City of Portland, Maine

Finance Committee Meeting

Thursday, April 12, 2018

5:30 p.m., Room 209

1. Finance Committee Meeting Agenda

   Documents:

   FINANCE COMMITTEE MEETING AGENDA 4-12-2018.PDF

1.I. FY19 Budget Overview Slides

   Documents:

   MICROSOFT POWERPOINT - FY19 BUDGET POWERPOINT SLIDES FOR WEB.PDF

1.II. FY19 Budget - Frequently Asked Questions Memo

   Documents:

   FY19 BUDGET FAQ.PDF

1.III. FY19 City Manager's Recommended Budget - Blue Book

   Documents:

   FY19 CITY MANAGER BLUE PAMPHLET FOR WEB (FINAL 04-10-18).PDF

1.IV. Recommended Appropriation Of 0 Hancock Street Sale Proceeds

   Documents:

   RECOMMENDED APPROPRIATION OF 0 HANCOCK STREET SALE PROCEEDS.PDF

City of Portland, Maine
Finance Committee Meeting
Thursday, April 12, 2018
5:30 p.m., Room 209

AGENDA

1. Introductions

2. FY19 City Manager Proposed Budget Review
- **a. Budget Overview from Finance Director**
- **b. Specific Department Review - Jetport, Small Departments, Assessors, Fire**

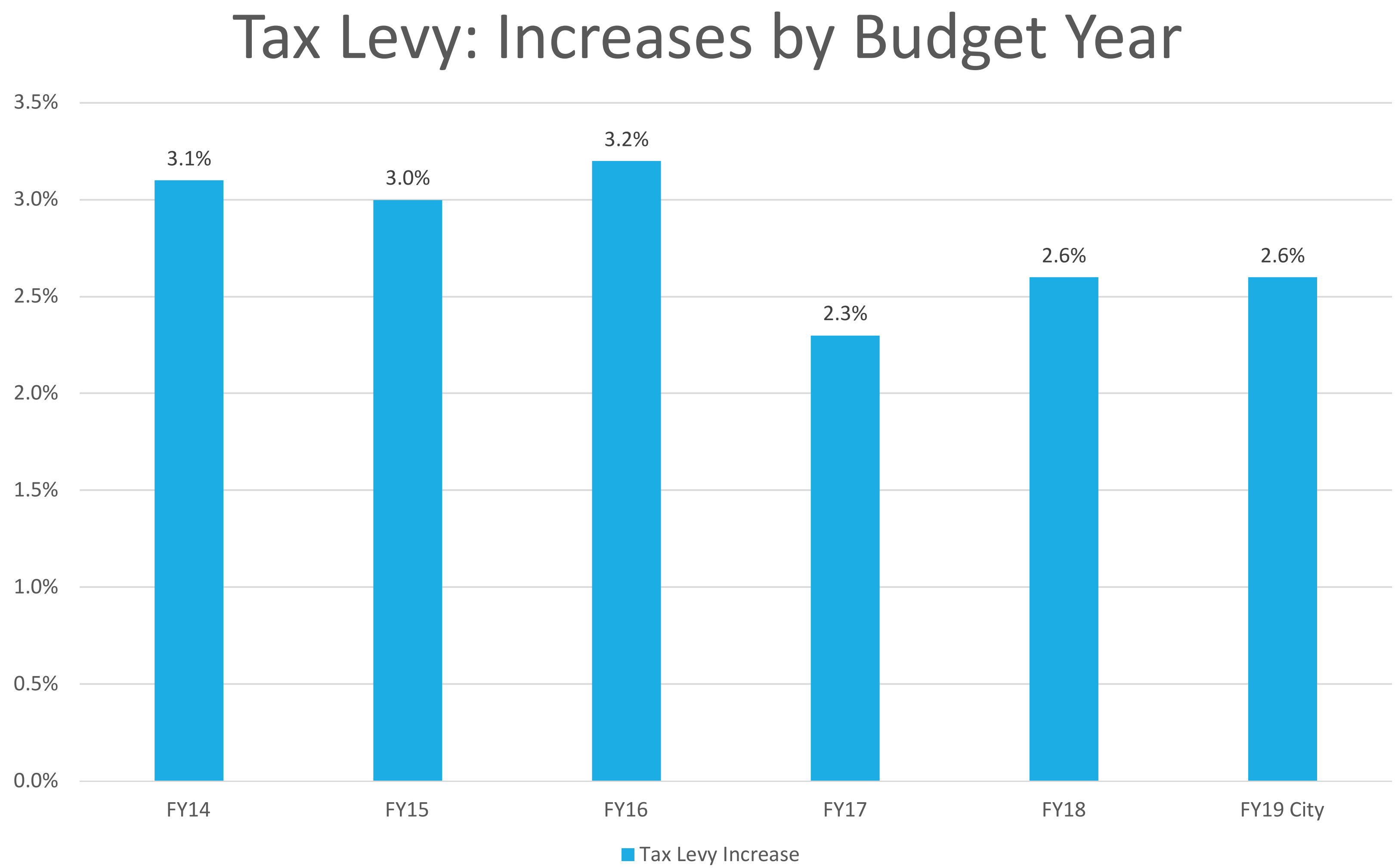
3. Appropriation of 0 Hancock Street Sale Proceeds

4. Future Budget Meeting Dates
- **a. Tuesday, April 17th – 5:30PM, Room 209**
- **b. Thursday, April 26th – 5:30PM, Room 209 (Joint with School Department)**
- **c. Thursday, May 3rd – 5:30PM, Room 209**
- **d. Monday, May 7th – 5:30PM, City Council Chambers**
- **e. Monday, May 14th – 4:00PM, Room 209 – City Council Budget Workshop**
- **g. Tuesday, June 12th – School Budget Referendum and Statewide Election**

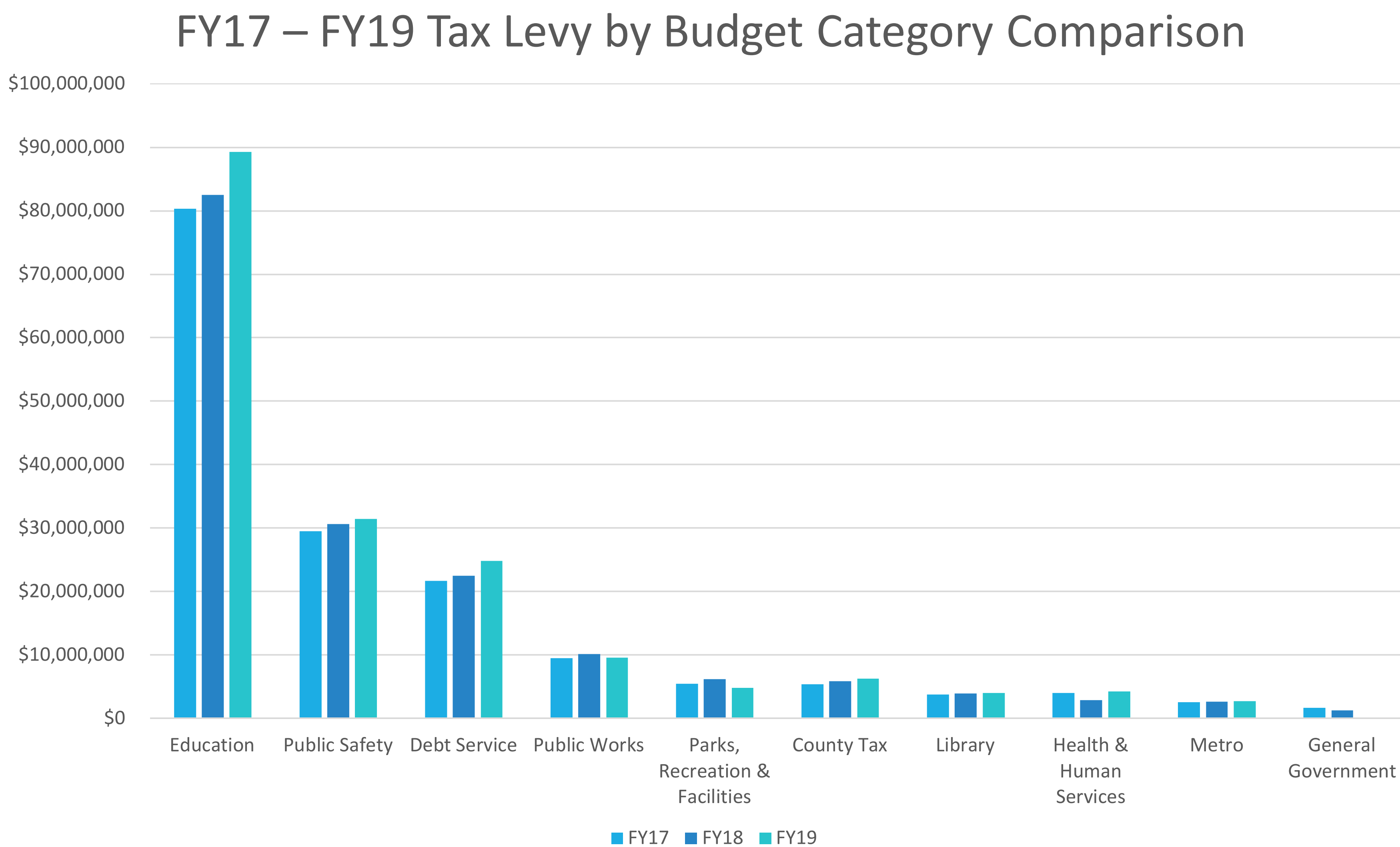
Portland, Maine — Yes. Life's good here.

