CITY COUNCIL WORKSHOP
CITY HALL
389 CONGRESS STREET
CITY COUNCIL CHAMBERS

DATE: February 10, 2020

TIME: 5:30 PM

AGENDA ITEMS:

1. Council Committee Work Plans

2. FY21 Budget Guidance

City of Portland Goalsetting Alignment Session Agenda
February 10, 2020
5:30 p.m. – 8:30 p.m.

Desired Outcomes
By the end of this session, we will have a shared understanding of why goals alignment among the council and committees matters and identified clear starting points for achieving it.

What	When
Getting Grounded ▪ Welcome, Agenda Review, Context Setting, Introductions – Mayor Snyder, Carole Martin	5:30 – 5:40
Getting Underway ▪ Committee Goals Highlights – Committee Chairs ○ Clarifying Questions ○ Discussion ▪ Reaching agreement on areas of alignment for 2020	5:40 – 7:00
Break	7:00 – 7:15
Setting All Contributors Up for Success ▪ Looking ahead, what will it take in order to achieve greater alignment in future years? ○ Consider processes, timelines, sequencing of goalsetting efforts ▪ What is a reasonable target percentage of council and committees aligned goals to aim for in 2021?	7:15 – 7:45
Budget Guidance	7:45 – 8:25
Wrapping Up ▪ Next Steps: What, Where ▪ +/Δ	8:25 – 8:30

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Health & Human Services and Public Safety Committee

Councilor Belinda Ray, District 1, Chair
Councilor Tae Chong, District 3
Councilor Pious Ali, At-Large

HHS & PS 2020 Workplan – A Living Document

<table>
<tr><th>MEETING DATE</th><th>PRIMARY FOCUS</th><th>ITEMS TO SCHEDULE/ONGOING ISSUES
(Council Goal Addressed, if applicable)</th></tr>
<tr><td>Jan 14</td><td>Health of Portland Report, Committee Work Plan for 2020</td><td rowspan="13">Homeless Services Center: Staff will update committee and seek guidance as necessary during planning, design, and construction phases (Goal #1)

Small Shelter Zoning: In limbo since 2017 after Planning Board declined to act w/o licensing regs in place (Goal #1)

Walkable Communities/8-80 Cities: Walkable communities/cities designed for all ages enhance both transit capacity and public health (Goal #3)

Mental Health: HHS staff identified mental health as a priority area based on data from the Health of Portland Report. Committee will take up policy issues around mental health as they arise. Mental health issues can be an underlying cause of homelessness. (Goal #1)

Wellness Check Program for Seniors: Staff is working on emergency management plans around this. Committee will review as necessary. (Goal #1)

Public Health Note: Add a public health note to all items coming before the council (similar to fiscal note)

Vaping Regulation: Staff would like “menthol” added (locally) to flavor ban enacted by CDC

Addiction & Opioid Misuse (ongoing): Follow-up after Communities Addressing Addiction & Opioid Misuse workshop as necessary</td></tr>
<tr><td>Feb 4</td><td>Marijuana Regs w/ EDC</td></tr>
<tr><td>Feb 11</td><td>Noise Ordinance Amendment re: fees (public hearing, vote); Sprinkler Requirements for ADUs (overview)</td></tr>
<tr><td>Feb 25</td><td>Marijuana Regs w/ EDC</td></tr>
<tr><td>Mar TBD*</td><td>Sprinkler requirements for ADUs (public hearing, debate, vote); HSC Update; TBD</td></tr>
<tr><td>Mar/Apr TBD</td><td>Joint with Housing: Sober/ Recovery/ Lodging House Regs</td></tr>
<tr><td>Apr 14</td><td>Topic TBD</td></tr>
<tr><td>May 12</td><td>Topic TBD</td></tr>
<tr><td>June 9</td><td>Topic TBD</td></tr>
<tr><td>July 14</td><td>Topic TBD</td></tr>
<tr><td>Sep 8</td><td>Topic TBD</td></tr>
<tr><td>Oct 13</td><td>Topic TBD</td></tr>
<tr><td>Nov. 10</td><td>Topic TBD</td></tr>
</table>

* Multiple committee members have a conflict with the March 10th meeting date. Will reschedule asap.

Council Goals – December 13, 2020

1. *Increase access to rental and home ownership that is safe, affordable, and accessible*
2. *Continue effort to reduce homelessness, assist people experiencing homelessness through city, regional, and state efforts*
3. *Increase public transit infrastructure and capacity in the city*
4. *Seek to address the high property tax burden in Portland by passing an affordable combined school/city budget and by pursuing other revenue sources*

Items on which the committee often gets updates during the year:

- Portland Opportunity Crew: # served, efficacy of program, potential for expansion
- Long Term Stayers Initiative
- India Street Public Health Updates: # served by various programs, ongoing initiatives and projects
- Barron Center: census, programming, etc.

