



**CITY COUNCIL WORKSHOP
CITY HALL
389 CONGRESS STREET
CITY COUNCIL CHAMBERS**

DATE: January 6, 2020

TIME: 4:00 PM

AGENDA ITEMS:

1. Budget



FY21 Budget Discussion

WORKSHOP FOR CITY COUNCIL

JANUARY 6, 2020

FY21 Budget Discussion

Purpose of Budget Workshop

- Provide overview of City of Portland budget process and general budget timeline
- Discuss FY21 City of Portland budget challenges and budget opportunities

FY21 Budget Discussion

Budget Calendar and Process

Building the City of Portland budget is typically a 6 month process

- **December / January** – City Departments compile/enter requests
- **February** – Finance & HR Department review of submissions
- **March** – City Manager review of submissions
- **April** – Presentation of City Manager recommended budget to City Council, referral to Finance Committee for detailed review
- **May** – Budget Workshop and final budget approval by City Council

FY21 Budget Challenges

Contractually Obligated Salary Increases

- **Contractual Salary Increases / Union Agreements**
- 3 union agreements fully settled for FY21 (Labor & Trades, Pro-Tech, CEBA) at 2.75% + other additions
- 3 union agreements in active renegotiations (Police Benevolent Association, Police Superior Officers, Firefighters)
- 2 union agreements expiring 6/30/20 (Supervisors, Communications)
- If the other contracts settle at an average of 2.75% this represents a **\$2.6M** increase in the overall tax levy (33 cent increase, 1.4%)