City Manager's Recommended FY19 Operating Budget

STRIVING TO MAINTAIN OUR PROGRESS



Note: FY14 – FY18 figures represent final approved budgets – FY19 represents City Manager Recommended levy with estimated School tax levy increase


FY17 – FY19 Tax Levy by Budget Category Comparison
$100,000,000
$90,000,000
$80,000,000
$70,000,000
$60,000,000
$50,000,000
$40,000,000
$30,000,000
$20,000,000
$10,000,000
$0
Education
Public Safety
Debt Service
Public Works
Parks, Recreation & Facilities
County Tax
Library
Health & Human Services
Metro
General Government
FY17
FY18
FY19

FY19 Overview by Department

- **City Council (100-1100)**
  - Overall $10k increase in expenditures, up 3.0% from FY18
  - 10 FTE, No Staffing Changes from FY18
  - City Council Travel/Training held at FY18 level

FY19 Overview by Department

- **City Clerk (100-1200)**
  - Overall $19k decrease in expenditures, down -3.4% from FY18
  - 0.1 – Hours Increase for Vital Records Clerk
  - Decrease related to the new voting booths which were included in the FY18 budget (not included in the FY19 budget)

FY19 Overview by Department

- **City Manager / Executive (100-1300)**
  - Overall $10k increase, up 1.5% from FY18
  - Deputy City Manager + Chief Policy Adviser positions eliminated
  - Replaced with two Assistant City Manager positions (+$7k in total)
  - Includes $10k for Sustainability Outreach

  - FY18 and FY19 figures above do not include **Office of Economic Opportunity** which has moved into Economic Development

FY19 Overview by Department

- **Assessors (100-1400)**
  - Decrease in expenditures of $75k, down 15.7% from FY18
  - No Net FTE Change (5.9FTE)
  - Revaluation Process Underway – $1.055M appropriation of Unassigned Fund Balance on Council agenda for 4/18/18

  - Expenses moved OUT of FY19 budget include the overall revaluation, assessment card updates, communications plan, pictometry phase 2 of 3, and revamped of public access webpage
    - If included in FY19 budget instead of being funded with unassigned fund balance the FY19 tax rate increase jumps from 2.6% to 3.8%

FY19 Overview by Department

- **Finance (100-1500)**
- Overall expenditures increase of $11k, 0.6% increase
- Two Divisions: Finance Admin and Treasury
- 25FTE (no increase from FY18 other than +1 FTB)
- Transition to Tyler Technologies Software underway
- Key Revenue Increase: Excise Taxes up $850k to $12.05M

FY19 Overview by Department

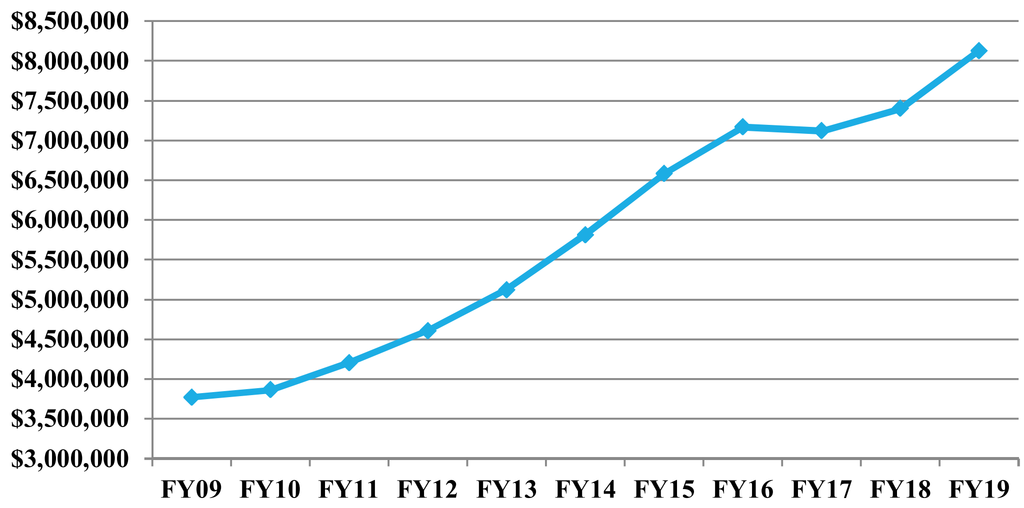
- **Debt Service (100-4700)**
  - Expenditures increase of $4.3M (11.4%) from FY18
  - Total debt service now up to $41.3M (21.5% of total budget)
  - Increase related primarily to:
    - Pension Obligation Bond +$872k
    - Hall School +$2.1M (offset by $1.9M in revenue from State)
    - LED Streetlights +$442k (offset by $800k+ in utilities savings)

FY19 Overview by Department

- **Library (100-4800)**
  - Total City contribution of $4.062M, increase of $125k (3.2%)

FY19 Overview by Department

- **Pension (100-5100)**
  - FY18 Budget of $7.4M, increase of 725k (9.8%) from FY18



FY19 Overview by Department

- **Employee Benefits (100-5200)**
  - Expenditures up $2.0M (9.6% increase from FY18)
  - Included in this budget is Health Insurance, Workers Comp, Group Life Insurance, Unemployment, and FICA
  - Budget increase is fully attributable to the rising cost of Health Insurance ($2.05M increase from FY18)
  - Liability Insurance is separately budgeted in Department 100-6200 but there was no major change in that cost ($7k decrease)

FY19 Overview by Department

- **Contingency (100-6100)**
  - Total Budget of $275k - no major change from FY18
  - Legal Services - $100k
  - Emergency Issues - $175k

FY19 Overview by Department

- **County Tax (100-6300)**
  - FY18 Tax of $5.907M
  - FY19 Tax of $6.288M
  - Overall Increase of $381k (6.5%) from FY18 Tax

FY19 Overview by Department

- **METRO (100-6500)**
  - FY19 City Contribution of $2.7M
  - Increase of $74k from FY18 (2.8%)

Budget Review Schedule

- Finance Committee (tentative)
  - **April 17 @ 5:30PM:** Police, Public Works, HHS
  - **April 26 @ 5:30PM:** Mayor Comments on FY19 Budget, Parks and Recreation, Joint/City School Meeting
  - **May 3 @ 5:30PM:** Planning and Urban Development, Inspections, Public Hearing and Vote

Budget Review Schedule

- City Council
  - **May 7** – 5:30PM First Read of FY19 Budgets (City and School) and Related Orders
  - **May 14** – 4:00PM Budget Workshop, 5:30PM Second Read of School Budget and Related Orders
  - **May 21** – 5:30PM Second Read of City Budget and Related Orders

Portland, Maine — Yes. Life's good here.

MEMORANDUM

FY19 Budget - Frequently Asked Questions

DISTRIBUTE TO: Members of the Finance Committee, City Manager

FROM: Brendan T. O'Connell - Finance Director

DATE: April 12, 2018

SUBJECT: **FY19 City Manager Recommended Budget - Frequently Asked Questions**

During the past several months the Finance Department as well as the Assessors Department have fielded many questions from residents of the City in regards to the FY19 budget and valuation. Many of these questions have come up repeatedly via phone, email and in person. This memo is intended to summarize responses to many of the frequently asked questions ("FAQ"). This FAQ list will be updated as the budget process continues in April and May.

Frequently Asked Budget Questions

1. I read the budget includes $100M of new estimated valuation. Why are my taxes increasing during a time when there is so much new value in the City of Portland?
2. What is the breakdown of the tax levy between City and School operations? Is it 50/50?
3. The State of Maine equalized valuation for Portland is nearly $9B but the local assessed value is $7.8B. What is the difference between these values and how do they impact my taxes?
4. Will the upcoming revaluation help alleviate budget pressure and provide more tax dollars for the budget?

Question 1: I read the budget includes $100M of new estimated valuation. Why are my taxes increasing during a time when there is so much new value in the City of Portland?
Property valuation has grown by $100 million in the current year due to significant new projects breaking ground and continues our upward trajectory in overall valuation. This $100 million of new

property valuation creates an additional approximately $1,133,000 in tax revenue for municipal use. While this may seem like a significant amount, it represents only a 1.28% overall increase to our FY18 valuation of approximately $7.8 billion, and can only fund a fraction of the cost increases and budget challenges we face in FY19, many of which are outside of City control. These include the increases in Cumberland County tax ($381k), increases in pension obligation bond debt service ($872k and increasing by around $1M annually through 2026), contractually obligated union compensation increases (approximately $3.2M) and health insurance cost increases ($2M). As you can see, the increase in valuation can only fund a fraction of the cost increases that are outside of City control.

Question 2: What is the breakdown of the tax levy between City and School operations?
The current overall City of Portland tax rate for FY18 ($21.65) can be broken down between education (49% of the $21.65), municipal operations (47.5% of the $21.65) and Cumberland County tax (3.5% of the $21.65). The portion of the overall tax levy related to Cumberland County is outside of City control and is separately passed each year by the County - the levy is largely dependent on valuation of each community within the county. The portion of the tax levy related to education is approved by voters each spring (after being separately approved by the Board of Education and the City Council). The portion of the tax levy related to municipal operations is approved by the City Council each May.

Question 3: The State of Maine equalized valuation for Portland is nearly $9B but the local assessed value is $7.8B. What is the difference between these values and how do they impact my taxes?

Answer from our Assessor Christopher Huff: The State Equalized Valuation (SEV) is used as the basis to apportion the county tax, state-municipal revenue sharing, road assistance (highway block grants), general assistance grants and, the largest piece, state aid for education. It is also used by some utilities, such as the Portland Water District in its assessment of wastewater fees to municipalities.

