



OFFICE OF THE CITY MANAGER
CARIBOU, MAINE

To: Mayor, Council Members and Citizens of Caribou
From: Austin Bleess, City Manager
Date: January 8, 2015
Re: 2015 Income Budget Message

This Income Budget Message is being presented pursuant to the Caribou City Charter Section 5.04.

As the goal was set by the Council to not see a property tax increase on the municipal side that is still being achieved in the budget presented here today. Overall revenue is up by nearly \$100,000, with the two biggest drivers of that being excise tax collection and ambulance revenues.

General Government

Tax Liens collected (line 01) is decreased by \$800 from 2014, but is up from 2013. The state raised the fees charged, which increased the fees we receive for tax lien costs. The increase in expense for this is shown Department 80.

Payments in Lieu of Taxes (line 04) are increased for 2015 by \$6,500. This reflects the new PILOT agreements that we have in place now.

We are budgeting an increase of \$7,000 for City Owned Property (line 05). These are the funds we take in after we sell tax acquired properties. This number could change based upon the sale price of the properties that are currently out for bid. The amount budgeted is still below the average of the past three years collection.

Excise tax (line 06) we are budgeting a \$75,000 increase. For the last several years this line has been increasing. However, Governor LePage has proposed to force cities to turn over 100% of excise tax collections to the state. If he is successful in getting that legislation passed and is able to steal the money collected by the city we would be looking at a \$1.25 million loss annually. That would mean we would have to raise the mill rate by another 3.2 mills. I have spoken with our state delegation about this matter and am urging them to not support further raids of city funds to support state budgets.

Travel Reimbursement (line 12) is increased. As MMA pays for mileage and hotels for attending the Legislative Policy Committee the money received from that will go in this line. The expenses were increased accordingly as well.

Revenue Sharing (line 18) we are budgeting flat for 2015. This amount will change based upon what the legislature does. There are many things that could happen with this line including seeing an increase in it or seeing a complete elimination if the Governor continues to use funds earmarked for municipalities to fix state budgeting problems.

Property taxes (line 32) is the amount we collect each year in property taxes. As mentioned earlier this line is staying the same from 2014 to 2015, and there will not be a tax rate increase due to the City as this budget is presented.

Overlay (line 34) is our buffer and helps to add to the reserves. If we anticipate any changes in revenue before final adoption and setting of the mill rate the overlay should be increased accordingly. As Council is well aware each year we have a Tax Anticipation Note (TAN) on standby. We have not had to use one yet, but our cash flow runs extremely tight in the summer months. A larger overlay will help build our reserves and give us some breathing room during this time period. The final amount in this line will be set when the mill rate is set.

Investment Income (Line 52) is the amount of money that we will receive from in interest from the MPERS funds we have to bring back. This amount is based upon a full 12 months of interest, as the expenses were also based on a full 12 months of expenses. That will not be the case and this line, as well as the expenses, will be adjusted accordingly as soon as the transfer of funds is finalized.

Health and Sanitation Revenues

There are no changes in these numbers from 2014.

Municipal Building Revenues

There are no changes in these numbers from 2014. This is the rent money we receive from renting out the Lions Building.

General Assistance Revenues

We receive 50% reimbursement from the State for our general assistance money we give out. The decrease in revenues is directly attributable to our decrease in the expense side.

Tax Assessment Revenues

We do not anticipate any major changes from 2014. However, Homestead Reimbursement and BETE Reimbursement will not be known until we set the mill rate.

Code Enforcement

As the city no longer issues electrical permits and no longer carries the costs for that we have eliminated the revenue from that line (Line 01).

We are budgeting slightly higher for building permits (line 02). 2014 was a good year for building permits and the trend looks to hold for 2015.

Our services for Woodland Code Enforcement are set at \$2,040. This is based upon the number of hours and permits we expect to handle for them.

Library Revenues

As our new Library Director has brought in passport services to our library we are budgeting \$3,000 in revenue for this line. This is based upon what we believe is a conservative number of

passports we will assist with. As this is the first full year of this service it is difficult to project with any level of great confidence what we will see for revenue.

Fire and Ambulance

As we are combining the Fire and Ambulance Departments beginning in 2015 we are renumbering all of the lines to group them in a more logical order. Revenue lines for the Ambulance are based upon a 12 month rolling average of calls and payer mix.

For MaineCare (Line 01) we are budgeting an increase. The state is scheduled to increase the reimbursement rate starting July 1, 2015.

The contracts for communities using ambulance and fire services were increased in accordance with the Council action approving the contracts for these communities.

Police Department

Prisoner Meals (line 08) is increased by \$1,500 based upon this historical increase we have seen the last several years.

There is a Salary Reimbursement (line 14) that we are anticipating being \$15,000 this year. This is the grant funds that we receive for various details that our police officers and reserve officers work. The Reserve Officer salary line on the expense side was increased accordingly as well.

Emergency Management

The State Reimbursement (Line 05) is \$1,000 higher this year, as we anticipate being eligible for a few more dollars from the state for our services.

We are also renting out space on the communications tower. This has been done in the past, but the revenue is being accounted for this year in line 06, in the amount of \$1,800.

Public Works

The amount of money we anticipate to receive from the state DOT is going down by \$20,168 (line 01). The amount we receive is directly proportional to the level of funding DOT receives at the state level. It is possible this funding could decrease even further.

We also are losing the one time funds of the contract with Presque Isle (line 08). This was anticipated as it was only a 6 month deal.

We are anticipating some revenues from clearing the school department parking lots, which is accounted for in line 09 at \$3,400.

Recreation Department

There is little change in this department. We are increasing Rental Income (line 01) by \$1,000 based upon historical numbers and we are decreasing Special Events (line 03) by \$1,700, once again based upon historical numbers. With the new events and marketing coordinator coming on board this year we may be able to see some of these numbers increase in future years.

Parks Department

The Miscellaneous Income line (01) for parks is down by \$2,000. This is based solely on the 2013 and 2014 numbers.

Airport

The funds we receive here are based upon the contract. We have the opportunity to increase the rental amount by a small amount this year. We will be looking at that as we go forward, however the amount will be small enough where it will not be a large impact on this revenue.

Trailer Park

This department brings in enough revenue to cover the expenses. Anything left over at the end of the year is put into a reserve account to fund future infrastructure needs at the trailer park.

Insurance and Retirements

There are no changes to this department from previous years.

That concludes the revenue summary for the general funds.

The Enterprise funds all have revenue accounts as well.

Economic Development

This fund is paid for solely from the TIF District and the revenues that are captured there. Revenues there are captured on the increment of the value of the property in the TIF District compared with the value of the property when the district was created. As these funds are from the Downtown TIF District only properties located within the district pay into these funds.

The exact amount of the TIF captured will be based upon the mill rate when that is set. We are currently projecting it at the same mill rate we had in 2014.

Housing

This is fully funded by the US Department Of Housing and Urban Development. All expenses in this department are covered by the revenues from HUD.

FSS

This is fully funded by a grant from the US Department Of Housing and Urban Development. All expenses in this department are covered by the revenues from HUD.

Snowmobile Trail Maintenance

Revenue in this department comes mainly from two sources. We receive a portion of the funds for snowmobiles registered in Caribou. We also receive a grant from the state for the maintenance of our trails. We do receive some miscellaneous income as well and we are anticipating a slight increase in funds in this category this year.