Other issues suggested as potential topics for workplan (currently and historically) but not identified as committee priorities for this year:

1. Facial Recognition Technology Ban (Council workshop scheduled for June 15th 2020 will determine whether this item is referred to committee and with what level of priority)

2. Regulations for Backyard Fire Pits (suggested by a few constituents and former Councilor Brenerman in past years)

3. Retail Fur Ban in stores within the City (suggested in 2018/19 by constituents involved in animal rights and protections who brought forward the puppy mill ban passed in 2016 and the exotic animal ban passed in 2017)

4. Rock Row concert noise issues, the City's letter to Waterstone, Waterstone's response – suggested by former Mayor Strimling in 2019

CITY OF PORTLAND, MAINE

Legislative and Nominating Committee Meeting

2019 WORK PLAN

APRIL:

1. Immigrant Voting Rights for local elections
2. Rank Choice Voting for all local elections
3. Local Clean Elections initiative

MAY:

1. Proposal from City Clerk regarding Portland polling places
2. Maintain membership in Mayor's Coalition

JUNE:

1. Develop Federal Legislative Agenda
2. Review of Boards and Committees – length of terms and term limits

JULY/AUGUST:

1. Local Lobbyist Disclosure/Registration
2. Review/modify Annual District Meetings

FALL:

1. Evaluate/modify nominations outreach process for open board/ committee positions

Draft 2020 Housing Committee Work Plan
as of January 30, 2020

February 12, 2020
1. Rental Housing Advisory Committee Policy Recommendation
2. (Action Item) Housing Program Budget - Review and Recommendation to the City Council
3. (Action Item) Renewal of Membership in the Cumberland County HOME Consortium
4. Presentation of City-Owned Property for Review
5. 2020 Work Plan Discussion – Housing Committee Goals for 2020

March 4, 2020
1. Executive Session to discuss disposition of City-Owned Property – Joint Meeting with Economic Development Committee
2. (Action Item) Review and Recommendation to the City Council of the 2020 Housing Trust Fund Annual Plan
3. (Action Item) Affordable Housing Development Application - Review and Approval to Issue by the Committee
4. (Action Item) Affordable Housing TIF Application – Review and Approval to issue by the Committee
5. 2020 Work Plan Discussion

April 8, 2020
1. Communication Item: Community Development Week – April 13-18/Fair Housing Month
2. 2020 Work Plan Discussion

May 13, 2020
1. Communication Item FY21 HUD Annual Allocation Plan
2. 2020 Work Plan Discussion

May or June, 2020 (Possible Joint Meeting with Economic Development Committee)
1. (Action Item) Review and Approval of Affordable Housing TIF Applications

June 10, 2020
1. (Action Item) Review and Approval of Funding Requests Received from the Affordable Housing Development Applications
2. 2020 Work Plan Discussion

July 8, 2020
1. 2020 Work Plan Discussion

August 12, 2020
1. 2020 Work Plan Discussion

September 9, 2020
1. Presentation, Overview and Integrated Report from Permitting and Inspections and Fire Department re: Short-term and Long-term Rental Housing Safety & Inspection Program - Implementation and Financial Report (Public Comment)
2. Presentation, Overview and Report from the Rental Housing Advisory Committee (Public Comment)
3. Communication Item: FY20 HUD Consolidated Annual Performance Report
4. 2020 Work Plan Discussion

October 14.2020
1. Presentation of 2020 Interim Housing Report
2. 2020 Work Plan Discussion

November 11, 2020 (Veterans Day – will need to reschedule meeting date)
1. Review of 2020 Annual Housing Committee Report
2. 2020 and 2021 Work Plan Discussion (new and/or updated recommendations to forward to the 2021 Housing Committee)

December 9, 2020 – no December meeting?

WORK PLAN TOPICS DISCUSSED AT JANUARY 9, 2020 MEETING

Coordinate and be kept aware of ReCode Committee process, meetings, etc.
Street Standards
City-Owned Property
Housing Forum
Inclusionary Zoning – minor process/clarifying language updates

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COMPLETED WORK

January 9, 2020 (Thursday)

1. 2020 Work Plan Discussion
2. Communication Item(s): Follow-up Response to Comments regarding the 2019 Housing Report, and Bayside Village Follow-up

2020 EDC WORK PLAN AND MEETING SCHEDULE

As of February 6, 2020

MAYOR AND CITY COUNCIL 2020 GOALS

#1 Increase access to rental and home ownership that is safe, affordable and accessible.

#2 Continue efforts to reduce homelessness, assist people experiencing homelessness through city, regional and state efforts.

#3 Increase public transit infrastructure and capacity in the city.