State aid is vital to our municipal finances. The formula used to calculate the various municipal shares of state aid employ a variety of variables, including valuation of taxable property. For the state aid to be distributed equitably, the variables used in the formulas must be consistent; that is, the valuation figures must reflect the same percentage of market value for every municipality. Municipalities are required to assess at no less than 70% of true and just market value for property tax purposes, but within that constraint there is great variability. Through the process known as State Equalized Valuation, Maine Revenue Services develops annually an equalized value of every organized municipality and the unorganized territory. The finished product reflects the 100% taxable value for the municipality but does not represent the actual valuation used within the municipality which can vary widely between different municipalities.

- The City has not appealed or challenged the State Equalized Valuation. We agree with their analysis and their value and would have a difficult time proving they are incorrect.

- The current State Equalized Valuation is based on actual property sales in the second half of 2015 and the first half of 2016. Values have risen since then so we know our SEV will continue to rise.
- The reason the City uses the $7.82bn (now $7.9bn) in its estimated projections is because this is the actual valuation that local taxes are levied against. The State's Equalized Value is not used to levy local property taxes, it is an indicator of what the actual 100% valuation should be. There is a wide difference between the two and this is one reason why we need to have a revaluation.
- While the State "certifies" their equalized value, this is only an aggregate total based on a sales ratio study of market data from the preceding 18-24 months. The State does not apportion or allocate individual uniform values to the 24,000+ parcels that make up the City of Portland.

Further information on SEV can be found:

Maine Revenue Services Property Tax Bulletin No. 1 - Maine State Valuation

Rule 201 - Rules of Procedures Used to Develop State Valuation

Question 4: Will the upcoming revaluation help alleviate budget pressure and provide more tax dollars for the budget?
Staff Response: No – the revaluation has no impact on total funds collected for the budget. Each year the City Manager will recommend a budget, calling for the required amount of tax dollars to be levied on property owners. 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. The revaluation will only impact how the dollars levied are split between City taxpayers. In general about 1/3 of the residents will pay more after the revaluation, 1/3 of the residents will pay the same amount, and 1/3 of the residents will pay less, but in total the amount of tax dollars collected will remain 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)*

City of Portland, Maine

City Manager's Recommended Budget

FY19 Budget

July 1, 2018 – June 30, 2019

FY2019 BUDGET
CITY MANAGER'S RECOMMENDATION

TABLE OF CONTENTS

Executive Department
Jon P. Jennings, City Manager

April 9, 2018

To Mayor Strimling and Members of the Portland City Council:

Pursuant to Article VI, Section 5(e) and Article VII, Sections 5 and 6 of the City of Portland Charter, I am hereby submitting the City Manager's Recommended $247 million FY19 Municipal Operating Budget. This submission was developed with guidance of City Council goals and my operational priorities for the City.

Over my nearly three years as City Manager, I am extremely proud of all we've accomplished and the progress we've made in terms of making municipal government more innovative, efficient, inclusive, and transparent all while addressing some critical infrastructure needs that had been neglected for too long. We've invested in our Information Technology by rolling out a new email and applications system, and purchasing a complete new public administration software system to handle our financial, permitting, and human resources services, which we are in the process of implementing. We created a one-stop permitting, licensing and inspections shop to centralize services and reduce wait times. We realigned our Parks Department back with the Recreation & Facilities team and returned to a districting model in Public Works for neighborhood services. And we completed the construction of new spaces on Canco Road for a municipal complex that houses the Public Works and Parks, Recreation & Facilities departments, freeing up land in Bayside that is now under review for new private development. And we completed a succinct and accessible comprehensive plan to guide land use and development decision making in the city for the next ten plus years. We've also made a commitment in our workforce by offering leadership and customer service trainings, undertaking a non-union compensation study and setting aside funds to institute a new pay plan, and hiring a workforce diversity and inclusion specialist.

While we have focused on right-sizing municipal services and getting back to basics, we have also continued our commitment to being a compassionate city that cares for all of its people. We've made great strides in placing long-term stayers in our homeless shelters into permanent housing and we've helped many who sought general assistance services find pathways to a more successful future through educational and employment opportunities. And we opened our emergency shelter for day services to further assist our most vulnerable people. We also created the Office of Economic Opportunity to help integrate immigrants and residents who need access to opportunities into our economy. The Director of this office has made great strides in linking people together with existing resources and employers who are in need of new employees.

Through all this, Portland continues to be a healthy, vibrant city with diverse sectors driving its economy. We are a major center in Northern New England for commerce, finance, arts and entertainment, food and drink, healthcare, IT, the marine industry, post-secondary education, and tourism. Mixed-use office, retail, residential and commercial districts as well as marine and industrial areas provide wide ranging development opportunities and remain ongoing priorities for the future. Portland's real estate tax base ratio is at 41% commercial/industrial and 59% residential.

We see growth in our food sector economy thanks to our booming restaurant industry and the local farm to table movement, and growth in our craft beer industry with the most microbreweries per capita than any other city in the nation. The city continues to attract residents from all over the country and around the world, including an ever-growing creative sector of young entrepreneurs.

Our Planning and Inspections Departments permitted more than 232 additional units of new housing in calendar year 2017 and a total of over 1,300 units in the last five years. Beyond this, over 500 units of new housing across the city are currently in the development pipeline. At the same time, our inclusionary zoning ordinance has helped make that new development equitable, by requiring that all projects larger than 10 units provide a set aside of 10% of the units for workforce housing or make a financial contribution to the Housing Trust Fund. Since the ordinance went into effect, projects subject to the ordinance have created 8 units of Workforce Housing, with many more in the pipeline. In addition, $1,266,250 has been committed to the Housing Trust to fund additional affordable housing development, with $280,000 being collected to date.

In addition, land use regulations were updated across the City to advance our economy, sustainability and housing goals. Highlights include adoption of innovative zoning for the city's four core anchor institutions, unlocking potential of the state's most important deep water port, creation of new housing and open space in the Stroudwater Neighborhood, and unlocking potential in the city's B2 zones. Commercial development has continued at or above levels experienced in the city in the last hundred years. Currently over 150,000 square feet of new office construction is nearing completion and over 3,000 new privately financed structured parking spaces are in the pipeline. The value of the top 10 largest projects currently under construction alone is more than $165 million of private investment in the city which will help diversify and increase the tax base over the next several fiscal years. In addition, in 2017 new protections were adopted for Fort Sumner park, plans for open spaces at Congress Square and Portland Landing advanced and the largest new public open space in 15 years was created along the Stroudwater River.

The technology and bioscience sectors are growing as well with two leading technology firms building headquarters in Portland. Tilson Technologies expanded into a new 50,000 square foot office building downtown and WEX, Inc is in the process of moving into a new 100,000 square foot international headquarters on the waterfront. Immucell, a bioscience animal health company, just expanded its presence here with a $20 million new production facility.

In support of our small business community, the Portland Development Corporation invested over $920,000 in FY17 in 18 businesses and economic development projects, which leveraged over $11.4 million in private sector funds associated with creating 40 jobs and retaining 17 jobs.

Our transportation hub of air, rail, cruise, and shipping is a vital economic driver, connecting Portland to the world. We own and operate the Jetport, Ocean Gateway, and the Portland Ocean Terminal. The International Marine Cargo Terminal is owned by the City, but operated by the Maine Port Authority. This facility continues to expand in size and is connected directly to rail service. Eimskip is planning further expansion of their operations on our waterfront, and a new multi-million dollar cold storage facility will be constructed at the Terminal to support Maine and Portland’s growing food production industry. For the 2017 season, the Port of Portland hosted 93 cruise ships with 145,000 passengers and 48,600 crew, and 2018 bookings promise substantial growth again with 126 cruise ships expected and a passenger count set to exceed 170,000 and 68,200 crew. The Jetport, which once again won the customer experience award for North America among airports with fewer than 2 million passengers, is the fastest growing airport in New England with 1.8 million passengers coming through last year. On top of that, they added new direct service to Denver and Raleigh-Durham and expanded routes to New York City, Chicago, and several destinations in Florida.

While there are many needs to balance with this growth, it is clear that Portland is an attractive place to live, work, and play.

We also continue to provide key health and human services for our people. The Office of Elder Affairs responded to approximately 700 requests from Portland senior citizens in need of services and information, and began the implementation phase of a 5-year-Age Friendly Communities initiative in partnership with the AARP Maine. The office operates two adult day health programs at the Barron Center, licensed to accommodate 45 clients, and provides transitional housing and support services for older victims of domestic abuse through the *Martha's Cottage Project*, in collaboration with the Elder Abuse Institute of Maine.

The Social Services' Helping Individuals Regain Employment (HIRE) Program continues to help General Assistance recipients get out of poverty and into self sufficiency by removing barriers to employment. From February 2017 through January 2018, we completed 484 intakes helping 278 eligible adults secure employment, 46 individuals successfully obtain disability benefits, 310 individuals connect to ESL classes, 23 individuals enroll in vocational rehabilitation services, and 89 individuals enroll in certificate training programs that led to job placements. This program has a direct impact on our General Assistance budget with $109,933 in monthly savings for the City. Had it not been for this savings, our General Assistance budget would be up more than it already is this year.

The Oxford Street Shelter placed 201 total clients, 80 of whom were long-term stayers, into permanent housing. The 201 clients equaled a total of 50,224 bednights. At the Family Shelter, staff served a total of 147 families totaling 522 individuals. We secured permanent housing placement to 124 families or 84% and only 2 families returned during that time period.

