

## TOWN OF KENNEBUNKPORT

February 26, 2010

**TO:** Members of the Board of Selectmen and the Budget Board

**FROM:** Larry Mead, Town Manager

### INTRODUCTION TO THE FY11 BUDGET

The FY11 municipal budget presents challenges on the expenditure side of the budget, primarily related to three issues; a 14% jump in the York County assessment, restoration of funding for capital needs, and anticipated legal expenses related to the Goose Rocks Beach law suit. Non-property tax revenues are expected to increase modestly, which is a much better forecast than last year's sharp decline. In fact, the projection for revenue growth follows two successive years of revenue decline, perhaps signaling that the economic downturn has bottomed out with respect to the municipal budget.

There are three major components that contribute to each property owners tax bill; municipal, county, and school. The Town has control over the municipal portion. The County assessment is determined by the County Commissioners and County Budget Committee. The School assessment is developed by the RSU 21 Board of Directors and approved by voters of the three member towns.

The County's financial problems have this year been passed down to the towns and cities in York County. Kennebunkport absorbed the largest increase of all towns on a per-capita basis, over \$121,000. Given the limited services that Kennebunkport receives from the County, the successive years of mismanagement at the County is particularly difficult to tolerate. It is incumbent on the current County Administrator and the elected County officials to establish sound financial management and planning so that the mistakes of the past are not repeated.

The Town's assessment from RSU 21 is uncertain at this time since the School budget process is ongoing. I have asked the administrators at RSU 21 for their best estimate of the FY11 assessment to Kennebunkport. They do not anticipate a significant increase for Kennebunkport from the FY10 assessment. However the final amount will not be clear until the amount of State aide reductions is set, and until voters have passed final judgment on the proposed school budget.

Overall, FY11 municipal expenditures increase 8.4%, an increase of \$492,514. Two categories; legal costs and capital outlay account for 85% of the increase. When these two categories are excluded total expenditures increase just 1.5%.

### Summary

I look forward to the opportunity to review the proposed budget with the Selectmen and the Budget Board and to receive input and suggestions from residents during the process and at Town Meeting in June. Based on the assumption of no significant change in the

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School assessment to the Town the tax rate would increase 2.3%, from \$6.34 to \$6.48. For a resident with a home valued at \$400,000 this would amount to a \$56 increase in taxes.

The Town's employees will continue to do all we can to keep down the cost of services to our residents and property owners while providing the high quality of services they deserve.

# FY11 Budget

## Analysis of Expenditures

### Major Cost Categories

| <u>Expense/Department</u>     | <u>2010<br/>Approved<br/>Budget</u> | <u>2011<br/>Town<br/>Manager</u> | <u>Increase<br/>(Decrease)</u> | <u>%<br/>Diff</u> |
|-------------------------------|-------------------------------------|----------------------------------|--------------------------------|-------------------|
| Personnel salaries            | 2,304,853                           | 2,370,708                        | 65,855                         | 2.86%             |
| Staff retirement and health   | 776,351                             | 859,385                          | 83,034                         | 10.70%            |
| Staff development & education | 79,315                              | 80,015                           | 700                            | 0.88%             |
| Utilities                     | 250,144                             | 248,394                          | (1,750)                        | -0.70%            |
| Legal                         | 85,000                              | 335,000                          | 250,000                        | 294.12%           |
| Waste disposal                | 417,148                             | 432,350                          | 15,202                         | 3.64%             |
| Contracted services           | 177,275                             | 196,735                          | 19,460                         | 10.98%            |
| Insurance                     | 137,633                             | 120,626                          | (17,007)                       | -12.36%           |
| Vehicle Fuel                  | 76,775                              | 76,775                           | 0                              | 0.00%             |
| Road maintenance supplies     | 91,500                              | 90,500                           | (1,000)                        | -1.09%            |
| Supplies                      | 111,178                             | 118,520                          | 7,342                          | 6.60%             |
| Repairs & maintenance         | 87,050                              | 89,765                           | 2,715                          | 3.12%             |
| Debt service                  | 444,244                             | 431,346                          | (12,898)                       | -2.90%            |
| Outside Agencies              | 255,641                             | 253,766                          | (1,875)                        | -0.73%            |
| Other expenses                | 238,817                             | 161,309                          | (77,508)                       | -32.45%           |
| Social Services               | 18,194                              | 18,194                           | 0                              | 0.00%             |
| Capital Outlay                | 298,300                             | 458,544                          | 160,244                        | 53.72%            |
| <b>Totals</b>                 | <b>5,849,418</b>                    | <b>6,341,932</b>                 | <b>492,514</b>                 | <b>8.42%</b>      |

**Personnel:** Wages and salaries represent 40% of the operating budget. Last year the Town's employees did not receive a wage adjustment due to the difficult economy and the significant reduction in non-property tax revenues. This year the collective bargaining agreement provides for a 3% wage increase. Additionally, employees with 25 years of service (three employees) receive \$.35 per hour beginning this year, the second year of the contract. Employees with 20 years of service earn an additional \$.10 per hour (eight employees). Overall, wages and salaries are increased 2.8%, \$65,855.

The retirement of Lorraine Brooks in the Assessor's office opened up the opportunity for a reorganization of responsibilities. Werner Gilliam will take on the assessing functions in addition to his Planning duties. Previously Werner had split his time between Planning and Code Enforcement. Given the decline in development due to the economy the ½ time position in Code Enforcement has been eliminated, at least until such time as building activity increases to the level of a few years ago. As a result of this change there are now 2.5 fewer positions in the Town's operating budget than there was in FY09, including a police patrolman and a half-time youth services coordinator. If those positions were still funded the budget would have been \$160,000 more than is proposed this year, including retirement and benefits. This represents a significant savings this year and in the years ahead.

**Staff Retirement and Health:** Overall costs in this category are up \$83,034, or 10.7%. As has been the case for several years the cost of health insurance is projected to increase 8%. The total cost to the Town for health insurance is \$478,000. This year two other costs have increased significantly. The

first, retirement health savings, was not funded in FY10 due to a change in IRS rules. The settlement of the union contract resulted in the reinstatement of the program for FY11 at a cost of \$24,500. Although this benefit represents an upfront cost to the Town, there is an offsetting give back by employees to the Town in the amount of \$36,800 in accumulated sick leave benefits, reducing the Town's future liability by that amount.

