



Town of Brunswick, Maine

INCORPORATED 1739

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

In accordance with the Charter of the Town of Brunswick, Maine, the proposed General Fund budget, for the period July 1, 2021 to June 30, 2022, is presented for your consideration. It combines the municipal services budget, as proposed by the Town Manager, with the education budget, as proposed by the School Board. The County tax levy is added to these to produce a total budget, which becomes the basis for the property tax levy – by far, the largest funding source.

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

Annual Operating Budget

Municipal Services Budget

The budget restores funding to items that were reduced in last year's budget due to anticipated budgetary impacts of the COVID-19 pandemic. Last year's budget reductions resulted in no tax rate increase for municipal services. This year's budget also adds funding in several areas. The major changes in the year over year budget are described below.

Municipal Expenditures

The drivers of the increase in this year's expenditure budget include:

- Personnel – Salaries and benefits continue to comprise the majority of the municipal expenditure budget. Funding the salaries and benefits to maintain existing personnel increases the budget by approximately \$800,000. New positions funded in this budget add approximately \$520,000 to the budget. The newly funded positions include two firefighter/EMTs, two police officers, a parks maintenance worker, two park rangers, and a deputy public works director. The deputy brings the administrative staff in public works back to three positions, after being reduced to two last year.
- Paving, Road Rehabilitation and Sidewalks – The budget would increase the appropriation for road paving and rehabilitation by \$450,000, to a total of \$1,550,000. The pavement rating system the Town utilizes recommends a funding level in excess of \$2,000,000. As is mentioned every year, funding at the recommended levels is essential to minimize future, costlier road repairs. Additional funding for sidewalk repairs increases the budget by \$45,000.
- Capital Reserves – The budget continues to fund the vehicle capital reserves we initiated several years ago. It also includes funding for the facilities repair and TV/technology

equipment reserves; reserves that were not funded last year. Funding of all these reserves increases the budget by \$350,000. The reserve approach has worked well to smooth budget funding and to provide flexibility in the management of the Town's capital assets.

- Fire Suppression (Hydrants) - The budget includes an additional nearly \$50,000, representing a 7.3% increase in the mandatory fire protection charge, payable to the Brunswick Topsham Water District. This is on top of last year's increase of 11.6% and a 20.6% increase two years ago. Another 5.0% increase is expected next year.
- Enterprise Fund Subsidies - The budget subsidizes enterprise funds that do not have sufficient revenue to fund their expenses. Historically, the budget has subsidized two enterprise funds. Last year the Town eliminated the subsidy to the Landfill, which reduced the budget by \$150,000. This year, the budget proposes to increase the subsidy to the Train Station/Visitors Center. However, this increase is actually a reallocation of funds that were previously included in the annual grant the Town makes to the Brunswick Downtown Association (BDA).

Municipal Revenues

Property taxes are the largest source of funding for the municipal portion of the budget. Last year, the taxable valuation of the Town increased significantly more than was anticipated when the budget was adopted. This resulted in additional tax revenue and a larger tax base for this year's budget. This proposed budget assumes a one percent valuation increase. Applying last year's tax rate to this "new" value results in an additional \$485,000 in revenue which can be allocated to the municipal, county, and school budgets.

The two largest non-property tax revenues are vehicle excise tax and state revenue sharing. Given the uncertainty created by the pandemic, these revenues were conservatively budgeted last year. Fortunately, the most dire consequences did not occur, likely because of the federal funding that was provided in the form of COVID relief. Still we are being somewhat conservative with the revenue estimates used in this year's budget.

- Excise Tax - The budget projects receipts of \$3,500,000, a \$275,000 increase over last year's projection. This projection would essentially be the same amount that was actually collected in fiscal 2019-20.
- Revenue Sharing. The budget projects an increase of \$400,000 in State Revenue Sharing (SRS) funds. Based on this year's receipts, which were higher than anticipated, that is a conservative estimate. We will continue to monitor the receipts for possible adjustment during the budget review process. The budget estimate is based on the recently passed State budget which retains the allocation of SRS funds at 3.75% of State revenues. We understand that there is significant interest in increasing the amount shared to 5%. Were that to happen the Town could receive approximately \$1 million in additional revenue.

Education Budget

The budget delivered by the School Board proposes to increase the property tax requirement by \$2,681,103. The School Department will be making its budget presentation to the Town Council and the details of the education budget will be provided under separate cover. Not factored into this

request is the recommendation I intend to make to forgive the approximately \$638,000 track construction loan from the General Fund to the School Department. This forgiveness would be funded from the additional tax revenue received this year. It would allow the removal of approximately \$90,000 of debt payments from the school budget each year for this year and the next six years.

Total Annual Operating Budget

Combining the increases in the municipal and school budgets, along with the small reduction in the County tax, results in an increase of \$3,552,962 in the total amount to be raised from property taxes. This would increase the property tax rate by 6.28%. A summary of the budget components and their impact on the property tax levy can be found on pages 4 and 5 of the budget document.

Capital Budget

In accordance with the Town's Fund Balance Policy, the amount of Unassigned General Fund Balance over the target is to be used for capital or one-time expenditures. Following development of the Capital Improvement Program (CIP) for 2022-2026, I have proposed that a portion of the Fund Balance be used to fund the following.

- Streetlight Conversion to Municipally Owned LED Fixtures – This is to fund the second year of a project to replace the street light fixtures with energy efficient LED fixtures. This year's capital budget funds \$285,000.
- Cardiac Monitors – The capital budget includes \$135,000 to replace three cardiac monitors carried on the Town's ambulances. The Town has four vehicles and one of the monitors was replaced this year as it was no longer functional.
- Cumberland Street Drainage – An appropriation of \$20,000 is requested to fund planning and engineering to address flooding and drainage issues in the Cumberland Street parking lot and Cumberland Street itself. The preliminary estimate of the total project cost is \$280,000.
- Bath Road Culvert – An appropriation of \$75,000 is requested to begin to address a flooding issue related to a culvert that crosses Bath Road in the vicinity of the Sunnybrook Senior Living complex. The appropriation will allow us to develop a project estimate. However, given the size and location of this culvert, we believe its replacement, if necessary, would cost hundreds of thousands of dollars.

Tax Increment Financing (TIF) Budget

The TIF budget for 2021-22 provides details for the sources and uses of funds generated in the Town's TIF Districts. Two of the larger uses of the TIF funds include allocations for the Downtown Streetscape project and the repayment of expenditures related to the construction of Landing Drive. In the TIF budget, you will also see funds budgeted to be transferred to the General Fund to support qualifying activities. If the budget for those items is reduced, the transfer from the TIFs would be reduced, as well as TIF funds can only be used for qualifying expenditures.

Other Considerations

As you know, the Legislature recently passed a State budget effective July 1, 2021. We understand the Legislature will be considering a supplemental budget which would also be effective July 1st. Additionally, although we don't have the full details, the Town is likely to receive federal funding. Finally, we hope to refine our valuation estimate at some point in the process. As these events unfold, we will need to be prepared to continue making adjustments as the budget progresses towards adoption.

Acknowledgements

Thank you to the department heads and their staffs for their daily contributions to the community and for their cooperation in the development of this budget. Thank you to Julia Henze, Branden Perreault, and Diane Lathrop of the Finance Department for their assistance in preparing this document.

Thank you to the Town Council for its support, especially over this most unprecedented recent year. I look forward to discussing the 2021-22 budget with the you.

Respectfully,

John S. Eldridge

John S. Eldridge
Town Manager