We continue our efforts to make Portland a sustainable city. We are in the midst of converting the City's streetlights to LED technology, which will reduce our electric consumption by 2.7 million kWh per year while improving the quality of the lighting throughout the city. The streetlight project includes other elements designed to reduce carbon emissions and improve the quality of life for residents and visitors. This spring, for instance, we will be deploying intelligent traffic signals at Morrill's Corner that will improve the flow of vehicles through the intersection thereby reducing the length of time vehicles idle at the signals. By the end of the year, we plan to deploy this technology at additional intersections. In order to promote the use of electric vehicles we will be installing EV charging stations in visible locations around the city. We are currently in discussions with Tesla and the Governor's Energy Office to leverage private funds that may allow us to expand our efforts. The CIP includes proposed funding for the first separated bike lane in the city and we anticipate bike share to become a reality upon adoption of the bike share ordinance recently endorsed by the Sustainability and Transportation Committee.

Finally, I am recommending that $110,000 from the sale of the Thames Street lot go toward our commitment with South Portland for the creation of a joint Climate Action Plan. The City Council has identified climate action planning as a priority as demonstrated by committing the City to run on 100% clean energy by 2040 and by joining the Climate Mayors initiative to uphold the goals established by the Paris Climate Agreement. Creating a comprehensive plan will guide the City's efforts toward achieving these ambitious goals.

BUDGET GOALS & REALITIES

As in past years, my goal is to focus on improving the city structurally so we will have resources in the future to look at more aspirational projects. Our staff goals for FY19 revolve around efficiency, technology and innovation so we can further improve city services while reducing costs, emphasizing customer service, and fulfilling our commitment to getting things done on a timely basis. We must continue to take care of our infrastructure needs that were set aside for too long. I asked Department Head's to present me with the requests they feel they need to accomplish their jobs efficiently and to address priorities and meet goals, which included 60 new positions.

We had to work extremely hard to meet budget guidance provided by City Council for the FY19 tax levy. If I had simply recommended the budget as requested by our City Departments, without making difficult budget cuts and choices, the resulting impact would have been an 18.8% City tax rate increase. As we developed the City budget, we made approximately $14 million of cuts and other adjustments on the path to our 2.6% tax rate increase. Some of the things we were not able to include from the department's new requests include an increase in yard waste collection from twice a year to once a month during the summer months, an increase in sidewalk plow maintenance, and funding the Police Department's substance use disorder liaison within the general fund as opposed to relying on drug forfeiture money.

The most difficult cuts to make are always the ones involving staffing. As we developed this budget, we had to make some very tough choices to keep Portland affordable while at the same time trying to maintain the level of services we provide for our residents and businesses, and address a few items within our key priorities. Overall, the budget I present to you tonight contains a reduction of approximately 13 general fund positions.

I was very reluctant to make cuts to our Public Safety Departments, but the reality is that there is a nationwide shortage of police officers. This shortage has led to over a dozen vacancies within our own Police Department, leaving us unable to fill several of the new positions added within the FY18 budget. As part of the FY19 budget, I've cut six vacant positions within our Police Department including four patrol officers, an ordinance enforcement officer, and a sergeant. Within the Fire Department, I cut one of three positions per shift on the City's fireboat. Although these fire boat positions are filled, this reduction will not result in the layoff of any firefighters as they will be transferred back to fire stations to help fill existing vacancies. This reduction will not have an impact in response as the fireboat crew already waits for a paramedic before leaving to respond, and there is an existing paramedic located on Peaks Island.

The nationwide shortage of nurses and certified nursing assistants has impacted operations at our skilled nursing/rehabilitation and long-term care facility, the Barron Center. The staffing shortage resulted in the closure of a portion of the facility during FY18, removing 25 beds from the overall census. The FY19 budget includes a reduction of 19.6 full-time equivalent positions at the Barron Center, all of which are currently vacant, so the quality of ongoing care will not be impacted. We continue to work hard to fill our remaining nursing vacancies by offering signing bonuses, job training programs, and tuition reimbursement.

In addition to the many cuts we had to make within the FY19 budget, there were several initiatives which we were unable to implement. Most notably, we were unable to fully add all of the expenses related to the City Council's new pesticides ordinance. This will result in a slightly longer path to full compliance for the City. However, I am pleased to report that City staff are already doing many of the required elements and this budget does include, as it has in the past, organic pesticide products for use on our own properties. Full implementation of the additional expenses would have pushed our tax rate increase up above the goal set by City Council.

One of the items which we were able to partially achieve in FY19 is the separation of the Waterfront and Public Buildings Divisions from Parks and Recreation. The budget includes the separation of the divisions, but we were unable to fund all of the position requests which came along with the split. This new division would report to an Assistant City Manager.

I firmly believe that we cannot focus on one piece of government to the detriment of another. Unfortunately, this budget is not a step forward, rather it is status quo. The cuts and things we had to set aside would be much worse had we not already put in place cost control measures such as the $1 million in savings in solid waste costs due to the reworking of one of our recycling contracts, the outsourcing of the administration of the Pay-As-You-Throw bags, the purchase of our streetlights from CMP and the installation of new LED lights. Additionally, our Finance Director found savings by streamlining our hazardous waste collection contracts.

I take my responsibilities to the Council and the taxpayers of the city very seriously. The Council provided guidance for a tax rate increase between 2.5% to 2.9% increase. As we have discussed on many occasions, we are all concerned about the affordability of the city and government can be a driver of costs that make it unaffordable to live in Portland. That is why it is important for City staff to meet the guidance provided by the City Council in order to limit the tax impact due to the drivers outlined in the budget.

In addition to the items noted above, additional Departmental highlights include:

City Manager's Office: I am proposing to restructure my management team as a result of our current Deputy City Manager's planned retirement in July 2018. My plan is to eliminate both the Deputy City Manager position and the Senior Policy Adviser position and return to the two Assistant City Manager format utilized by many of my predecessors. Overall, these changes include a net budget increase of approximately $13,000 including $10,000 related to sustainability outreach for the new pesticides ordinance and other City Council green initiatives. You will also notice that the Office of Economic Opportunity is moving from within the City Manager's office into a more appropriate home within the Economic Development Department given the synergy between the work in both offices.

Parking: The budget includes a one dollar increase in parking garage hourly rates at the two City-owned and operated garages at Elm Street and Spring Street, and a $10 increase in the monthly fee. The budget also includes a 25-cent increase in the parking meter hourly rate, bringing the meter cost to $1.50 an hour, which is in line with most cities.

Public Works: After several recruitment attempts, we have finally filled our vacant Deputy Director of Public Works. Other highlights within the Public Works budget include savings of over $800,000 due to our LED streetlights implementation project (elimination of maintenance charges previously paid to CMP and savings from lower energy consumption). This budget also includes funding for two new electric vehicles and an effort to convert any gas/diesel minor equipment to electric models.

Parks, Recreation & Facilities and Waterfront Division: This budget includes the separation of the Waterfront and Public Buildings Divisions from Parks and Recreation given the activity and growth on our waterfront. This separation allows us to create three new full-time employees, covered by projected revenues, to better manage this activity and attract further growth.

Planning & Urban Development: One major initiative within the the Planning and Urban Development budget includes an additional $150,000 toward the rewrite of Chapter 14, the City's Land Use / Zoning code. Known as ReCode Portland, this initiative will help the city revamp its zoning to better reflect today's environment.

Social Services: You may recall that within our FY18 budget we discussed the 24-month cap on General Assistance in detail. Our staff has worked incredibly hard to transition capped General Assistance recipients into more sustainable sources of funding, most notably full time employment via the HIRE program. We continue to provide the legally required level of General Assistance in FY19 as well as a separate six-month Community Support Fund.

Public Health: Our Public Health Division received a new Health Research and Equity Coordinator position within the FY19 budget. This was a position requested by our new Public Health Director and will be used for research and analysis of public health data in conjunction with several of our community partners.

Grants Management: You will notice that our Public Health, Social Services and Planning & Urban Development budgets appear to be much lower than last year, but this is the result of the way in which we are now accounting for our grant funded positions separately from the general fund budget.

Legal & Risk Management: This budget includes the creation of a full-time risk manager within our Legal Office so that we can proactively manage our safety, risk and liability concerns. I feel this is critical in order for us to better control our costs given our self-insured status.

Assessors: The City has begun the process of a citywide revaluation, taking steps to reduce the overall costs of the process by utilizing oblique aerial photography to capture building footprint changes. The process will continue in FY19 and is being funded by usage of surplus fund balance appropriated during FY18. However, if the City Council chooses not to appropriate approximately $1.055M of unassigned fund balance to fund the City wide revaluation, the FY19 operating budget request would have been approximately 13 cents higher (a 3.8% tax rate increase vs the 2.6% increase as currently proposed).

Non-Union Compensation Study: Ensuring competitive compensation for City staff remains one of my top priorities as it is critical toward our ability to attract and retain talented employees. As you remember from last year, we hired Gallagher Benefit Services to conduct a non-union compensation study in order to update all of our non-union job descriptions and review our existing compensation structure to ensure it is based on current best practices and salary information. Last year, we included $250,000 to begin the implementation of the study realizing it would not cover full implementation. We will be bringing forward the implementation of the new pay plan, utilizing existing funds plus the 2% cost-of-living wage increase included in the budget as the funding source.

POSITIVE BUDGET DRIVERS

Excise taxes are projected to increase by $850,000 to just over $12 million for FY19. As mentioned earlier, increased cruise ship activity is projected to provide $500,000 in additional revenue. Property valuation has grown by $100 million in the current year due to significant new projects breaking ground and continues our upward trajectory in overall valuation. This $100 million of new property valuation creates an additional approximately $1,133,000 in tax revenue for municipal use. While this may seem like a significant amount, it represents only a 0.128% overall increase to our FY18 valuation of approximately $7.8 billion, and can only fund a fraction of the cost increases and budget challenges we face in FY19, which are outside of my control.

