%
Parks and Open Space	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$0	\$500,000	0.44%
Public Safety	\$938,750	\$573,750	\$118,750	\$200,000	\$360,000	\$0	\$2,233,010	1.96%
Public Works and Transportation	\$2,980,000	\$860,000	\$2,895,000	\$920,000	\$125,000	\$0	\$7,780,000	6.82%
TOTAL	\$7,263,750	\$93,038,750	\$9,433,750	\$1,885,000	\$2,055,000	\$335,000	\$114,053,010	100.00%



- Cultural and Rec. Facilities
- Environmental Protection
- General Government
- Parks and Open Space
- Public Safety
- Public Works and Transportation

FY26-31 CIP
By Functional Area

FY25 Budget Documents



GOVERNMENT

DEPARTMENTS

SERVICES

COMMUNITY & RECREATION

DOING BUSINESS

HOW DO I...



Bus Schedules

Search...



<https://www.southportland.gov/369/Budget-Financial-Reports>

www.southportland.gov -> Government ->
Budgets & Financial Reports

FY25 Budget Timeline

- Tuesday, April 9: Budget Workshop #1

1. School
2. City Clerk
3. Water Resource Protection/Street Openings
4. Bus Service
5. IT
6. SPCTV
7. Code Enforcement
8. Economic Development
9. Planning
10. Sustainability
11. Library
12. Parks, Rec, Waterfront, Golf Course
13. Review/Confirm "Parking Lot" Items

Est. 15 minutes each, perhaps less for smaller departments and more for larger, but no set times

FY25 Budget Timeline

- Tuesday, April 23: Budget Workshop #2

1. Fire/Dispatch
2. Police
3. HR/Benefits
4. Social Services/GA
5. Facilities/Energy
6. Public Works
7. Finance/Assessing
8. City Council
9. Executive
10. Legal
11. Other – Health, Contingency/Reserves, Liability Insurance, Debt Service, County Tax
12. Review/Confirm “Parking Lot” Items

Est. 15 minutes each, perhaps less for smaller departments and more for larger, but no set times

FY25 Budget Timeline

- **Tuesday, May 7:** Public Hearing/Council Approval of School Budget
- **Tuesday, May 14:** Final Budget Workshop (“Parking Lot” Items)
- **Tuesday, June 11:** School Budget Referendum
- **Tuesday, June 25:** Final Budget Approval

FY25 Budget

- My thanks to department heads for presenting responsible budget
- Special thanks to Finance Director Ellen Sanborn, Deputy Finance Director Rhonda Glidden, and Management and Special Projects Associate Draven Walker, for the months of work they have put into these budgets



CITY OF
**SOUTH
PORTLAND**