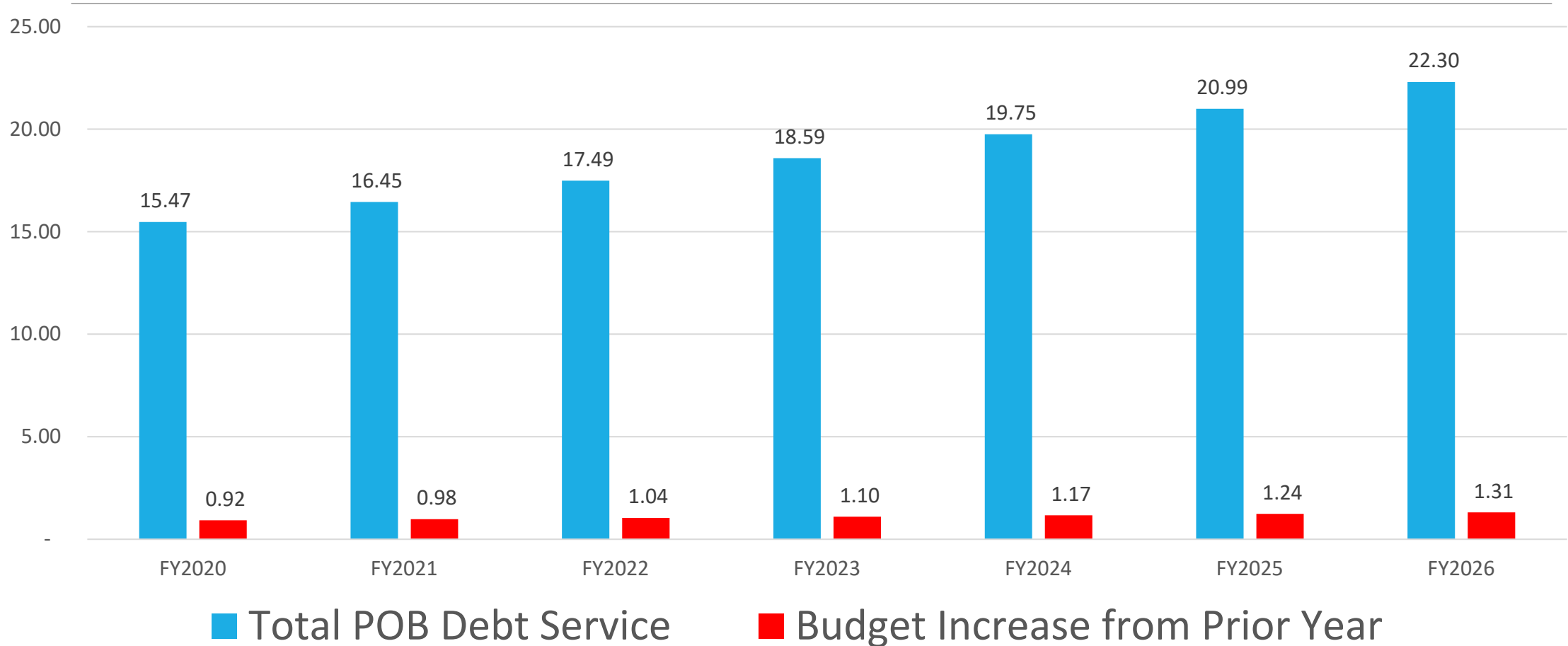
FY21 Budget Challenges

Pension Obligation Bond

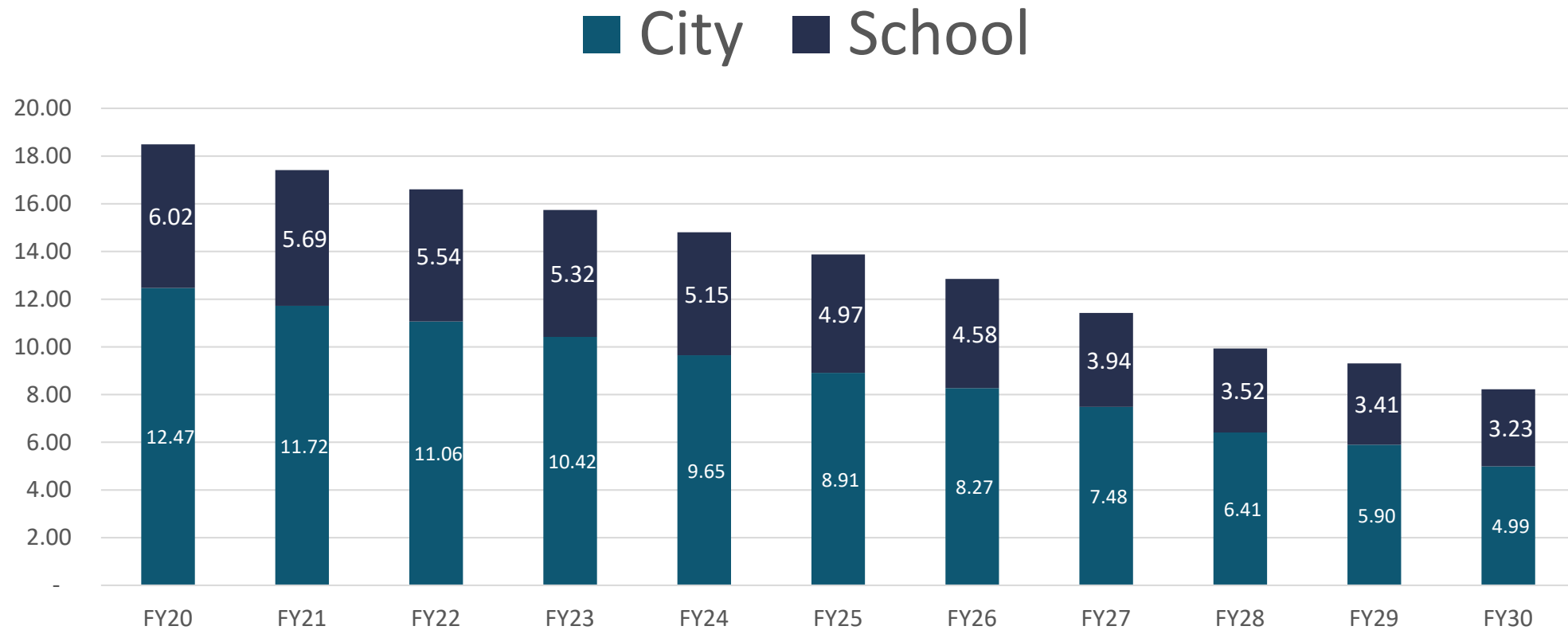
- **Pension Obligation Bond Debt Service**
- \$15.47M in FY20, rising to \$16.45M in FY21
- Increase of **\$976,314**
- Equates to an 13 cent increase in overall tax levy (0.55%)
- POB debt service rises about \$1M annually through FY26, peaking at \$22.3M of POB debt service in the FY26 budget