BUDGET CHALLENGES

As I mentioned above, the new property growth alone has not been able to keep up with the built in cost increases and other budget challenges for FY19, including union contracts already approved ($3.2 million), health insurance cost increases (over $2 million), debt services increases ($872k related to our 2001 pension obligation bonds) and Cumberland County tax increase ($381k).

Contractual Salary Obligations: The City Council approves contracts with all eight City bargaining units representing nearly 90% of the City workforce. These contracts include previously agreed upon salary increases of 2% plus other minor changes (4% for the two Police unions due to the nationwide shortage of officer applicants). In the current budget year alone these increases amount to nearly $3.2 million.

Health Insurance: While health insurance costs only rose 1% last year, this year the FY19 budget contains a $2 million or 12% increase. Our new value-based insurance design and employee wellness program continues to help reduce overall costs, but the health insurance market remains volatile.

Debt Service: This budget includes a $4 million increase in debt service costs, including an $873,030 increase related to the pension obligation bonds approved by City Council back in 2001. The payments on the pension obligation bonds will continue to rise by nearly $1M annually until the bonds are retired in FY26. The budget also includes $442,000 related to the LED streetlights financing (completely offset by the over $800,000 in savings within the Public Works budget related to the upgrades), and over $2 million of debt service from the Hall School renovation (which is almost entirely reimbursed within our State educational subsidy).

Barron Center: As noted previously, a portion of the Barron Center was closed during FY18 due to a staffing shortage. In addition, the Barron Center faces increased competition from Maine Medical Center who recently acquired a local rehabilitation facility. However, during the past year the City has continued to make positive changes at the Barron Center, hiring a new facility Administrator, making facility upgrades, including a new patient call system and wifi, easing restrictions on patient applications, renegotiating several key contracts and working to accept all major insurance providers. As we work to increase our patient census we have cut several vacant positions that will only be filled as the patient population rises.

Health & Human Services: This budget includes operating our Oxford Street Shelter 24-hours a day. We made this change during the course of FY18 and continuing the operation in FY19 increases costs by approximately $542,000. We feel a 24-hour shelter is necessary so that clients have a place to leave their belongings while they interact with our job training and housing placement services.

METRO: The FY19 budget includes a 2.8% increase in our METRO contribution ($74,014).

County Tax: The FY19 budget includes a $381,102 (6.5%) increase in Cumberland County tax assessment. Were it not for the increase in our County Tax assessment, the City's tax rate increase for this year's budget would be 2.3% instead of 2.6%.

BALANCING THE BUDGET

City general fund expenditures have increased 2.7%. The growth of non-tax revenues and property valuation result in a City side tax rate increase for municipal services of 2.6%. This means the city-side mill rate is $11.33 per $1,000 of assessed property value. The impact on an average homeowner with a property valued at $240,000 is $69.55.

CONCLUSION

I would like to thank Deputy City Manager Anita LaChance, Finance Director Brendan O'Connell, Deputy Finance Director Anne Bilodeau, Budget Analyst Jennifer Lodge, Human Resources Director Gina Tapp, and Communications Director Jessica Grondin for their assistance in developing this budget recommendation and presentation, as well as the hard work and diligence of Department Heads in developing budget requests. Additionally, I would like to thank the Council for developing policy goals and budget guidance for the city. Their effort helped greatly in the development of the budget. We all look forward to reviewing this proposed budget with the Finance Committee and full Council.

Sincerely,

Jon P. Jennings
City Manager

CITY OF PORTLAND, MAINE

COMPARATIVE BUDGET PLAN FY2019

July 1, 2017 - June 30, 2018

July 1, 2018 - June 30, 2019

City Manager's Recommendation

		FY 18	FY 19	$ +/( )	%	
CITY GENERAL FUND REVENUES						
31	Property Taxes	$ 86,095,197	$ 89,506,350	$ 3,411,153	4.0%	
31	Other Local Taxes	9,860,925	10,099,009	238,084	2.4%	
32	Licenses & Permits	5,422,322	5,767,244	344,922	6.4%	
33	Intergovernmental Revenue	9,860,357	10,464,979	604,622	6.1%	
34	Charges for Services	36,661,015	35,879,048	(781,967)	-2.1%	
35	Fines, Forfeits and Penalties	2,090,250	2,107,635	17,385	0.8%	
36	Use of Money and Property	10,070,840	11,222,951	1,152,111	11.4%	
39	Other Sources	29,245,462	29,306,682	61,220	0.2%	1
	Fund Balance Use (Restoration)	0	0	-		
	Total General Fund Revenues	189,306,368	194,353,898	5,047,530	2.7%	
GENERAL FUND EXPENDITURES						
100-1100	City Council	322,232	331,904	9,672	3.0%	
100-1200	City Clerk	555,291	536,522	(18,769)	-3.4%	
100-1300	City Manager	940,556	954,305	13,749	1.5%	
	Office of Economic Opportunity	208,166	0	(208,166)	-100.0%	
	Total Executive	1,148,722	954,305	(194,417)	-16.9%	
100-1400	Assessor	479,633	404,377	(75,256)	-15.7%	
100-1500	Finance Administration	1,124,070	1,155,368	31,298	2.8%	
	Treasury	705,331	684,733	(20,598)	-2.9%	
	Total Finance	1,829,401	1,840,101	10,700	0.6%	
100-1600	Legal	620,971	709,403	88,432	14.2%	
100-1700	Human Resources Admin	1,035,380	1,063,158	27,778	2.7%	
100-1800	Parking	1,383,858	1,460,024	76,166	5.5%	
	Elm Street Garage	305,525	302,962	(2,563)	-0.8%	
	Spring Street Garage	461,961	449,378	(12,583)	-2.7%	
	Temple Street Garage	124,300	125,000	700	0.6%	
	Total Parking/Garages	2,275,644	2,337,364	61,720	2.7%	
100-1900	Economic Development	491,047	633,989	142,942	29.1%	
100-2100	Police Administration	1,075,847	1,207,316	131,469	12.2%	
	Jetport Security	558,351	572,198	13,847	2.5%	
	Uniformed Operations Group	9,925,829	10,062,663	136,834	1.4%	
	Bureau Investigative Services	1,845,493	1,928,235	82,742	4.5%	
	Operations Support Services	849,498	828,086	(21,412)	-2.5%	
	Dispatch Services	2,233,291	2,262,115	28,824	1.3%	
	Total Police	16,488,309	16,860,613	372,304	2.3%	

*See General Fund Note References on Page 12

CITY OF PORTLAND, MAINE

COMPARATIVE BUDGET PLAN FY2019

July 1, 2017 - June 30, 2018

July 1, 2018 - June 30, 2019

City Manager's Recommendation

		FY 18	FY 19	$ +/( )	%	
100-2200	Fire Administration	604,786	572,319	(32,467)	-5.4%	
	Code Enforcement & Comm Svcs	247,879	270,157	22,278	9.0%	
	Field Operations	14,657,948	14,685,959	28,011	0.2%	
	Air Rescue	963,251	1,013,282	50,031	5.2%	
	Operations Support Services	772,032	754,688	(17,344)	-2.2%	
	Total Fire	17,245,896	17,296,405	50,509	0.3%	
100-2400	Planning & Urban Dev. Admin	463,028	381,094	(81,934)	-17.7%	1
	Planning	1,290,368	1,408,378	118,010	9.1%	
	Housing & Comm Development	190,928	0	(190,928)	-100.0%	1
	Total Planning & Urban Development	1,944,324	1,789,472	(154,852)	-8.0%	
100-2500	Permitting & Inspections Administration	169,020	181,334	12,314	7.3%	
	Inspections	985,252	980,841	(4,411)	-0.4%	
	Housing Safety	251,388	346,993	95,605	38.0%	
	Business Licensing	238,492	250,544	12,052	5.1%	
	Total Permitting & Licensing	1,644,152	1,759,712	115,560	7.0%	
100-2900	Information Technology	2,432,904	2,799,922	367,018	15.1%	
100-3100	Public Works Administration	697,315	728,174	30,859	4.4%	
	Districting	1,616,370	1,660,057	43,687	2.7%	
	Solid Waste	1,689,277	1,769,118	79,841	4.7%	
	Communications	124,588	128,226	3,638	2.9%	
	Portland Downtown District	358,761	363,628	4,867	1.4%	
	Transportation Operations	3,027,720	2,310,357	(717,363)	-23.7%	
	Engineering	1,200,715	1,216,314	15,599	1.3%	
	Winter Operations	1,370,058	1,329,559	(40,499)	-3.0%	
	Fleet Services	3,713,605	3,818,936	105,331	2.8%	
	Island Services	658,567	647,042	(11,525)	-1.8%	
	Total Public Works	14,456,976	13,971,411	(485,565)	-3.4%	2
100-3300	Parks Rec & Facilities Admin	435,157	601,090	165,933	38.1%	
	Merrill Auditorium	482,953	176,098	(306,855)	-63.5%	
	Ice Arena	570,448	571,810	1,362	0.2%	
	Public Assembly Facilities	1,001,715	1,056,708	54,993	5.5%	
	Concessions	382,943	403,498	20,555	5.4%	
	Athletic Facilities	764,638	758,343	(6,295)	-0.8%	
	Recreation	1,916,155	1,831,867	(84,288)	-4.4%	
	Aquatics	623,895	643,899	20,004	3.2%	
	Golf Course & Restaurant	1,451,041	1,584,537	133,496	9.2%	
	Custodial Services	0	956,460	956,460		
	Cemeteries	842,811	874,369	31,558	3.7%	
	Forestry	713,171	686,850	(26,321)	-3.7%	
	Parks	952,576	1,001,603	49,027	5.1%	
	Total Parks Rec & Facilities	10,137,503	11,147,132	1,009,629	10.0%	3