#4 Seek to address the high property tax burden in Portland by passing an affordable combined school/city budget and by pursuing other revenue sources.

PROPOSED EDC MEETING SCHEDULE AND WORK ITEMS

<u>January 7, 2020</u> (Joint EDC and HHS Committee public hearing on marijuana regulations)

Done.

<u>January 21, 2020</u> Done.

2020 EDC Work Plan and Goals Discussion.

<u>February 4, 2020</u> (Joint EDC and HHS Committee meeting on marijuana regulations)

Done.

<u>February 18, 2020</u> (EDC meeting)

Portland Harbor Dredge Project/BUILD Grant Update and Federal/State/Local Funding Allocation.

Executive Sessions to include:

a) Discuss possible Angelo Acres property disposition and
b) Direction on possible public-private partnerships to stimulate parking structure investment for public use ***(City Transit Goal)***.

<u>February 25, 2020</u> (Joint EDC and HHS Committee public hearing on marijuana regulations)

<u>March 4, 2020 (Joint EDC and Housing Committee Meeting)</u>

Presentation on Limited Equity Cooperative Housing Model.

Presentation on changes to HUD/CDBG census tract eligibility.

Executive Session Discussions (City Housing Goal)

>Disposition of city owned properties.

March 17, 2020

Presentation on Roux Institute at Northeastern University.

Presentation on Maine State Pier to Ocean Gateway Redevelopment Plan.

April 7, 2020

City TIF District Workforce Training Investment Update (PAE and CCW, Inc.) and Staff Recommendation for future investment.

Portland Downtown Annual Work Plan, Special Assessment and State Law change to allow Development District Time Extensions.

May 5 or 13, 2020 (Tentative Joint EDC and Housing Committee Meeting)

Executive sessions to discuss affordable housing TIF CEAs requests.

June 2, 2020

July 7, 2020

August 4, 2020

September 1, 2020

October 6, 2020

November 3, 2020

TIF District Annual Activity Report

EDC 2020 Work Plan Accomplishments Communication

December, 2020

No Committee meetings.

EDD MAJOR WORK PLAN ACTIVITIES NOT SCHEDULED FOR EDC MEETINGS

Possible Land Exchange Agreement to support realignment of Kennebec Street from Brattle Street to Forest Avenue.

Homeless Service Center RFP Oversight and Developer Selection subject to City Council direction.

Possible industry sector and/or business presentations for public education related to the manufacturing job growth, business/owner perspectives, use of the federal Opportunity Zone Program, etc.

Neighborhood business center planning and marketing.

Portland/Westbrook municipal line beautification including signage, marketing, etc.

City Downtown/ Transit Oriented Development (TOD) TIF District transit investment coordination with the City Sustainability and Transportation Committee.

City revaluation and TIF District Coordination.

Finance Committee

Councilor Nicholas Mavodones, Chair

Goals Discussion:

1) Provide specific guidance and formalize a Finance Committee Goal on "an affordable combined school/city budget" (will likely occur at City Council workshop on February 10th)

2) Housing Trust Discussion / Funding Sources for Housing Trust

3) Preliminary Discussion around Pension Obligation Bond Retirement in 2026

4) Overall TIFs Review and How TIF Funding Can Be Allocated

5) Financing a New Shelter – Fall/Winter 2020 (operating and capital)

6) Discussion of Portland Landing Project / Grant Received / Overall Plan

7) Revisit the SmartCity Project Spending and Discuss Results

8) Review the Property Tax Deferral/Lien Proposal from Councilor Cook (attached)

Other Discussion:

- Belinda noted she'd like to see more graphics during the budget presentation to make things easier to comprehend (similar to the CIP data which was presented in Excel format). Committee to suggest specific ideas at upcoming future meetings.
- There is a lot of overlap on these items so some discussion may end up occurring at or jointly with other Committees (TIFs in Economic Development, Housing at or with Housing)

Sustainability and Transportation Committee
Goals/Work Plan 2020

Councilor Spencer Thibodeau, Chair

Councilor Jill Duson, Member

Councilor Belinda Ray, Member

1. Create final deliverable for Climate Action Plan
2. Residential Parking Program
3. Reconsider Sidewalk Materials
4. Coordinate with transit providers to fill service gaps (Transit Summit 2020??)
5. Developed protected/shared use bike infrastructure plan connecting all 5 Districts
6. Completing Commercial Street Plan
7. Green Building Code Review (potential updates)
8. Parking Benefit District to Fund Transit
9. Tree Protection Ordinance
10. Fertilizer Ordinance (Continued Monitoring of South Portland work)
11. Air Quality Monitoring (Early Summer review of data)
12. EV Charger Requirements for Parking Garages (Both existing and new)

Rules and Reports Committee

2020 Work Plan

1) Review the 2020 City Council Rules and make recommendations on various amendments to the full City Council; and

2) Facilitate the completion of the performance review process for the City Clerk, City Manager and Corporation Counsel.