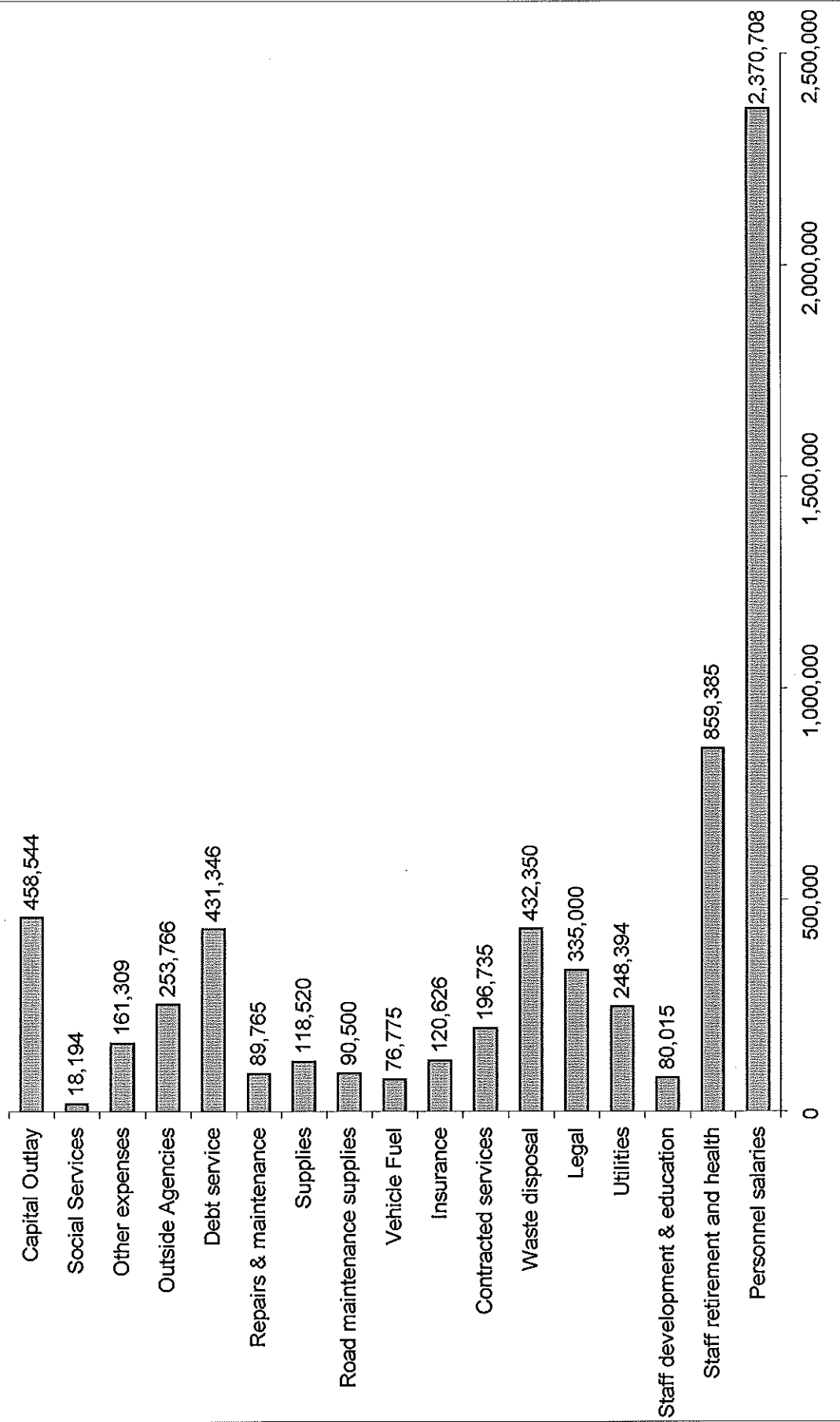
The second additional cost increase of significance is the Town's share of Maine State Retirement (MSRS) contributions, which increased \$23,424, or 25%. It is noteworthy that there is no net increase in the FY11 tax commitment because of a corresponding revenue credit from MSRS to the Town. For many years the Town has benefited from a positive credit balance with MSRS. This credit balance has remained stable because the annual cost to the Town for retirement contributions has been offset by investment growth in the MSRS account. The Town will need to monitor the sustainability of this credit balance in light of the recent decision by MSRS to increase municipal contributions to the retirement system. If the Town's credit balance fund is depleted significantly the Town would need to budget for at least a portion of the annual cost of retirement contributions.

**Legal:** There is an extraordinary increase of \$250,000 in legal costs associated with anticipated expenses related to the Goose Rocks Beach litigation.

**Other Expenses:** Down 32%. No funding is recommended for the Local Circuit Breaker budget, which represents a reduction of \$80,000. This past year was the first year in this program. The experience has been that there was less demand than funds appropriated. As a result it is recommended that the funds remaining in the account be carried over to FY11. It is anticipated that the fund balance will be sufficient to fully meet the need.

**Capital Outlay:** Capital costs are up 53.7%, (\$160,244). The proposed capital budget represents 7.2% of total expenditures. This is a modest amount as a percentage of total. By way of comparison capital expenses represented 14.5% of total in FY 08 and 9% of total in FY09. Last year the capital budget was reduced to 5% of total in order to achieve the goal of no increase in tax commitment. Last year's level is not adequate to the needs of the Town over time and the proposed increase is reflective of that. The capital budget is further discussed below.