*See General Fund Note References on Page 12

CITY OF PORTLAND, MAINE
COMPARATIVE BUDGET PLAN FY2019
July 1, 2017 - June 30, 2018
July 1, 2018 - June 30, 2019
City Manager's Recommendation

		FY 18	FY 19	$ +/( )	%	
100-3500	Public Bldgs & Waterfront Admin	0	358,671	358,671		
	Trades	1,127,867	719,605	(408,262)	-36.2%	
	Public Safety Bldg.	408,039	290,700	(117,339)	-28.8%	
	City Hall	448,512	322,100	(126,412)	-28.2%	
	Merrill Auditorium (PB)	0	196,550	196,550		
	Hadlock Stadium	300,681	321,681	21,000	7.0%	
	Other Public Buildings	514,049	310,989	(203,060)	-39.5%	
	Expo Building	439,140	207,875	(231,265)	-52.7%	
	Waterfront	1,166,489	1,337,110	170,621	14.6%	
	School HVAC	521,703	521,703	0	0.0%	
	Canco Road Buildings	331,383	432,820	101,437	30.6%	
	Total Public Buildings & Waterfront	5,257,863	5,019,804	(238,059)	-4.5%	3
100-4001	HHS - Administration	401,930	419,772	17,842	4.4%	
100-4100	Public Health Administration	220,419	221,597	1,178	0.5%	
	Family Health	232,099	53,125	(178,974)	-77.1%	1
	Chronic Disease Prevention	504,143	101,397	(402,746)	-79.9%	1
	India Street Clinic	646,139	474,841	(171,298)	-26.5%	1
	Health Equity	129,874	110,976	(18,898)	-14.6%	1
	Research & Evaluation	0	73,211	73,211		
	Total Public Health	1,732,674	1,035,147	(697,527)	-40.3%	1
100-4200	Social Services Administration	430,565	612,379	181,814	42.2%	
	General Assistance	6,418,633	6,787,843	369,210	5.8%	
	Housing & Support Services	141,318	0	(141,318)	-100.0%	
	Portland Community Support Fund	250,000	200,000	(50,000)	-20.0%	
	Oxford Street Shelter	2,833,371	1,750,524	(1,082,847)	-38.2%	1
	Family Shelter	1,130,829	562,492	(568,337)	-50.3%	1
	Total Social Services	11,204,716	9,913,238	(1,291,478)	-11.5%	1
107-4300	Barron Center	16,977,542	15,630,623	(1,346,919)	-7.9%	4
100-4700	Debt Service	37,522,031	41,818,036	4,296,005	11.4%	
100-4800	Public Library	3,936,725	4,062,000	125,275	3.2%	
100-5100	Pension	7,401,409	8,126,801	725,392	9.8%	
100-5200	Health Insurance	18,056,340	20,110,956	2,054,616	11.4%	
	Workers' Comp	1,850,774	1,786,778	(63,996)	-3.5%	
	Group Life	202,854	205,822	2,968	1.5%	
	Unemployment	100,000	100,000	0	0.0%	
	FICA	1,091,100	1,138,099	46,999	4.3%	
	Total Employee Benefits	21,301,068	23,341,655	2,040,587	9.6%	
100-6100	Contingent	275,820	275,850	30	0.0%	
100-6200	Liability Insurance	782,418	774,458	(7,960)	-1.0%	

*See General Fund Note References on Page 12

CITY OF PORTLAND, MAINE
COMPARATIVE BUDGET PLAN FY2019
July 1, 2017 - June 30, 2018
July 1, 2018 - June 30, 2019
City Manager's Recommendation

		FY 18	FY 19	$ +/( )	%
100-6500	Regional Transportation Program	72,380	72,380	0	0.0%
	Contributions	364,194	365,850	1,656	0.5%
	Total Memberships/Contributions	436,574	438,230	1,656	0.4%
100-6700	Wage Adjustment	419,835	60,000	(359,835)	-85.7%
	Total General Fund Expenditures	180,758,990	185,351,404	4,592,414	2.5%
100-6300	County Tax	5,907,743	6,288,845	381,102	6.5%
100-6502	Metro Assessment	2,639,635	2,713,649	74,014	2.8%
Total General Fund and Assessments		$ 189,306,368	$ 194,353,898	$ 5,047,530	2.7%

Notes:
1 Reflects a change in accounting for grant funded programs, not a true reduction
2 Taking into account a savings of $821,000 for LED street lights, the Public Works budget is actually increasing by 2.5%
3 When combined, these two budgets are increasing 5%, however, taking revenues into account, there is a 4.8% reduction in net city cost
4 Reflects a decline in patients due to market forces

CITY OF PORTLAND, MAINE

COMPARATIVE BUDGET PLAN FY2019

July 1, 2017 - June 30, 2018

July 1, 2018 - June 30, 2019

City Manager's Recommendation

		FY 18	FY 19	$ +/( )	%
ENTERPRISE FUND REVENUES					
31	Property Taxes, Current Year	$ -	$ -	$ -	
32	Licenses & Permits	28,850	22,850	(6,000)	-20.8%
33	Intergovernmental	116,800	116,800	-	0.0%
34	Charges for Services	32,252,496	33,567,185	1,314,689	4.1%
36	Use of Money and Property	22,461,391	23,747,326	1,285,935	5.7%
39	Other Sources	410,809	374,196	(36,613)	-8.9%
	Fund Balance	(4,220,518)	(4,236,256)	(15,738)	0.4%
	Total Enterprise Fund Revenues	51,049,828	53,592,101	2,542,273	5.0%
ENTERPRISE FUND EXPENDITURES					
530-3300	Fish Pier	382,210	398,213	16,003	4.2%
570-1503	Sewer - Finance Admin	91,337	134,810	43,473	47.6%
570-3101	Public Works Admin	807,783	780,653	(27,130)	-3.4%
570-3112	Districting	2,850,513	3,019,206	168,693	5.9%
570-3115	Communications	64,056	67,687	3,631	5.7%
570-3137	Sewer Engineering	353,808	618,211	264,403	74.7%
570-3155	Debt Service	7,095,098	7,745,068	649,970	9.2%
570-3156	Fringe Benefits	1,347,424	1,493,120	145,696	10.8%
570-3158	Assessment from Portland Water District	12,149,862	12,462,772	312,910	2.6%
	Total Sewer	24,759,881	26,321,527	1,561,646	6.3%
571-1502	Stormwater - Finance Admin	250,965	265,463	14,498	5.8%
571-3140	Stormwater Management	2,083,537	1,817,499	(266,038)	-12.8%
571-3155	Debt Service	350,726	389,797	39,071	11.1%
571-3156	Fringe Benefits	355,025	286,855	(68,170)	-19.2%
	Total Stormwater	3,040,253	2,759,614	(280,639)	-9.2%
583-2801	Jetport Admin	952,896	1,047,618	94,722	9.9%
583-2802	Field	3,814,776	4,091,912	277,136	7.3%
583-2803	General Aviation	17,168	17,168	-	0.0%
583-2804	Fringe, Indirects & Chargebacks	3,640,664	3,960,802	320,138	8.8%
583-2805	Jetport Operations	2,375,139	2,595,898	220,759	9.3%
583-2806	Terminal	5,514,516	5,970,545	456,029	8.3%
583-2808	Marketing	545,740	501,890	(43,850)	-8.0%
583-2809	Parking	4,469,974	4,447,615	(22,359)	-0.5%
583-2810	Airfield Deicing	689,206	700,661	11,455	1.7%
583-2807	Jetport Anticipated Surplus	847,405	778,638	(68,767)	-8.1%
	Total Jetport	22,867,484	24,112,747	1,245,263	5.4%
Total Enterprise Fund Expenditures		51,049,828	53,592,101	2,542,273	5.0%
TOTAL CITY EXPENDITURES		$ 240,356,196	$ 247,945,999	$ 7,589,803	3.2%

TAX RATE COMPUTATION--FY2019
City Manager's Recommendation

	General Fund	Enterprise Funds	County Tax	TOTAL CITY
Total Expenditures	$188,065,053	$53,592,101	$6,288,845	$247,945,999
Less: Revenues	(104,847,548)	(57,828,357)	0	(162,675,905)
Surplus	0	4,236,256	0	4,236,256
Tax Levy	**$83,217,505**	**$0**	**$6,288,845**	**$89,506,350**
Tax Levy %				100.0%
Valuation	*7,900,000,000*			
Tax Rate:				
FY19	$10.53	$0.00	$0.80	***$11.33***
FY18	$10.28	$0.00	$0.76	$11.04
$ Increase	*0.25*	*0.00*	*0.04*	***0.29***
% of Total Increase	*2.3%*	*0.0%*	*0.3%*	***2.6%***

CITY OF PORTLAND, MAINE
FY2019 Non-Tax Revenue
(without surplus or TIF reimb)
City Manager's Recommendation