CITY OF PORTLAND
Finance Department

TO:	Members of the City Council
FROM:	Brendan T. O'Connell - Finance Director
DATE:	February 7, 2020
SUBJECT:	Supplemental Information for FY21 Budget Guidance Discussion

Councilors,

Back on January 6th, 2020 I conducted a **City Council Budget Workshop Presentation** which presented specific challenges the City fill will face in FY21. Additionally, the City Manager has asked that I provide the City Council with other supplemental information for consideration as they set guidance. This document includes the following supplemental information:

- **EXHIBIT A – Comparative Budget History, FY10-FY20 (City, Schools, including CPI)**
  - **FAQ #1 - Why are my taxes increasing during a time when there is so much new growth in the City of Portland?**
  - **FAQ #2 - Why are Portland's tax rate increases generally higher than CPI?**
  - **FAQ #3 - Will the upcoming revaluation help alleviate budget pressure and provide more tax dollars for the budget?**
- **EXHIBIT B – Comparative Budget History, FY10-FY20 (City Only)**
- **EXHIBIT C – Comparative Budget History, FY10-FY20 (Schools Only)**
- **APPENDIX A – Powerpoint Presentation from January 6, 2020 City Council Budget Workshop**

EXHIBIT A – Comparative Budget History, FY10-FY20

CITY OF PORTLAND
Comparative History FY10-FY20
City Budget, School Budget, and CPI

	CITY			SCHOOLS			COMBINED			CPI [(a)]
Year*	Tax Levy	Tax Rate	Tax Rate %	Tax Levy	Tax Rate	Tax Rate %	Total Tax Levy	Tax Rate	% Change	
FY10	$66,397,351	$8.85	2.7%	$66,672,223	$8.89	-2.6%	$133,069,574	$17.74	0.0%	-0.7%
FY11	$67,024,080	$8.94	0.9%	$67,360,624	$8.98	1.0%	$134,384,704	$17.92	1.0%	1.6%
FY12	$68,039,543	$9.05	1.2%	$69,397,905	$9.23	2.8%	$137,437,448	$18.28	2.0%	2.7%
FY13	$69,649,900	$9.25	2.2%	$72,124,862	$9.57	3.7%	$141,774,762	$18.82	3.0%	1.6%
FY14	$72,322,562	$9.55	3.3%	$74,703,001	$9.86	3.0%	$147,025,563	$19.41	3.1%	1.4%
FY15	$75,754,243	$9.89	3.6%	$77,469,011	$10.11	2.5%	$153,223,254	$20.00	3.0%	1.6%
FY16	$81,025,202	$10.51	6.3%	$78,073,211	$10.12	0.1%	$159,098,413	$20.63	3.2%	0.6%
FY17	$83,862,689	$10.78	2.6%	$80,331,376	$10.33	2.1%	$164,194,065	$21.11	2.3%	1.5%
FY18	$86,095,197	$11.04	2.4%	$82,787,921	$10.61	2.7%	$168,883,118	$21.65	2.6%	2.5%
FY19	$89,612,594	$11.34	2.7%	$88,003,431	$11.14	5.0%	$177,616,025	$22.48	3.8%	3.3%
FY20	$92,813,653	$11.62	2.5%	$93,345,139	$11.69	4.9%	$186,158,792	$23.31	3.7%	1.9%

Notes:
(a) CPI shown is based on calendar year (i.e. FY20 column shows CPI for calendar year 2019) and reflects CPI-U All Urban Consumers for Boston region

NOTES:
% Budget Change reflects the % change in expenditures from year to year
% Tax Levy Change reflects the % change in tax levy from year to year and is higher than the % Budget Change in years where expenditure increases outpaced increases in non-property tax revenue.
Tax Rate % is typically lower than the % Tax Levy Change because it is offset by valuation growth in the City from year to year.

FAQ #1: Why are my taxes increasing during a time when there is so much new growth in the City of Portland? Property valuation in the City grew by $85 million from FY19 to FY20 due to significant new projects breaking ground. The City continues to see generally the same pace of growth in the current year. This $85 million of new property value created an additional approximately **$991,950** in tax revenue for municipal use. While this may seem like a significant amount, it represents only a 0.108% overall increase to our local valuation. It can only fund a fraction of the cost increases and budget challenges the City faced in FY20, many of which are outside of City control. Cost increases include a rise in Cumberland County tax ($351k), increases in pension obligation bond debt service ($924k, increasing by around $1M annually through 2026), contractually obligated union compensation increases (approximately $3.2M) and more. The increase in valuation can only fund a fraction of the cost increases that are outside of City control and our valuation increase is lower than inflation. As noted in the **FY21 Budget Workshop Presentation (1/6/2020)** similar increases are expected for FY21.