FY21 Budget Challenges

POB Debt Service by Budget Year (in Millions)

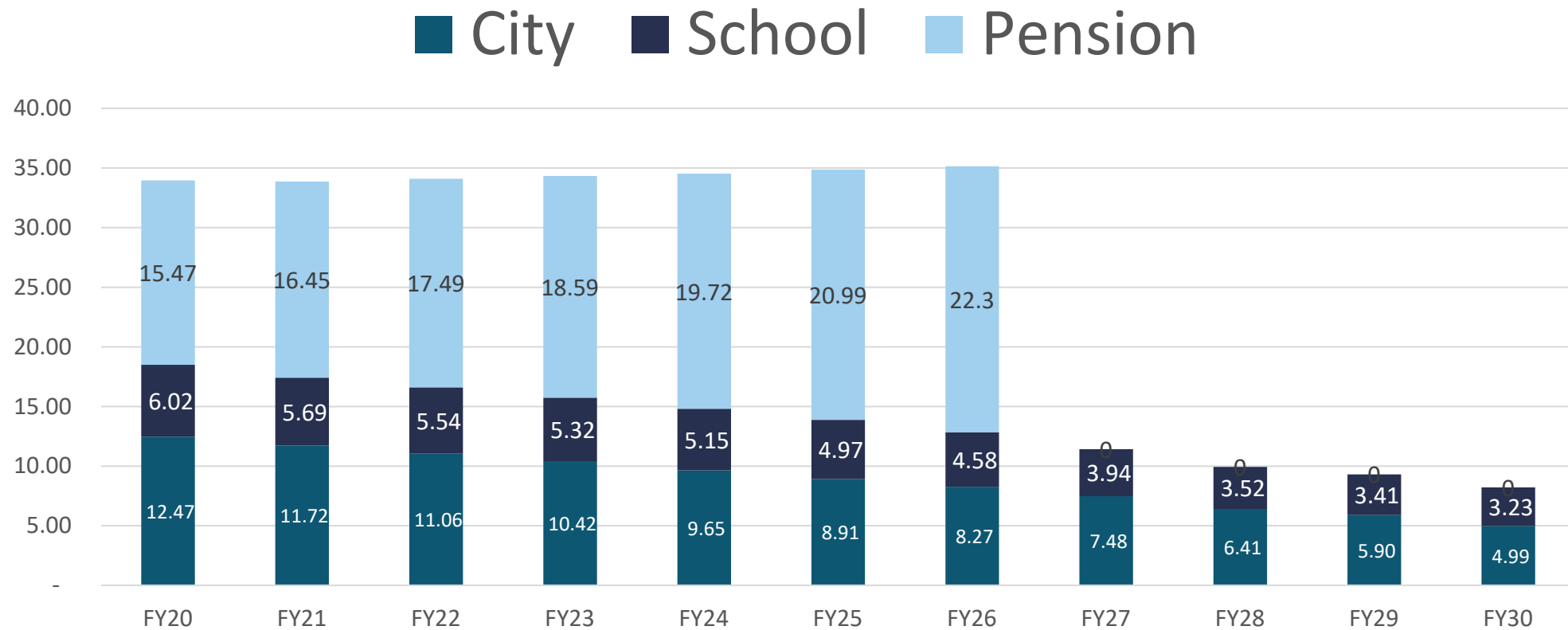


Total Existing City and School Annual Debt Service – Excluding Pension Obligation Bonds (in millions)