Department	FY17 Collected	FY18 Est (budget)	FY18 Proj	FY19 Est (budget)	FY19 Est vs FY18 Est (budget)	%
General Fund Revenues:						
City Council	$5,000	$5,000	$5,000	$5,000	$0	0.0%
City Clerk	235,162	233,234	226,613	227,688	(5,546)	-2.4%
Executive	1,007,564	1,054,701	936,361	1,040,370	(14,331)	-1.4%
Assessor	1,154	500	2,076	2,076	1,576	315.2%
Finance	18,220,471	17,586,273	17,463,969	18,549,047	962,774	5.5%
Legal	105,772	95,857	95,286	136,320	40,463	42.2%
Human Resources	112,775	118,043	118,043	76,056	(41,987)	-35.6%
Parking	8,139,957	8,613,070	8,639,790	9,620,120	1,007,050	11.7%
Econ Dev	190,177	218,601	217,499	567,949	349,348	159.8%
Police	2,747,007	2,806,671	2,968,665	2,947,159	140,488	5.0%
Fire	4,531,349	4,407,633	4,324,618	4,583,430	175,797	4.0%
Planning & Development	972,884	891,285	928,112	746,261	(145,024)	-16.3%
Permitting & Inspections	4,405,424	4,365,465	4,352,372	4,440,366	74,901	1.7%
Information Technology	362,198	376,725	381,829	422,254	45,529	12.1%
Public Works	4,579,328	4,628,980	4,577,148	5,061,526	432,546	9.3%
Parks, Rec & Facilities	10,636,652	9,812,539	10,276,039	7,392,134	(2,420,405)	-24.7%
Public Bldgs & Waterfront	-	-	-	3,459,596	3,459,596	
HHS--Administration	-	10,560	10,560	10,560	-	0.0%
HHS--Public Health	1,731,493	1,004,848	970,466	155,065	(849,783)	-84.6%
HHS--Social Services	9,567,403	6,983,728	7,554,104	5,276,465	(1,707,263)	-24.4%
HHS--Barron Center	18,449,748	20,581,632	17,190,368	18,628,031	(1,953,601)	-9.5%
Employee Benefits	6,627,287	6,519,959	6,462,059	7,293,735	773,776	11.9%
Insurance	152,257	156,578	144,705	154,587	(1,991)	-1.3%
Debt Service Reimb.	15,190,464	15,023,364	15,511,578	16,979,744	1,956,380	13.0%
Total General Fund:	$107,971,526	$105,495,246	$103,357,260	$107,775,539	$2,280,293	2.2%
Enterprise Funds Revenue:						
Fish Pier Authority	536,829	527,937	524,572	546,380	18,443	3.5%
Sewer	22,954,678	25,585,001	25,395,767	26,292,128	707,127	2.8%
Stormwater	6,480,759	6,289,924	6,572,469	6,877,102	587,178	9.3%
Jetport	22,210,797	22,867,484	22,286,154	24,112,747	1,245,263	5.4%
Total Enterprise Funds:	52,183,063	55,270,346	54,778,962	57,828,357	2,558,011	4.6%
Total City Revenue	$160,154,589	$160,765,592	158,136,222	$165,603,896	$4,838,304	3.0%

FY2019 CITY BUDGET SUMMARY

by category

City Manager's Recommendation

	FY18 Approp.	FY19 Proposed	$ +/-	% +/-	% Of Total
01 Personnel--General Fund	$78,778,907	78,226,975	($551,932)	-0.7%	40.2%
--Ent Funds	6,404,427	6,581,376	176,949	2.8%	12.3%
Total	85,183,334	84,808,351	(374,983)	-0.4%	34.2%
02+ Contractual--General Fund	60,661,739	63,671,517	3,009,778	5.0%	32.8%
--Ent Funds	27,362,368	29,151,634	1,789,266	6.5%	54.4%
Total	88,024,107	92,823,151	4,799,044	5.5%	37.4%
55 Supplies--General Fund	7,388,679	6,745,872	(642,807)	-8.7%	3.5%
--Ent Funds	1,261,765	1,306,943	45,178	3.6%	2.4%
Total	8,650,444	8,052,815	(597,629)	-6.9%	3.2%
63 Utilities--General Fund	4,713,116	3,700,433	(1,012,683)	-21.5%	1.9%
--Ent Funds	1,546,712	1,452,022	(94,690)	-6.1%	2.7%
Total	6,259,828	5,152,455	(1,107,373)	-17.7%	2.1%
70 Capital--General Fund	241,896	191,065	(50,831)	-21.0%	0.1%
--Ent Funds	2,035,066	2,202,152	167,086	8.2%	4.1%
Total	2,276,962	2,393,217	116,255	5.1%	1.0%
75 Debt Svc--Total GF	37,522,031	41,818,036	4,296,005	11.4%	21.5%
--Ent Funds	7,452,797	7,976,373	523,576	7.0%	14.9%
Total	44,974,828	49,794,409	4,819,581	10.7%	20.1%
75 Jetport Rev Bond Debt Svc	4,139,288	4,142,963	3,675	0.1%	7.7%
Jetport Surplus	847,405	778,638	(68,767)	-8.1%	1.5%
Total General Fund	189,306,368	194,353,898	5,047,530	2.7%	100.0%
Total Enterprise Funds	51,049,828	53,592,101	2,542,273	5.0%	100.0%
Total	$240,356,196	$247,945,999	$7,589,803	3.2%	100.0%

City of Portland, Maine
Tax Levy by Budget Category
City Manager's Recommendation

Department	FY19 Tax Levy	FY19 Tax Rate	% of Taxes
Debt Service	24,838,292	$3.14	27.7%
Police	16,496,409	$2.09	18.4%
Fire	15,013,684	$1.90	16.8%
Public Works	9,578,188	$1.21	10.7%
Parks, Rec & Facilities	4,811,701	$0.61	5.4%
Public Buildings & Waterfront	1,382,333	$0.18	1.6%
County Tax	6,288,845	$0.80	7.1%
Library	4,062,000	$0.51	4.5%
Health & Human Services	4,278,716	$0.54	4.8%
Metro	2,713,649	$0.34	3.0%
General Government	42,533	$0.01	0.1%
Total:	$89,506,350	$11.33	100.0%

City of Portland
Staffing FTE Change
FY2019 City Manager's Recommendation

Department	FY14	FY15	FY16	FY17	FY18	FY19	+/- Chg
General Fund:							
City Council	-	-	-	1.0	-	-	-
City Clerk	9.2	9.2	8.9	7.4	7.8	7.9	0.1
Executive	9.0	10.0	14.0	10.0	13.0	10.0	(3.0)
Assessor	4.9	4.9	4.9	5.9	5.9	5.9	-
Finance	25.0	26.0	24.3	24.0	25.0	25.0	-
Legal	5.5	6.0	6.0	6.0	6.0	7.0	1.0
Human Resources	10.0	10.0	10.0	10.5	11.0	11.0	-
Parking	29.6	29.6	29.6	29.6	29.6	29.6	-
Economic Development	3.0	3.0	4.0	5.8	5.8	7.1	1.3
Police	220.5	225.3	223.3	227.3	232.3	226.3	(6.0)
Fire	235.0	235.7	228.1	229.6	229.2	226.0	(3.2)
Planning & Urban Dev.	32.3	35.4	34.7	21.5	24.0	24.0	-
Permitting & Inspections	-	-	-	25.0	28.0	28.0	-
IT	16.8	17.3	17.0	17.0	17.0	17.3	0.3
Public Works	152.0	152.5	132.0	125.0	129.0	131.0	2.0
Parks Rec & Fac	118.1	121.6	136.5	155.2	161.5	142.0	(19.5)
Pubic Bldgs & Waterfront	-	-	-	-	-	24.5	24.5
HHS Administration	-	-	-	5.0	5.0	5.0	-
Public Health	92.4	70.0	62.3	38.2	25.0	27.1	2.1
Social Services	76.1	79.4	90.7	78.3	80.1	87.8	7.7
Barron Center	264.1	266.2	266.7	260.7	263.7	244.0	(19.7)
Total HHS:	*432.6*	*415.6*	*419.7*	*382.2*	*373.8*	*363.9*	(9.9)
General Fund Subtotal:	**1,303.5**	**1,302.1**	**1,293.0**	**1,283.0**	**1,298.9**	**1,286.5**	(12.4)
Enterprise Funds:							
Sewer Fund	38.0	39.0	32.0	31.0	30.0	33.0	3.0
Stormwater Fund	-	-	11.5	11.0	13.0	10.0	(3.0)
Jetport	47.0	49.0	49.5	50.5	52.5	56.0	3.5
Enterprise Subtotal:	**85.0**	**88.0**	**93.0**	**92.5**	**95.5**	**99.0**	3.5
Total City Employees:	**1,388.5**	**1,390.1**	**1,386.0**	**1,375.5**	**1,394.4**	**1,385.5**	(8.9)