FAQ #2: Why are tax rate increases generally higher than CPI?
As noted in FAQ #1 above, the City faces some significant built in cost increases that are rising at a level faster than CPI. The City's pension obligation bond debt service (under a 2001 agreement) has risen and will continue to rise by approximately $1M every year between now and 2026. The City's cost of labor has risen significantly as well, with contractually obligated wage increases adding $3.2M to the City budget in FY20 and expected to add slightly less than $3M in FY21. Minimum wage has risen by approximately 60% since 2016 and this has had a ripple effect on many other job classifications. Jobs which were compensated at $1-$5 above minimum wage in 2016 must still command that same spread in 2020 in order to attract applicants.

FAQ #3: Will the upcoming revaluation help alleviate budget pressure and provide more tax dollars for the budget?
No – the revaluation has no impact on total funds collected for the budget. The City will go through our normal budget process in FY21 which results in a total dollar amount of taxes required to be collected from property taxes. <u>The revaluation will have no impact on the dollar amount levied – the total amount of tax dollars required for City / School operations will be the same both before and after the revaluation</u>. The revaluation will only impact how the dollars levied are split between City taxpayers and will result in a more equitable distribution of the tax levy. In total, tax dollars collected whether the old valuation had been in place or if the new valuation is in place, is the same. When property values rise overall as a result of the revaluation, the mil rate will see a corresponding drop. For example, if total City property value increased 25% during the revaluation from $8B to $10B as a result of the revaluation (i.e. adjusting property values to their just values) the mil rate would then see a corresponding 25% percentage decrease.

EXAMPLE:

Pre-City Revaluation:
Total City Valuation: $8,000,000,000
Mil Rate: $20.00
*Total Tax Levy Needed for City/School Operations: $160,000,000 ($8,000,000,000 / 1000 * $20.00)*

Post-City Revaluation:
Total City Valuation: $10,000,000,000
Mil Rate: $16.00 (drops because we still only need a tax levy of $160,000,000)
*Total Tax Levy Needed for City/School Operations: $160,000,000 ($10,000,000,000 / 1000 * $16.00)*

EXHIBIT B – Comparative Budget History, FY10-FY20 (City Only)

CITY OF PORTLAND
Comparative History FY10-FY20
City Budget

		CITY					
Year*		Budget*	% Budget Change	Tax Levy	% Tax Levy Change	Tax Rate	Tax Rate %
FY10		189,018,287	2.1%	$66,397,351	3.8%	$8.85	2.7%
FY11		196,256,415	3.8%	$67,024,080	0.9%	$8.94	0.9%
FY12		201,891,674	2.9%	$68,039,543	1.5%	$9.05	1.2%
FY13		206,355,346	2.2%	$69,649,900	2.4%	$9.25	2.2%
FY14		215,242,578	4.3%	$72,322,562	3.8%	$9.55	3.3%
FY15		220,985,836	2.7%	$75,754,243	4.7%	$9.89	3.6%
FY16		225,036,526	1.8%	$81,025,202	7.0%	$10.51	6.3%
FY17		236,181,592	5.0%	$83,862,689	3.5%	$10.78	2.6%
FY18		240,356,196	1.8%	$86,095,197	2.7%	$11.04	2.4%
FY19		248,053,243	3.2%	$89,612,594	4.1%	$11.34	2.7%
FY20		263,520,934	6.2%	$92,813,653	3.6%	$11.62	2.5%

NOTES:

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EXHIBIT C – Comparative Budget History, FY10-FY20 (Schools Only)

CITY OF PORTLAND
Comparative History FY10-FY20
School Budget

	SCHOOL					
Year*	Budget	% Budget Change	Tax Levy	% Tax Levy Change	Tax Rate	Tax Rate %
FY10	90,737,043	1.4%	$66,672,223	-1.5%	$8.89	-2.6%
FY11	89,938,834	-0.9%	$67,360,624	1.0%	$8.98	1.0%
FY12	89,462,035	-0.5%	$69,397,905	3.0%	$9.23	2.8%
FY13	94,247,448	5.3%	$72,124,862	3.9%	$9.57	3.7%
FY14	98,275,361	4.3%	$74,703,001	3.6%	$9.86	3.0%
FY15	101,592,669	3.4%	$77,469,011	3.7%	$10.11	2.5%
FY16	102,776,657	1.2%	$78,073,211	0.8%	$10.12	0.1%
FY17	103,602,884	0.8%	$80,331,376	2.9%	$10.33	2.1%
FY18	105,748,589	2.1%	$82,787,921	3.1%	$10.61	2.7%
FY19	110,578,716	4.6%	$88,003,431	6.3%	$11.14	5.0%
FY20	117,389,270	6.2%	$93,345,139	6.1%	$11.69	4.9%

NOTES:

% Budget Change reflects the % change in expenditures from year to year

% Tax Levy Change reflects the % change in tax levy from year to year and is higher than the % Budget Change in years where expenditure increases outpaced increases in non-property tax revenue.