**TOWN OF KENNEBUNKPORT  
FY 11 PROPOSED EXPENDITURES BY CATEGORY**



| Expenses by Categories                   |                  |                  |                     |               |
|--|------------------|------------------|---------------------|---------------|
|  | 2010             | 2011             |                     |               |
| Expense/Department                       | Approved Budget  | Town Manager     | Increase (Decrease) | % Diff        |
| <b>Personnel salaries</b>                |                  |                  |                     |               |
| Administration                           | 386,955          | 400,774          | 13,819              | 3.57%         |
| Assessing                                | 28,747           | 24,294           | (4,453)             | -15.49%       |
| Code Enforcement                         | 96,934           | 99,804           | 2,870               | 2.96%         |
| Planning                                 | 46,138           | 26,294           | (19,844)            | -43.01%       |
| Community Development                    | 6,500            | 8,000            | 1,500               | 23.08%        |
| Police                                   | 741,499          | 770,895          | 29,396              | 3.96%         |
| Communications                           | 203,870          | 210,131          | 6,261               | 3.07%         |
| Fire                                     | 158,722          | 179,108          | 20,386              | 12.84%        |
| Animal Control                           | 5,969            | 6,148            | 179                 | 3.00%         |
| Harbor Master                            | 2,334            | 2,404            | 70                  | 3.00%         |
| Health                                   | 107,385          | 111,550          | 4,165               | 3.88%         |
| Shellfish Conservation                   | 1,929            | 1,987            | 58                  | 3.01%         |
| Highway                                  | 287,383          | 296,525          | 9,142               | 3.18%         |
| Mechanic                                 | 54,029           | 56,124           | 2,095               | 3.88%         |
| Conservation Shade Tree                  | 500              | 500              | 0                   | 0.00%         |
| Cemetery                                 | 4,500            | 4,500            | 0                   | 0.00%         |
| Recreation                               | 161,459          | 166,670          | 5,211               | 3.23%         |
| Contingency                              | 10,000           | 5,000            | (5,000)             | -50.00%       |
|  | <b>2,304,853</b> | <b>2,370,708</b> | <b>65,855</b>       | <b>2.86%</b>  |
| <b>Staff retirement and health</b>       |                  |                  |                     |               |
| Administration                           | 128,459          | 145,068          | 16,609              | 12.93%        |
| Assessing                                | 2,199            | 9,587            | 7,388               | 335.97%       |
| Code Enforcement                         | 30,091           | 32,574           | 2,483               | 8.25%         |
| Planning                                 | 17,526           | 10,743           | (6,783)             | -38.70%       |
| Community Development                    | 497              | 612              | 115                 | 23.14%        |
| Police                                   | 274,674          | 304,854          | 30,180              | 10.99%        |
| Communications                           | 60,952           | 66,953           | 6,001               | 9.85%         |
| Fire                                     | 28,510           | 31,189           | 2,679               | 9.40%         |
| Animal Control                           | 457              | 470              | 13                  | 2.84%         |
| Harbor Master                            | 294              | 320              | 26                  | 8.84%         |
| Health                                   | 20,368           | 23,569           | 3,201               | 15.72%        |
| Shellfish Conservation                   | 148              | 152              | 4                   | 2.70%         |
| Highway                                  | 129,143          | 140,514          | 11,371              | 8.80%         |
| Mechanic                                 | 23,578           | 26,651           | 3,073               | 13.03%        |
| Conservation Shade Tree                  | 38               | 38               | 0                   | 0.00%         |
| Cemetery                                 | 345              | 345              | 0                   | 0.00%         |
| Recreation                               | 59,072           | 65,746           | 6,674               | 11.30%        |
|  | <b>776,351</b>   | <b>859,385</b>   | <b>83,034</b>       | <b>10.70%</b> |
| <b>Staff development &amp; education</b> |                  |                  |                     |               |
| Administration                           | 20,500           | 20,820           | 320                 | 1.56%         |
| Assessing                                | 500              | 800              | 300                 | 60.00%        |
| Code Enforcement                         | 1,500            | 1,500            | 0                   | 0.00%         |
| Planning                                 | 5,500            | 5,550            | 50                  | 0.91%         |
| Police                                   | 16,200           | 16,200           | 0                   | 0.00%         |
| Communications                           | 1,800            | 1,800            | 0                   | 0.00%         |
| Fire                                     | 20,395           | 19,975           | (420)               | -2.06%        |
| Animal Control                           | 750              | 750              | 0                   | 0.00%         |
| Health                                   | 5,000            | 5,000            | 0                   | 0.00%         |
| Shellfish Conservation                   | 500              | 500              | 0                   | 100.00%       |
| Welfare                                  | 150              | 100              | (50)                | -33.33%       |
| Highway                                  | 3,250            | 3,750            | 500                 | 15.38%        |
| Mechanic                                 | 1,400            | 1,400            | 0                   | 0.00%         |
| Recreation                               | 1,870            | 1,870            | 0                   | 0.00%         |
|  | <b>79,315</b>    | <b>80,015</b>    | <b>700</b>          | <b>0.88%</b>  |

**Expenses by Categories**

|                                  | <b>2010</b>            | <b>2011</b>         |                            |                |
|----------------------------------|------------------------|---------------------|----------------------------|----------------|
| <b>Expense/Department</b>        | <b>Approved Budget</b> | <b>Town Manager</b> | <b>Increase (Decrease)</b> | <b>% Diff</b>  |
| <b>Utilities</b>                 |                        |                     |                            |                |
| Administration                   | 15,755                 | 15,370              | (385)                      | -2.44%         |
| Assessing                        | 500                    | 500                 | 0                          | 0.00%          |
| Code Enforcement                 | 1,400                  | 1,400               | 0                          | 0.00%          |
| Community Development            | 2,400                  | 2,400               | 0                          | 0.00%          |
| Police                           | 8,174                  | 8,014               | (160)                      | -1.96%         |
| Communications                   | 22,714                 | 22,054              | (660)                      | -2.91%         |
| Fire                             | 28,940                 | 28,340              | (600)                      | -2.07%         |
| Solid Waste                      | 200                    | 200                 | 0                          | 0.00%          |
| Health                           | 2,850                  | 2,850               | 0                          | 0.00%          |
| Highway                          | 2,350                  | 2,350               | 0                          | 0.00%          |
| Mechanic                         | 8,500                  | 8,500               | 0                          | 0.00%          |
| Fire hydrants                    | 104,235                | 105,790             | 1,555                      | 1.49%          |
| Street lights                    | 48,950                 | 47,450              | (1,500)                    | -3.06%         |
| Recreation                       | 3,176                  | 3,176               | 0                          | 0.00%          |
|                                  | <b>250,144</b>         | <b>248,394</b>      | <b>(1,750)</b>             | <b>-0.70%</b>  |
| <b>Legal</b>                     | <b>85,000</b>          | <b>335,000</b>      | <b>250,000</b>             | <b>294.12%</b> |
| <b>Waste disposal</b>            | <b>417,148</b>         | <b>432,350</b>      | <b>15,202</b>              | <b>3.64%</b>   |
| <b>Contracted services</b>       |                        |                     |                            |                |
| Administration                   | 35,000                 | 35,000              | 0                          | 0.00%          |
| Assessing                        | 38,500                 | 38,500              | 0                          | 0.00%          |
| Code Enforcement                 | 0                      | 0                   | 0                          | 0.00%          |
| Planning                         | 12,400                 | 16,900              | 4,500                      | 36.29%         |
| Zoning Board of Appeals          | 400                    | 400                 | 0                          | 0.00%          |
| Growth Planning Committee        | 6,800                  | 6,800               | 0                          | 0.00%          |
| Community Development            | 9,000                  | 9,000               | 0                          | 0.00%          |
| Police                           | 1,100                  | 1,100               | 0                          | 0.00%          |
| Communications                   | 22,500                 | 28,860              | 6,360                      | 28.27%         |
| HB-H2O Quality Program           | 3,500                  | 3,000               | (500)                      | -14.29%        |
| Monitoring                       | 0                      | 5,000               | 5,000                      | 100.00%        |
| Highway                          | 15,800                 | 15,800              | 0                          | 0.00%          |
| Conservation Shade Tree          | 27,000                 | 31,000              | 4,000                      | 14.81%         |
| Cemetery                         | 2,500                  | 2,500               | 0                          | 0.00%          |
| Recreation                       | 75                     | 75                  | 0                          | 0.00%          |
| Parsons Way                      | 2,700                  | 2,800               | 100                        | 3.70%          |
|                                  | <b>177,275</b>         | <b>196,735</b>      | <b>19,460</b>              | <b>10.98%</b>  |
| <b>Insurance</b>                 | <b>137,633</b>         | <b>120,626</b>      | <b>(17,007)</b>            | <b>-12.36%</b> |
| <b>Vehicle Fuel</b>              |                        |                     |                            |                |
| Code Enforcement                 | 1,200                  | 1,200               | 0                          | 0.00%          |
| Police                           | 35,000                 | 35,000              | 0                          | 0.00%          |
| Fire                             | 6,575                  | 6,575               | 0                          | 0.00%          |
| Highway                          | 34,000                 | 34,000              | 0                          | 0.00%          |
| Contingency                      | 0                      | 0                   | 0                          | 0.00%          |
|                                  | <b>76,775</b>          | <b>76,775</b>       | <b>0</b>                   | <b>0.00%</b>   |
| <b>Road maintenance supplies</b> | <b>91,500</b>          | <b>90,500</b>       | <b>(1,000)</b>             | <b>-1.09%</b>  |