FY19 Position Changes
City Manager's Recommended Budget

Dept.		FTE	Position	Est $
Executive	13-01	1.0	Assistant City Manager	$122,514
	13-01	(1.0)	Sr. Advisor to the City Manager	($95,726)
	13-01	(2.0)	Program Coord (Proj)	($120,856)
Legal	16.00	1.0	Liability & Insurance Claims Mgr	$74,548
Fire	22-01	1.0	Principal Administrative Officer	$59,416
	22-03	(4.0)	Firefighters	($175,134)
Police	21-21	(1.0)	Patrol Sgt	($72,471)
	21-21	(4.0)	Patrol Officer	($213,580)
	21-21	(1.0)	Ordinance Enforcement Officer	($34,028)
Planning	24-01	1.0	Housing Program Manager	$55,141
	24-01	(1.0)	Planner	($54,327)
Public Works	31-12	1.0	Operations Manager	$92,000
	31-12	1.0	Public Works Foreman	$41,621
	31-12	(1.0)	Maintenance Worker II	($39,874)
	31-14	1.0	Solid Waste Program Administrator	$43,290
	31-35	1.0	Project Manager (Contract)	$73,710
	31-35	(1.0)	Senior Technician	$48,555
	31-37	1.0	Survey GIS & Archives Manager	$75,000
	31-37	(1.0)	Senior Engineer	($65,626)
Parks Rec & Facilities	33-00	1.0	Deputy Dir Parks Rec & Facilities	$99,169
	33-00	0.8	Marketing & Communications Coord.	$48,516
	33-11	1.0	Concessions Coordinator	$40,200
	33-14	(1.0)	Recreation Director	($78,648)
	33-14	(1.0)	Recreation Programmer I	($29,291)
Public Bldgs & Wtrfrnt	35-00	1.0	Project Manager	$56,004
	35-00	1.0	Principal Financial Officer	$53,625
	35-00	(1.0)	Administrative Associate	($46,878)
	35-09	1.0	Foreman	$40,820
	35-09	2.0	Trades Worker III	$95,014
Public Health	41-02	(0.6)	Program Coordinator (Proj) Grant Expires 09/30/18	($48,928)
	41-03	(1.0)	Program Coordinator (Proj)	($56,019)
	41-03	2.3	Comm Health Promo Spec (Proj)	$105,492
	41-10	1.0	Program Coordinator	$62,751
Social Services	42-02	2.0	Shelter Security Guard	$77,120
	42-02	(1.0)	Administrative Assistant	($37,569)
	42-11	1.0	Sr Human Service Counselor	$53,015
	42-11	4.0	Shelter Security Guard	$140,434
	42-11	1.0	Custodial Worker	$34,525
	42-12	1.0	Custodial Worker	$34,454
Barron Center	43-30	(12.6)	CNAs	($421,322)
	43-30	(0.8)	LPN	($38,306)
	43-30	(6.0)	RN	($366,320)
General Fund Total		**(12.9)**		**($367,969)**
Sewer	31-01	1.0	Water Quality Technician	$45,669
	31-12	2.0	Water Resouces MW I	$39,422
Stormwater	31-40	(1.0)	Water Quality Technician	($43,856)
	31-40	(2.0)	MW III	($88,650)
Jetport	28-01	1.0	Safety / Training Officer	$53,625
	28-01	1.0	Administrative Officer	$40,677
	28-01	(1.0)	Airport Administrative Coord	($57,089)
	28-02	(1.0)	Assistant Airport Manager	($97,566)
	28-02	1.0	Airport MW III	$41,954
	28-05	2.0	Airport Operations Supervisor	$96,845
	28-05	0.5	Airport Oper Coord I-40	$19,930
Enterprise Fund Total		**3.5**		**$50,961**
Grand Total		**(9.4)**		**($317,007)**

Offset by grants or other non-tax revenues

Note: does not include minor changes in hours

FY19 Budget Calendar - April 2018

Additional Finance Committee agenda details can be found online at http://portlandmaine.gov/financecommittee

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Finance Committee Meetings held in Room 209 of City Hall unless otherwise noted on City's website						
1	2	3	4	5 **5:30 PM Joint City / School Finance Committee Meeting**	6	7
8	9 **5:30 PM - City Council Meeting** **-Presentation of FY19 City Manager Recommended Budget, Referral to Finance Committee**	10	11	12 **5:30 PM Finance Committee Meeting**	13	14
15	16 *Patriot's Day Holiday*	17 **5:30 PM Finance Committee Meeting**	18 **5:30 PM - City Council Meeting** **-FY19 School Board Recommended Budget Presented**	19	20	21
22	23	24	25	26 **5:30 PM Joint City / School Finance Committee Meeting**	27	28
29	30					

04/09/2018

FY19 Budget Calendar - May 2018

Additional Finance Committee agenda details can be found online at http://portlandmaine.gov/financecommittee

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Finance Committee Meetings held in Room 209 of City Hall unless otherwise noted on City's website		1	2	3 **5:30 PM Finance Committee Meeting**	4	5
6	7 **5:30 PM City Council Meeting** **-School Budget 1st Read (Public Hearing)** **- City Budget 1st Read (Public Hearing)**	8	9	10	11	12
13	14 **4:00 PM City Council Budget Workshop** **5:30 PM City Council Meeting** **- School Budget 2nd Read and Vote**	15	16	17	18	19
20	21 **5:30 PM City Council Meeting** **- City Budget 2nd Read and Vote**	22	23	24 **5:30 PM Finance Committee Meeting**	25	26
27	28 ***Memorial Day Holiday***	29	30	31		

04/09/2018

June 2018

Additional Finance Committee agenda details can be found online at http://portlandmaine.gov/financecommittee

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Finance Committee Meetings held in Room 209 of City Hall unless otherwise noted on City's website					1	2
3	4 **5:30 PM City Council Meeting**	5	6	7	8	9
10	11	12 **School Budget Referendum & Statewide Election**	13	14 **5:30 PM Finance Committee Meeting**	15	16
17	18 **5:30 PM City Council Meeting**	19	20	21	22	23
24	25	26	27	28 **5:30 PM Finance Committee Meeting**	29	30

04/09/2018

Portland, Maine   Yes. Life's good here.

MEMORANDUM

DISTRIBUTE TO: Members of the Finance Committee

FROM: Jon P. Jennings, City Manager

DATE: April 5, 2018

SUBJECT: **Appropriation of 0 Hancock Street, LLC Sale Proceeds**

On August 21, 2017, the City Council approved a $3.3 million purchase and sale agreement with 0 Hancock Street, LLC for the sale of 48,000 square feet of the City-owned Thames Street property along the Eastern Waterfront. In October 2017, groundbreaking occurred on the 100,000 square foot, 4-story mixed-use development that will serve as the world headquarters of WEX with additional retail space.

The full $3.3M of sale proceeds were collected in fiscal year 2018. The City does not typically budget for significant amounts of property sale revenue, so this inflow of funding is above and beyond our FY18 budgeted revenues. I am requesting that the City Council formally appropriate $3.1M of these funds for the following purposes:

- $2,000,000 to support Phase 1A of the Portland Landing project
- $1,000,000 to support the Housing Trust Fund
- $110,000 to support the Climate Action Plan - the joint venture with South Portland

Portland Landing

In conjunction with the approval of Ocean Gateway 2005, the City Council and Planning Board requested that the “Amethyst Lot” be improved as active use marine open space consistent with the Eastern Waterfront Master Plan. Consistent with this direction, City Staff has brought forward plans for an absolutely incredible open space on our waterfront. The spirit of Portland, Maine is reflected in our vision for the redevelopment of the current Amethyst Parking Lot. Portland Landing will be a vibrant waterfront public space tailored to the recreation and marine transportation needs of City residents of all ages and interests. Moreover, the innovative design proposed for Portland Landing will demonstrate how waterfront development can improve community resiliency in the face of sea level rise and climate change. Phase 1A of the project will include Moon Tide Park Stabilization and a Fishing Pier; design and permitting for which is currently underway. See Attachment 1 for complete details on the project.

Housing Trust Funds

In recent years there has been an increased focus on providing funding for the Housing Trust. The Housing Committee, led by Councilor Duson, has made it a priority to increase the funding for the Housing Trust Fund. Traditionally the trust has been funded via contributions from developers under inclusionary zoning requirements. With the development boom in Portland, the Housing Trust has grown quickly. With this additional $1,000,000 in contribution, the fund will have nearly quadrupled in just over two years.

Inclusionary Zoning Development Projects: December 2015 - November 2017

Address	Status	# of Units	Type	Workforce Units	Off-Site	Fee-in-lieu
169 Newbury St (Luminato)	Under Construction	26	Condo	2 off site	2	$0
62 India Street	Under Construction	29	Condo	0	0	$290,000
443 Congress St	Under Construction	28	Apt	0	0	$280,000
70 Anderson St	Approved (2016)	10	Town House	1	0	$0
75 Chestnut St	Approved (2016)	54	Apt	5	0	$0
20 Thames St	Approved (2017)	28	Condo	0	0	$280,000
161 York St	Approved (2017)	11	Condo	0	0	$110,000
221 Congress St	Approved (2017)	17	Condo	0	0	$170,000
153-165 Sheridan St	Approved (2017)	19	Condo	1	0	$0
1 Joy Place	Approved (2017)	12	Condo	1	0	$0
218-220 Washington St	Approved (2017)	45	Condo	0	0	$416,250
22 Hope Ave Subdivision (Brandy Ln)	Under Review	16	SF Home	1	0	$0
383 Commercial St	Under Review	82	Condo	9	TBD	TBD
1700 Westbrook St (Stroudwater)	Under Review	123	SF/Townhouse	12		$0

Climate Action Plan

The City Council has taken a number of steps recently to emphasize its commitment climate action. In May, 2017 the Council adopted a resolution committing the City to use 100% renewable energy by 2040. In June, 2017, the Council passed a resolution to join the Mayors Climate Action Agenda (Climate Mayors) that commits the City to take actions to achieve the goals established by the 2016 Paris Climate Accords. The Sustainability and Transportation Committee, led by Councilor Thibodeau, has made developing a plan to achieve these goals a priority for 2018. City staff recently made a presentation to the committee about joining with the City of South Portland to develop complementary climate action plans for each city. This would allow the cities to share costs associated with consulting and technical analysis. The resulting plans will describe actions each city should take to mitigate the effects of climate change as well as strategies to adapt to impacts such as sea level rise. The climate action plans will cover all sectors of the community -- residential, commercial, and industrial -- as well as municipal operations. Portland's share of the cost will be $110,000.