Tax Rate % is typically lower than the % Tax Levy Change because it is offset by valuation growth in the City from year to year.

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 <u>6 month process</u>

- **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)

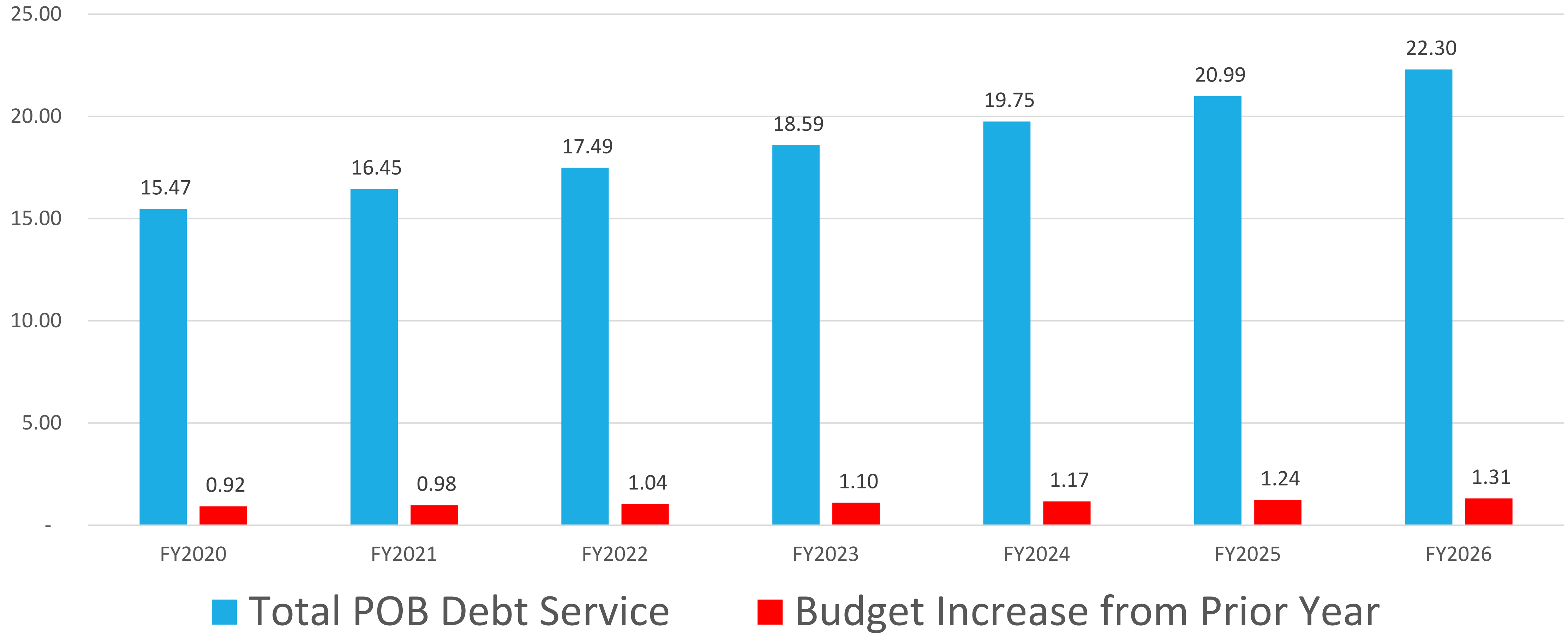
- If the other contracts settle at an average of 2.75% this represents a **$2.6M** increase in the overall tax levy (33 cent increase, 1.4%)