| <b>Expenses by Categories</b>    |                                     |                                  |                                |                   |
|----------------------------------|-------------------------------------|----------------------------------|--------------------------------|-------------------|
| <b>Expense/Department</b>        | <b>2010<br/>Approved<br/>Budget</b> | <b>2011<br/>Town<br/>Manager</b> | <b>Increase<br/>(Decrease)</b> | <b>%<br/>Diff</b> |
| <b>Supplies</b>                  |                                     |                                  |                                |                   |
| Administration                   | 39,220                              | 40,800                           | 1,580                          | 4.03%             |
| Assessing                        | 950                                 | 950                              | 0                              | 0.00%             |
| Code Enforcement                 | 1,400                               | 2,400                            | 1,000                          | 71.43%            |
| Planning                         | 600                                 | 600                              | 0                              | 0.00%             |
| Zoning Board of Appeals          | 150                                 | 150                              | 0                              | 0.00%             |
| Conservation Commission          | 700                                 | 700                              | 0                              | 0.00%             |
| Growth Planning Committee        | 150                                 | 150                              | 0                              | 0.00%             |
| Community Development            | 1,500                               | 1,500                            | 0                              | 0.00%             |
| Police                           | 18,806                              | 18,930                           | 124                            | 0.66%             |
| Communications                   | 4,300                               | 4,300                            | 0                              | 0.00%             |
| Fire                             | 10,617                              | 14,975                           | 4,358                          | 41.05%            |
| Emergency Management             | 750                                 | 750                              | 0                              | 0.00%             |
| Animal Control                   | 1,000                               | 1,200                            | 200                            | 20.00%            |
| Health                           | 1,935                               | 2,115                            | 180                            | 9.30%             |
| Welfare                          | 50                                  | 100                              | 50                             | 100.00%           |
| Shellfish Conservation           | 500                                 | 500                              | 0                              | 0.00%             |
| Highway                          | 15,725                              | 15,825                           | 100                            | 0.64%             |
| Mechanic                         | 6,100                               | 6,100                            | 0                              | 0.00%             |
| Town Forest                      | 250                                 | 0                                | (250)                          | -100.00%          |
| Recreation                       | 6,475                               | 6,475                            | 0                              | 0.00%             |
|                                  | <b>111,178</b>                      | <b>118,520</b>                   | <b>7,342</b>                   | <b>6.60%</b>      |
| <b>Repairs &amp; maintenance</b> |                                     |                                  |                                |                   |
| Administration                   | 17,000                              | 17,000                           | 0                              | 0.00%             |
| Code Enforcement                 | 600                                 | 600                              | 0                              | 0.00%             |
| Police                           | 5,000                               | 5,000                            | 0                              | 0.00%             |
| Communications                   | 9,700                               | 8,700                            | (1,000)                        | -10.31%           |
| Fire                             | 27,500                              | 28,815                           | 1,315                          | 4.78%             |
| Health                           | 1,350                               | 1,350                            | 0                              | 0.00%             |
| Highway                          | 25,600                              | 28,000                           | 2,400                          | 9.38%             |
| Recreation                       | 300                                 | 300                              | 0                              | 0.00%             |
|                                  | <b>87,050</b>                       | <b>89,765</b>                    | <b>2,715</b>                   | <b>3.12%</b>      |
| <b>Debt service</b>              |                                     |                                  |                                |                   |
|                                  | <b>444,244</b>                      | <b>431,346</b>                   | <b>(12,898)</b>                | <b>-2.90%</b>     |
| <b>Outside Agencies</b>          |                                     |                                  |                                |                   |
| Libraries                        | 109,175                             | 110,175                          | 1,000                          | 0.92%             |
| Miscellaneous agencies           | 13,745                              | 13,745                           | 0                              | 0.00%             |
| River Harbor Master              | 12,133                              | 12,133                           | 0                              | 0.00%             |
| KEMS                             | 91,875                              | 109,000                          | 17,125                         | 18.64%            |
| KEMS Contingency Reserve         | 20,000                              | 0                                | (20,000)                       | 0.00%             |
| Arundel cemetery                 | 4,100                               | 4,100                            | 0                              | 0.00%             |
| Youth Aid                        | 0                                   | 0                                | 0                              | 0.00%             |
| Animal Welfare Society           | 4,613                               | 4,613                            | 0                              | 0.00%             |
|                                  | <b>255,641</b>                      | <b>253,766</b>                   | <b>(1,875)</b>                 | <b>-0.73%</b>     |
| <b>Other expenses</b>            |                                     |                                  |                                |                   |
| Administration-town meeting      | 3,800                               | 3,800                            | 0                              | 0.00%             |
| Code Enforcement-court fees      | 240                                 | 240                              | 0                              | 0.00%             |
| Communications-radio replace     | 1,000                               | 1,500                            | 500                            | 50.00%            |
| Fire-leases                      | 37,903                              | 38,965                           | 1,062                          | 2.80%             |
| Welfare                          | 14,000                              | 12,000                           | (2,000)                        | -14.29%           |
| Restrooms                        | 22,000                              | 29,500                           | 7,500                          | 34.09%            |
| Conservation Shade Tree          | 1,000                               | 1,000                            | 0                              | 0.00%             |
| Cemetery                         | 3,000                               | 2,000                            | (1,000)                        | -33.33%           |
| Recreation-program events        | 45,874                              | 42,304                           | (3,570)                        | -7.78%            |
| Local Circuit Breaker            | 80,000                              | 0                                | (80,000)                       | -100.00%          |
| Contingency                      | 30,000                              | 30,000                           | 0                              | 0.00%             |
|                                  | <b>238,817</b>                      | <b>161,309</b>                   | <b>(77,508)</b>                | <b>-32.45%</b>    |