Note: Does not include enterprise fund debt service which is fully repaid by enterprise fund revenues

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FY21 Budget Challenges

State of Maine Valuation Increase

- **State of Maine Valuation – City of Portland**
- \$9.69B for 2019, rising to \$10.57B in 2020 (8.5% increase)
- State of Maine Valuation has several impacts on City budget
- If not for City of Portland's TIF programs, the State of Maine Equalized Valuation for the City would have been \$150M higher
- It is essential to continue to carefully manage the City's three area TIF districts to ensure significant valuation increases are captured.

FY21 Budget Challenges

State of Maine Valuation / County Tax

- **State of Maine Valuation – City of Portland**
- \$9.69B for 2019, rising to \$10.57B in 2020 (8.5% increase)
- State of Maine Valuation has several impacts on City budget
- *Impact #1 – Cumberland County Tax Assessment will increase*
Although final county assessment is not yet available, a 5.6% increase in County Tax is currently projected - **\$372k**
- Equates to an 5 cent increase in the tax levy (0.21%)

Cumberland County Tax:

2019 to 2020 State Equalized Valuation Comparison by Town

Note: 2020 Tax
amounts have not yet
been finalized by the
County. Amounts are
DRAFT as of 1/2/2020.

	4.53%		7.52%			
Town	State 2019 Valuation	2019 Tax	State 2020 Valuation	Val Change %	2020 Tax	Percent Tax Change
Baldwin	163,550,000	112,103	181,600,000	11.0%	121,180	8.10%
Bridgton	1,062,850,000	728,506	1,106,700,000	4.1%	738,484	1.37%
Brunswick	2,319,900,000	1,590,123	2,509,500,000	8.2%	1,674,551	5.31%
Cape Elizabeth	2,125,200,000	1,456,670	2,275,600,000	7.1%	1,518,473	4.24%
Casco	680,050,000	466,125	707,700,000	4.1%	472,237	1.31%
Chebeague Island	218,150,000	149,526	237,100,000	8.7%	158,213	5.81%
Cumberland	1,328,750,000	910,761	1,406,550,000	5.9%	938,569	3.05%
Falmouth	2,532,600,000	1,735,913	2,726,900,000	7.7%	1,819,618	4.82%
Freeport	1,739,650,000	1,192,404	1,863,700,000	7.1%	1,243,618	4.30%
Frye Island	157,250,000	107,783	175,100,000	11.4%	116,842	8.40%
Gorham	1,806,250,000	1,238,053	1,992,000,000	10.3%	1,329,231	7.36%
Gray	1,029,500,000	705,647	1,133,450,000	10.1%	756,334	7.18%
Harpswell	1,931,200,000	1,323,697	1,992,700,000	3.2%	1,329,698	0.45%
Harrison	536,000,000	367,389	545,700,000	1.8%	364,137	-0.89%
Long Island	174,150,000	119,367	179,800,000	3.2%	119,978	0.51%
Naples	831,600,000	570,001	850,150,000	2.2%	567,292	-0.48%
New Gloucester	557,400,000	382,057	588,450,000	5.6%	392,664	2.78%
North Yarmouth	528,500,000	362,248	570,400,000	7.9%	380,619	5.07%
Portland	9,687,850,000	6,640,316	10,507,000,000	8.5%	7,011,159	5.58%
Pownal	259,450,000	177,834	267,550,000	3.1%	178,532	0.39%
Raymond	1,150,200,000	788,378	1,175,550,000	2.2%	784,426	-0.50%
Scarborough	4,313,600,000	2,956,659	4,778,350,000	10.8%	3,188,519	7.84%
Sebang	396,200,000	271,566	420,650,000	6.2%	280,693	3.36%
South Portland	4,308,100,000	2,952,889	4,622,350,000	7.3%	3,084,423	4.45%
Standish	1,103,700,000	756,506	1,198,800,000	8.6%	799,941	5.74%
Westbrook	2,144,350,000	1,469,796	2,268,700,000	5.8%	1,513,868	3.00%
Windham	2,095,000,000	1,435,970	2,272,500,000	8.5%	1,516,404	5.60%
Yarmouth	1,711,350,000	1,173,008	1,863,100,000	8.9%	1,243,218	5.99%
	46,892,350,000	32,141,295	50,417,650,000	7.52%	33,642,919	4.67%