FY21 Budget Challenges
Pension Obligation Bond

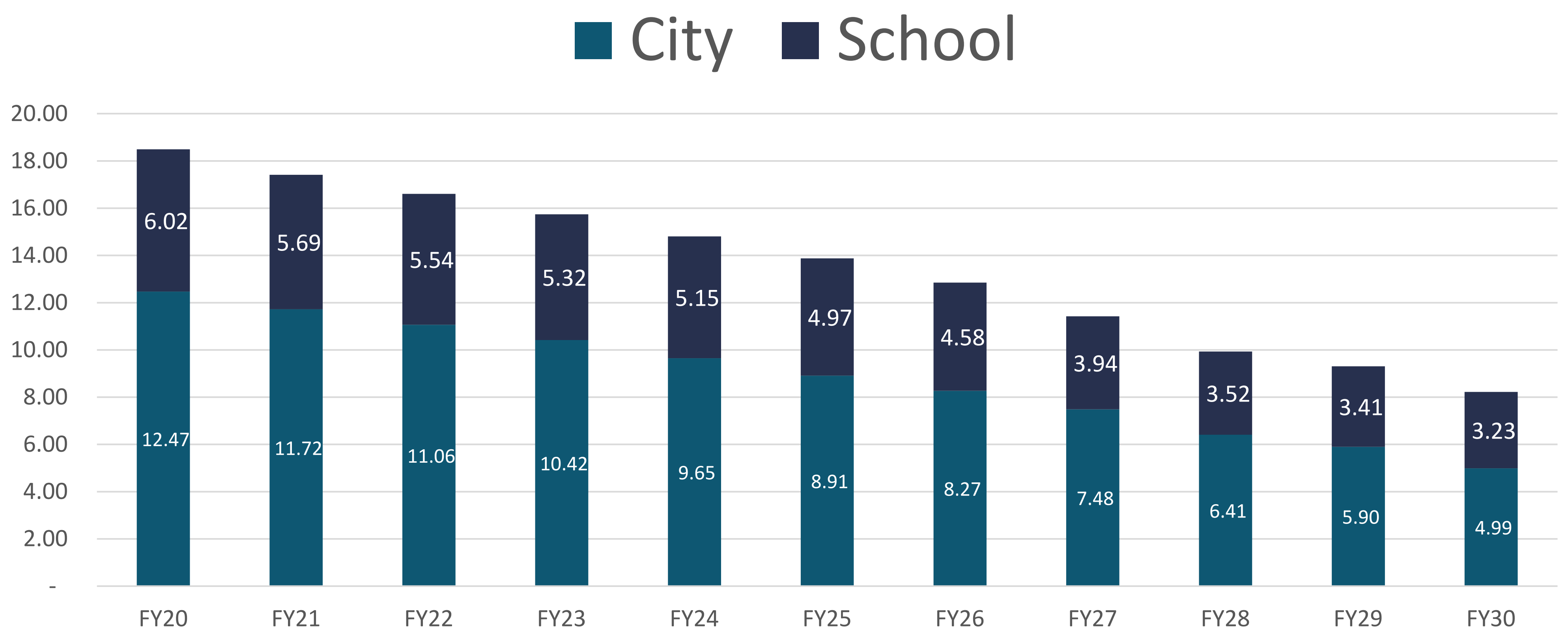
- **Pension Obligation Bond Debt Service**
- $15.47M in FY20, rising to $16.45M in FY21
- Increase of **$976,314**
- Equates to an 13 cent increase in overall tax levy (0.55%)

- 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)