| <b>Expenses by Categories</b> |                                     |                                  |                                |                   |
|-------------------------------|-------------------------------------|----------------------------------|--------------------------------|-------------------|
| <b>Expense/Department</b>     | <b>2010<br/>Approved<br/>Budget</b> | <b>2011<br/>Town<br/>Manager</b> | <b>Increase<br/>(Decrease)</b> | <b>%<br/>Diff</b> |
| <b>Social Services</b>        | <b>18,194</b>                       | <b>18,194</b>                    | <b>0</b>                       | <b>0.00%</b>      |
| <b>Capital Outlay</b>         |                                     |                                  |                                |                   |
| Administration                | 11,000                              | 43,000                           | 32,000                         | 290.91%           |
| CEO/Planning                  | 0                                   | 0                                | 0                              | 0.00%             |
| Assessing                     | 0                                   | 0                                | 0                              | 0.00%             |
| Police                        | 30,000                              | 30,000                           | 0                              | 0.00%             |
| Communications                | 0                                   | 35,000                           | 35,000                         | 100.00%           |
| Fire                          | 107,300                             | 94,100                           | (13,200)                       | -12.30%           |
| Highway                       | 18,000                              | 135,529                          | 117,529                        | 652.94%           |
| Road Improvement              | 103,500                             | 0                                | (103,500)                      | -100.00%          |
| Sidewalk construction         | 5,000                               | 45,915                           | 40,915                         | 818.30%           |
| Recreation                    | 10,000                              | 25,000                           | 15,000                         | 150.00%           |
| Piers                         | 13,500                              | 50,000                           | 36,500                         | 270.37%           |
| Community Development         | 0                                   | 0                                | 0                              | 0.00%             |
| Special Projects              | 0                                   | 0                                | 0                              | 0.00%             |
|                               | <b>298,300</b>                      | <b>458,544</b>                   | <b>160,244</b>                 | <b>53.72%</b>     |
| <b>Totals</b>                 | <b>5,849,418</b>                    | <b>6,341,932</b>                 | <b>492,514</b>                 | <b>8.42%</b>      |
| Sub-total operations          | 5,551,118                           | 5,883,388                        | 332,270                        | 5.99%             |