FY21 Budget Challenges

State of Maine Valuation / School EPS

- **State of Maine Valuation – City of Portland**
- \$9.69B for 2019, rising to \$10.57B in 2020 (8.5% increase)
- State of Maine Valuation has several impacts on City budget
- *Impact #2 – School Educational Subsidy*
- Impact / EPS estimates typically calculated by PPS staff
- If \$10.57B had been in place during FY20, Portland's educational subsidy would have been approximately **\$4.6M** lower due to the valuation.
- Actual change in FY21 funding still unknown – many factors to be considered including formula changes and whether program is funded to Statutorily required levels.

FY21 Budget Challenges

State of Maine Valuation / Revenue Sharing

- **State of Maine Valuation – City of Portland**
- \$9.69B for 2019, rising to \$10.57B in 2020 (8.5% increase)
- State of Maine Valuation has several impacts on City budget
- Impact #3 – State Revenue Sharing – Had the \$10.57B valuation been in place for FY20 our revenue sharing dollars would have decreased by approximately **\$622k** from \$5.74M (projected) down to \$5.12M.
- Biennial budget includes 3% revenue share in FY21 and 3.75% in FY22

FY21 Budget Challenges

Summary of Existing FY21 Tax Rate Impact Items



FY21 Budget Challenges

Other Budget Items to Watch

- Increases from Organizations that Rely on City Funding: GPCOG, METRO, Library, Portland Downtown
- Solid Waste / EcoMaine Trash & Recycling Tipping Fees / Rates
- Cable Franchise Revenue – FCC Rule Changes Harm Municipalities – Potential Current & Future Revenue Loss
(no communication yet received from local Charter/Spectrum)
- Increase in General Assistance and Social Services / Shelter Budgets

FY21 Budget Overview

Final Thoughts for FY21 Budget

- Amounts shown do not reflect any other budget changes and are representative of impact on overall City tax rate (i.e. \$23.31 for FY20)
- Other City budget additions would increase tax levy
- Changes in local City valuation would lower tax levy
- Increases in local City revenues would help lower tax levy
- City Council Goals can have significant impact on budget & tax levy

FY21 Budget Overview

Final Thoughts for FY21 Budget

- Potential economic downturn will impact City budget

- Excise tax revenue beginning to flatten
- Building permit revenues not expected to increase in FY21
- Parking meter rates were raised in each of the last three years to help balance budget - unlikely again in FY21

Auto Excise 4 Year History				
	FY17	FY18	FY19	FY20 YTD
	A-\$10,600,000	A-\$11,200,000	A-\$12,050,000	A-\$11,550,000
July	\$969,774	\$947,890	\$1,117,098	\$1,102,870
August	\$1,018,953	\$1,115,770	\$1,093,486	\$1,090,633
September	\$948,887	\$933,269	\$984,798	\$969,396
October	\$856,383	\$1,040,927	\$882,454	\$1,027,657
November	\$832,577	\$830,910	\$875,989	\$870,230
December	\$757,964	\$797,313	\$816,058	
January	\$781,664	\$847,549	\$771,914	
February	\$698,889	\$925,422	\$758,384	
March	\$1,342,323	\$1,225,357	\$923,117	
April	\$1,153,095	\$1,226,301	\$1,302,339	
May	\$1,336,511	\$1,287,313	\$1,454,154	
June	\$1,152,118	\$1,223,890	\$1,175,232	
Totals:	\$11,849,138	\$12,401,909	\$12,153,610	\$5,060,785

FY21 Budget Overview Questions?