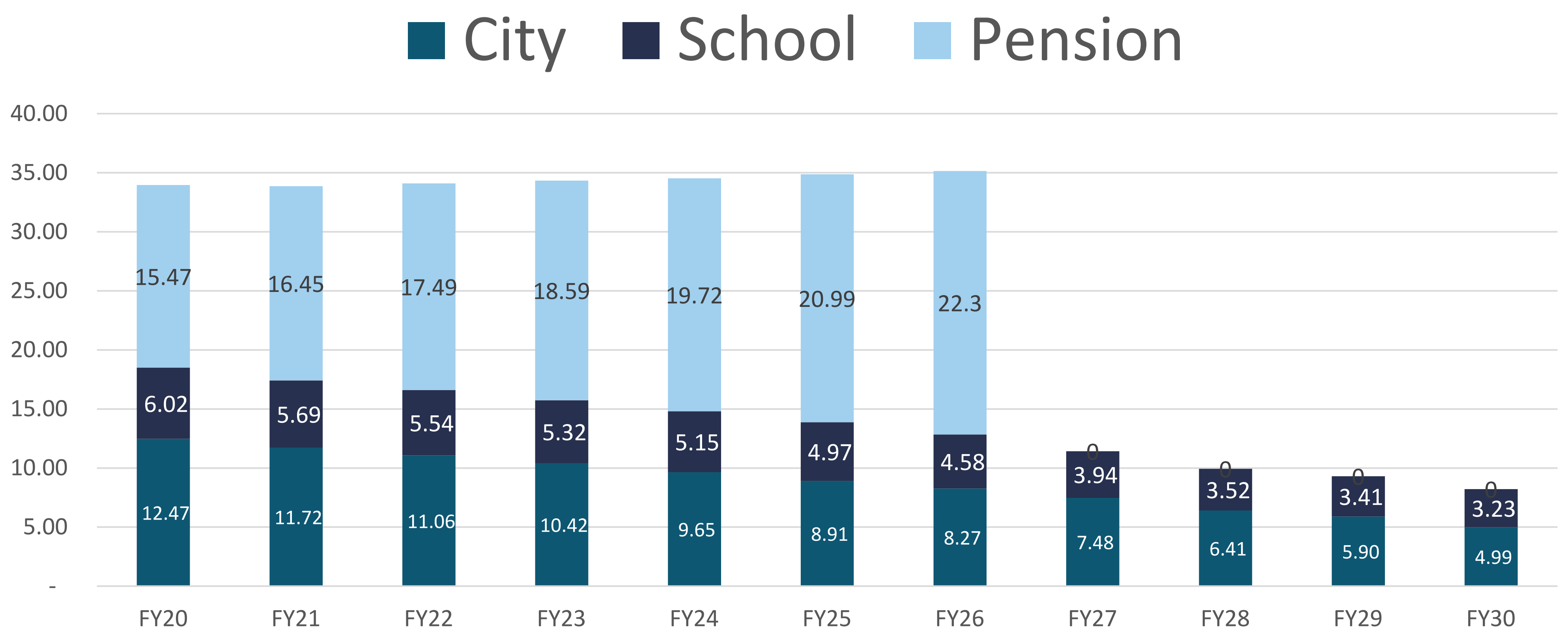


Total Existing City and School Annual Debt Service – Excluding Pension Obligation Bonds (in millions)



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

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



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

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 <u>5 cent increase</u> 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.

Town	State 2019 Valuation	2019 Tax	State 2020 Valuation	Val Change %	2020 Tax	Percent Tax Change
	4.53%		7.52%			
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%
Sebago	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.

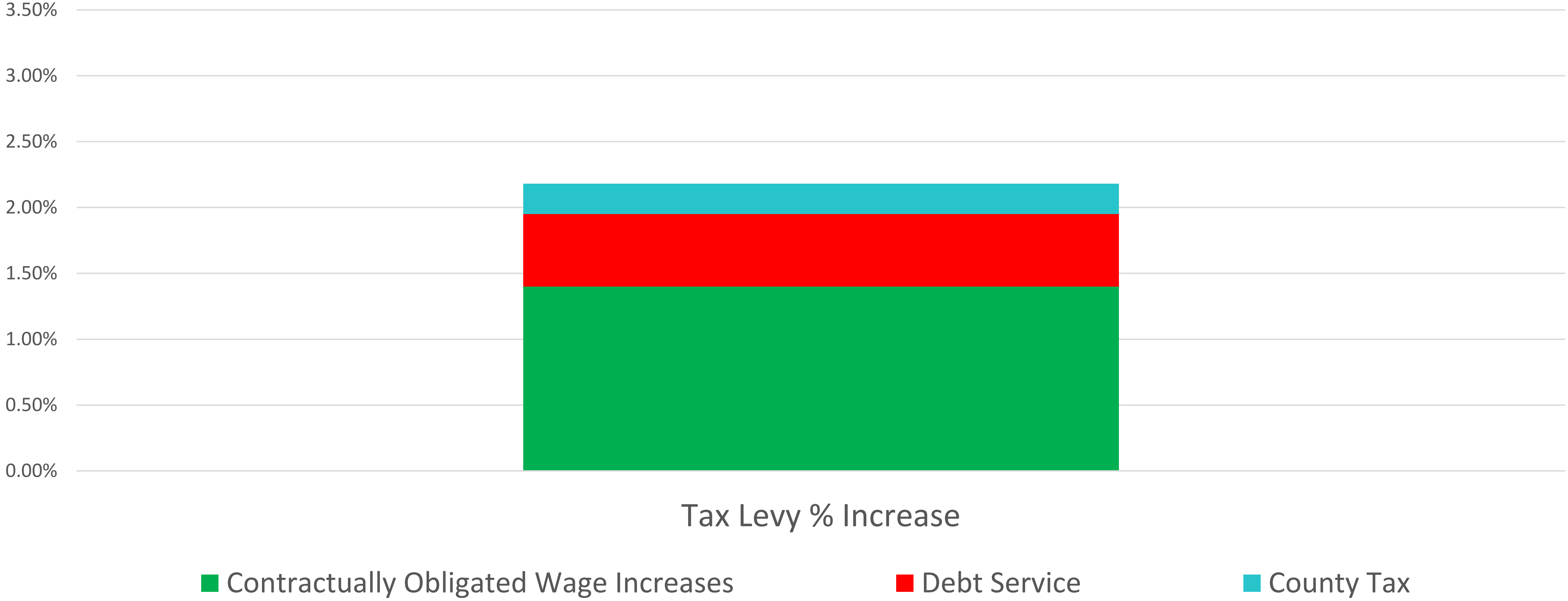
FY21 Budget Challenges
State of Maine Valuation / Revenue Sharing

- **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 A-$10,600,000	FY18 A-$11,200,000	FY19 A-$12,050,000	FY20 YTD 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?