**COST ANALYSIS**  
**BY DEPARTMENT**

Budget Requests by Department

|                                  | 2009 Actual      | 2010 Approved Budget | 2011 Budget Request | Increase (Decrease) | Percentage Difference | 2011 Town Manager | Increase (Decrease) | Percentage Difference | 2011 Selectmen Request | 2011 Budget Bd Request |
|----------------------------------|------------------|----------------------|---------------------|---------------------|-----------------------|-------------------|---------------------|-----------------------|------------------------|------------------------|
| Administration                   | 646,719          | 666,586              | 700,144             | 33,558              | 5.03%                 | 700,144           | 33,558              | 5.03%                 | 0                      | 0                      |
| Assessing                        | 105,291          | 71,396               | 74,331              | 2,935               | 4.11%                 | 74,631            | 3,235               | 4.53%                 | 0                      | 0                      |
| Code Enforcement                 | 127,610          | 133,365              | 138,718             | 5,353               | 4.01%                 | 139,718           | 6,353               | 4.76%                 | 0                      | 0                      |
| Planning                         | 86,710           | 82,164               | 60,087              | (22,077)            | -26.87%               | 60,087            | (22,077)            | -26.87%               | 0                      | 0                      |
| GG Boards & Committees           | 1,060            | 1,250                | 1,250               | 0                   | 0.00%                 | 1,250             | 0                   | 0.00%                 | 0                      | 0                      |
| Growth Planning Committee        | 8,550            | 6,950                | 6,950               | 0                   | 0.00%                 | 6,950             | 0                   | 0.00%                 | 0                      | 0                      |
| Legal Fees                       | 70,436           | 85,000               | 335,000             | 250,000             | 294.12%               | 335,000           | 250,000             | 294.12%               | 0                      | 0                      |
| Insurance                        | 124,863          | 134,555              | 117,251             | (17,304)            | -12.86%               | 117,251           | (17,304)            | -12.86%               | 0                      | 0                      |
| Police                           | 1,104,637        | 1,100,453            | 1,159,993           | 59,540              | 5.41%                 | 1,159,993         | 59,540              | 5.41%                 | 0                      | 0                      |
| Communications                   | 344,241          | 326,836              | 345,598             | 18,762              | 5.74%                 | 344,298           | 17,462              | 5.34%                 | 0                      | 0                      |
| Fire                             | 326,923          | 322,990              | 352,381             | 29,391              | 9.10%                 | 352,067           | 29,077              | 9.00%                 | 0                      | 0                      |
| KEMS                             | 65,000           | 91,875               | 109,000             | 17,125              | 18.64%                | 109,000           | 17,125              | 18.64%                | 0                      | 0                      |
| KEMS Contingency Reserve         | 16,000           | 20,000               | 0                   | (20,000)            | -100.00%              | 0                 | (20,000)            | -100.00%              | 0                      | 0                      |
| Special Enforcement              | 27,600           | 27,550               | 28,038              | 488                 | 1.77%                 | 28,038            | 488                 | 1.77%                 | 0                      | 0                      |
| Solid Waste                      | 390,550          | 416,648              | 436,450             | 19,802              | 4.75%                 | 436,450           | 19,802              | 4.75%                 | 0                      | 0                      |
| Health                           | 133,809          | 139,588              | 148,134             | 8,546               | 6.12%                 | 147,534           | 7,946               | 5.69%                 | 0                      | 0                      |
| Welfare                          | 9,761            | 14,200               | 12,200              | (2,000)             | -14.08%               | 12,200            | (2,000)             | -14.08%               | 0                      | 0                      |
| Social Services                  | 18,194           | 18,194               | 21,196              | 3,002               | 16.50%                | 18,194            | 0                   | 0.00%                 | 0                      | 0                      |
| Youth Aid Services               | 23,667           | 0                    | 0                   | 0                   | 0.00%                 | 0                 | 0                   | 0.00%                 | 0                      | 0                      |
| H & W Other Services             | 23,575           | 28,577               | 39,889              | 11,312              | 39.58%                | 35,639            | 7,062               | 24.71%                | 0                      | 0                      |
| Highway                          | 552,946          | 605,001              | 638,514             | 33,513              | 5.54%                 | 627,264           | 22,263              | 3.68%                 | 0                      | 0                      |
| Mechanic                         | 87,752           | 93,607               | 98,775              | 5,168               | 5.52%                 | 98,775            | 5,168               | 5.52%                 | 0                      | 0                      |
| Utilities                        | 150,628          | 153,185              | 153,240             | 55                  | 0.04%                 | 153,240           | 55                  | 0.04%                 | 0                      | 0                      |
| PW Boards & Committees           | 43,691           | 45,683               | 49,783              | 4,100               | 8.97%                 | 48,783            | 3,100               | 6.79%                 | 0                      | 0                      |
| Recreation                       | 269,608          | 278,301              | 287,316             | 9,015               | 3.24%                 | 286,616           | 8,315               | 2.99%                 | 0                      | 0                      |
| Graves Library                   | 99,000           | 98,000               | 99,000              | 1,000               | 1.02%                 | 99,000            | 1,000               | 1.02%                 | 0                      | 0                      |
| Cape Porpoise Library            | 11,175           | 11,175               | 11,175              | 0                   | 0.00%                 | 11,175            | 0                   | 0.00%                 | 0                      | 0                      |
| Local Circuit Breaker            | 0                | 80,000               | 0                   | (80,000)            | -100.00%              | 0                 | (80,000)            | -100.00%              | 0                      | 0                      |
| Contingency                      | 3,993            | 40,000               | 35,000              | (5,000)             | -12.50%               | 35,000            | (5,000)             | -12.50%               | 0                      | 0                      |
| Miscellaneous Agencies           | 14,845           | 13,745               | 14,730              | 985                 | 7.17%                 | 13,745            | 0                   | 0.00%                 | 0                      | 0                      |
| Debt Service                     | 440,167          | 444,244              | 431,346             | (12,898)            | -2.90%                | 431,346           | (12,898)            | -2.90%                | 0                      | 0                      |
| <b>Subtotal Operating budget</b> | <b>5,329,001</b> | <b>5,551,118</b>     | <b>5,905,489</b>    | <b>354,371</b>      | <b>6.38%</b>          | <b>5,883,388</b>  | <b>332,270</b>      | <b>5.99%</b>          | <b>0</b>               | <b>0</b>               |

| Budget Requests by Department  |                  |                      |                     |                     |                       |                   |                     |                       |                        |                        |
|--------------------------------|------------------|----------------------|---------------------|---------------------|-----------------------|-------------------|---------------------|-----------------------|------------------------|------------------------|
|                                | 2009 Actual      | 2010 Approved Budget | 2011 Budget Request | Increase (Decrease) | Percentage Difference | 2011 Town Manager | Increase (Decrease) | Percentage Difference | 2011 Selectmen Request | 2011 Budget Bd Request |
| <b>Capital Outlay</b>          |                  |                      |                     |                     |                       |                   |                     |                       |                        |                        |
| Administration                 | 21,000           | 11,000               | 53,000              | 42,000              | 381.82%               | 43,000            | 32,000              | 290.91%               | 0                      | 0                      |
| CEO/Planning                   | 4,000            | 0                    | 0                   | 0                   | 0.00%                 | 0                 | 0                   | 0.00%                 | 0                      | 0                      |
| Assessors                      | 2,000            | 0                    | 0                   | 0                   | 0.00%                 | 0                 | 0                   | 0.00%                 | 0                      | 0                      |
| Police                         | 53,674           | 30,000               | 30,000              | 0                   | 0.00%                 | 30,000            | 0                   | 0.00%                 | 0                      | 0                      |
| Communications                 | 18,028           | 0                    | 35,000              | 35,000              | 100.00%               | 35,000            | 35,000              | 100.00%               | 0                      | 0                      |
| Fire                           | 89,091           | 107,300              | 110,400             | 3,100               | 2.89%                 | 94,100            | (13,200)            | -12.30%               | 0                      | 0                      |
| Highway                        | 84,999           | 18,000               | 135,457             | 117,457             | 652.54%               | 135,529           | 117,529             | 652.94%               | 0                      | 0                      |
| Road Improvement               | 192,341          | 103,500              | 0                   | (103,500)           | -100.00%              | 0                 | (103,500)           | -100.00%              | 0                      | 0                      |
| Sidewalk Construction          | 19,500           | 5,000                | 45,915              | 40,915              | 818.30%               | 45,915            | 40,915              | 818.30%               | 0                      | 0                      |
| Recreation                     | 10,825           | 10,000               | 25,000              | 15,000              | 150.00%               | 25,000            | 15,000              | 150.00%               | 0                      | 0                      |
| Piers                          | 14,101           | 13,500               | 50,000              | 36,500              | 270.37%               | 50,000            | 36,500              | 270.37%               | 0                      | 0                      |
| Community Development          | 5,344            | 0                    | 0                   | 0                   | 0.00%                 | 0                 | 0                   | 0.00%                 | 0                      | 0                      |
| Special Projects               | 1,027            | 0                    | 0                   | 0                   | 0.00%                 | 0                 | 0                   | 0.00%                 | 0                      | 0                      |
| <b>Subtotal Capital budget</b> | <b>515,930</b>   | <b>298,300</b>       | <b>484,772</b>      | <b>186,472</b>      | <b>62.51%</b>         | <b>458,544</b>    | <b>160,244</b>      | <b>53.72%</b>         | <b>0</b>               | <b>0</b>               |
| <b>Grand Totals</b>            | <b>5,844,931</b> | <b>5,849,418</b>     | <b>6,390,261</b>    | <b>540,843</b>      | <b>9.25%</b>          | <b>6,341,932</b>  | <b>492,514</b>      | <b>8.42%</b>          | <b>0</b>               | <b>0</b>               |

## Analysis of Costs by Department

Additional detail is contained within each Department's budget explanatory section.

### **Administration: Up 5%. \$33,558**

- All but \$1,500 of the increase is related to personnel costs.
- Personnel costs include retirement health savings costs of \$4,875. This employee option was not available in last year's budget. Although there is an upfront cost to the Town, there is also a benefit for the Town because employees give back to the Town \$7,312 in accumulated sick leave benefits, reducing the Town's future liability by that amount.
- Maine State Retirement contributions increased by \$2,901 due to a required increase in employer contributions by MSRS.
- Town Clerk expenses increased by \$2,080 because November elections will include state legislative races, the Governor's race and congressional elections.

### **Assessing: Up 4.5% \$3,235**

- Increase is due to shifting of health insurance costs from Planning budget, and a corresponding reduction in the Planning budget.

### **Code Enforcement Office: Up 4.7% \$6,353**

- Personnel costs up due to wage adjustment, Maine State Retirement and health insurance increases.
- Office supplies up \$1,000 due to one time purchase of a computer and camera for the CEO.

### **Planning: Down 26.8% (\$22,077)**

- Personnel costs are reduced by \$27,000 as a result of shifting ½ position to the Assessor's budget. This results in the reduction in the overall budget of ½ position.
- Expert and Professional services increased by \$4,500 in order to conduct wetland studies on two town-owned parcels and for updates to the Shoreland zoning map as a result of proposed FEMA flood plain changes.

### **Growth Planning Committee: No change**

- Although the expenditure budget shows no change in the GPC allocation there is actually a reduction of \$6,500 against the property tax allocation. This is because there is an off-setting revenue achieved by utilizing funds from a reserve account set aside for GPC expenses.

**Legal: Up 294% \$250,000**

- There is a proposed allocation of \$250,000 for legal costs associated with the Goose Rocks Beach litigation.

**Insurance: Down 12.8% (\$17,304)**

- The Town solicited proposals for worker's compensation coverage for FY11, resulting in a significant reduction in cost of over \$17,000.

**Police: Up 5.4% \$59,540**

- Personnel costs account for essentially all of the proposed increase, including wages, health insurance, retirement health savings, and a required increase in Maine State Retirement contributions.
- Overtime costs are increased by \$4,500 reflecting an increased need to maintain minimum staffing coverage due to the elimination last year of a patrolman's position.

**Communications: Up 5.3% \$17,462**

- Personnel costs account for most of the increase.
- The Department proposes introducing an emergency telephone notification system called Code Red Dispatch which would permit simultaneous notification of residents throughout the Town during emergency situations at a cost of \$3,900.

**Fire Protection: Up 9% \$29,077**

- The cost for call force volunteers is up 21% (\$18,150). Of this amount \$14,000 reflects three new training opportunities. As the number of actual fire calls diminishes it is increasingly important that call force personnel participate in training that prepares them and keeps enthusiasm and morale up.
- Equipment expenditures are up \$3,735. The increase is for three different purchases of personal protective equipment for fire fighters, including reflective name tags, SCBA masks and personal safety rope bags.
- The buildings line is increased 10%. The proposed expenditures include necessary repair work to the bell tower at Wildes District Station.
- The cost for rent at Cape Porpoise Station and Goose Rocks Station is up 2.8% (\$1,062). This is the final year of a three year agreement with each of these fire companies. The Town owns the Village Station and the Wildes District Station.

**KEMS: Down 2.5% (-\$2,875)**

- Last year the KEMS allocation increased \$31,875 and in the prior year (FY 09) the allocation had increased \$21,000. This year the funding request has stabilized. Communication between

the Town and KEMS administration has improved significantly during the past year. Joint meetings will continue in 2010 to consider whether to bring KEMS operations under Town administration.

**Solid Waste: Up 4.7% \$19,802**

- Curbside pick up of trash and recycling is increased 7% per the contract agreement with Oceanside Rubbish.
- The cost of solid waste disposal at MERC has grown modestly despite annual increases in tipping fees due to increased diversion of waste to recycling. While there is no proposed increase in the MERC budget this year there will likely be an increase for next fiscal year, FY12.
- There is an increase of \$5,000 for monitoring of the former land fill site behind the Highway Department. This monitoring has been ongoing for a number of years. Previously the cost was absorbed by a reserve fund. However, the reserve fund has been totally expended.

**Health: Up 5.7% \$7,946**

- Personnel costs, including wages, MSRS, retirement health savings, and health insurance.

**Welfare: Down 14% (-\$2,000)**

- GA administrator has been effective in using alternative funding sources for meeting needs allowing for a decrease in funding. State reimburses 50% of expenditures.

**Social Services: Flat Funding**

- Agencies funded last year are recommended for level funding.
- No funding recommended for agencies not previously funded.
- Agency requests are located in the back of the budget binder.

**Public Restrooms: Up 34% \$7,500**

- Cost of Goose Rocks Beach portable toilets had previously been covered by a reserve account that is now depleted.
- Goose Rocks General Store has allowed a portable toilet to be located behind the building at no cost for the past three years. This year the owners have asked the Town to pay a fee at this location. Estimated cost is \$2,000.
- The Public Health Director and the Town Manager support placing a portable toilet at Colony Beach to serve both those at the beach and the many people walking along Ocean Avenue.

**Highway Department: Up 3.7% \$22,263**

- Personnel costs up \$20,500 across the wages and benefits lines.
- The salt line is held flat despite an anticipated increase in cost per ton. This year's mild weather will allow the Department to hold over some supply for next year.
- The sand line is decreased by \$2,000 because of the mild weather this winter which will allow for retention of some stock.
- Liquid road treatment cost is up \$1,000 reflecting the increased cost of product.
- Building maintenance is increased by \$400 due to increased maintenance.
- Vehicles and equipment costs are up \$2,000. Repair costs are increasing as the vehicle fleet ages.
- The separate \$250 allocation for Town Forest is eliminated. Any needed expenditures will be absorbed within the Highway budget.

**Mechanic: Up 5.5% \$5,168**

- All increased costs are associated with the personnel lines.

**Conservation Shade Tree: Up 14% \$4,000**

- This increase would restore the Shade Tree budget to same level as the FY09 budget. The budget was reduced last year because the Tree committee believed that a lower cost treatment program could be used on the elm tree stock. However there is now an urgent need related to a blight that afflicted a large number of elm trees in 2009. This blight is of unknown origin and it will require a return to the level of treatment that had previously been in place.

**Cemetery: Down 6.6% (-\$1,000)**

- The Cemetery Committee has reduced its request this year. Last year an additional \$1,000 was requested for the purpose of purchasing replacement headstones.

**Recreation: Net Budget Up 3.2% \$3,315**

- The Recreation budget is 63% supported by revenues. The net budget, after program revenues, is up about 3% from last year.

**Library Requests**

- Graves Library is up 1%, or \$1,000. The Graves Library has submitted detail of its annual budget. This is included in the budget book.
- Cape Porpoise Library has proposed no change in its allocation of \$11,175.

**Local Circuit Breaker: Down 100% (-\$80,000)**

- FY10 was the first year implementing the local circuit breaker program. The original allocation was based on the possibility that all residents eligible for the state program would submit for the local program as well. This has not been the experience. As a result there will be sufficient funds remaining in the FY10 allocation to cover FY11 expenses. For that reason no funding is requested this year.

**Contingency: Down 12.5% (-\$5,000)**

- The request for salaries and wages contingency is reduced by \$5,000.

**Miscellaneous Agencies: No change**

- The Town Manager's budget proposes an increase of \$1,000 in the Memorial Day allocation. The purpose of the increase is to contract with a vendor to provide sound at the ceremony. There has been inadequate sound provided during the past several years. Many of those attending can not hear those speaking. There have been requests from residents following the event to make improvements so that the words of those speaking can be heard by all.
- The Shoreline Trolley has requested \$8,000, which is \$1,000 more than the FY10 allocation. The Town did receive a reimbursement from the State of \$2,300 in FY10 towards the Trolley expenses. This year the Manager's budget proposes an allocation of \$6,000 so that the total budget for all miscellaneous agencies would remain flat at \$13,745.

**Debt Service: Down 2.9% (-\$12,898)**

- Reductions in several lines reflecting declining interest costs over the life of the notes.

**Capital Outlay: Up 53.7% \$160,244**

**Administration**

- Equipment: The broadcasting capability at Town Hall requires upgrades to improve on the quality of transmissions and recordings of meetings. The allocation of \$12,000 will allow for the updating of existing recording equipment.
- Computers: The computer system server at Town Hall is at capacity and has malfunctioned on numerous occasions. The allocation of \$6,000 will replace the server and update the Town's information systems.
- Building improvements: The building improvements allocation of \$20,000 consists of \$6,000 to enclose the records and filing storage area in the Town Hall garage and \$14,000 to replace the entry walkway to Town Hall. The walkway is barely adequate for handicapped accessibility, impedes snow removal, and has deteriorating brick steps and landing.

**Communications**

- Equipment: The Town's telephone system is disjointed from department to department and building to building. There are multiple service providers and various combinations

of telephone equipment. This \$10,000 allocation will allow for all departments to be served under a single provider and system. It will also allow Communications Dispatch to provide evening and weekend coverage for all Town buildings which will improve significantly the level of service to residents.

## **Fire**

- Equipment: \$10,000 is allocated to an equipment reserve account for the purpose of acquiring an SCBA fill station. This will allow for the Department to fill on-site the air bottles that are required for each firefighter who will enter a structure. It is suggested that an equal amount be appropriated in each of the next three years. At that time the department will have a smaller supply of air bottles (due to obsolescence of existing bottles) and on-site capability will be a priority.
- Equipment: All communities will need to convert radio communications to narrow band capability over the next two years in order to comply with a mandatory shift in service by State and Federal emergency management authorities. \$20,000 is allocated to purchase 12 portable radios for the Police Department.

## **Highway**

- Equipment: \$17,000 is allocated to replace the Town's fuel pump management system. The existing system no longer has replacement parts available and service cannot, therefore, be assured.
- Equipment: \$11,200 is requested for a vibratory plate compactor. The Department must rent this unit at a cost of \$3,500 each season. This equipment is required for the additional work on road shoulders for bicycle and pedestrian access.
- Highway equipment reserve: \$100,000 is requested in Highway equipment reserve. Over the next several years the Department will need to replace aging vehicles, including a 16 year old loader with over 8,000 operating hours and two 10 year old plow units. The Town should appropriate funds to the equipment reserve fund in each of the next several budget years. Creating the reserve fund now will allow the Department to retain the loader this year, and perhaps next year, while providing the availability of funds should it need to be replaced due to major maintenance needs.

## **Road Improvements**

- No funds are requested this year because funding remains available from the proceeds of the 2009 road improvements bond.

## **Sidewalk Construction**

- \$32,610 is requested to replace the sidewalk on Ocean Avenue between Chestnut and Green Street. This is a very heavily used section of sidewalk that is narrow and deteriorated. It is both an eyesore and a potential hazard.

## **Recreation**

- Park improvements: \$25,000 is requested for the stabilization of the embankment on the Kennebunk River at Silas Perkins Park on Ocean Avenue. The park is the only property

along the river that has not had steps taken to secure the embankment and prevent erosion. As a result the land area is diminishing over time. The park is under-utilized and the park perimeter along Ocean Avenue needs to be re-designed so that it invites people within. Currently most people are unaware that this is a public space. Silas Perkins Park is directly opposite Green Street. This funding amount may not be sufficient depending on DEP requirements. In that case it would be carried over to the next budget year, pending additional appropriation.

### **Piers/Rivers and Harbors**

- Reserve: Over the past several years the Town has appropriated \$13,500 to the Piers reserve fund. Currently there is \$70,000 in that fund. This budget request is for \$50,000 in anticipation of future maintenance needs at both Cape Porpoise Pier and Government Wharf. Preliminary design, engineering and environmental permitting has already been completed for major rehabilitation of Government Wharf at a cost in excess of \$300,000. The Town plans on applying for state funding through MDOT when the opportunity arises, which could be in either 2010 or 2011. Matching funds will be needed to be considered for this state grant.