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**Kevin L. Sutherland**  
**Town Manager**  
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## MEMORANDUM

To: Bar Harbor Town Council and Warrant Committee  
From: Kevin Sutherland, Town Manager  
Date: January 25, 2022  
**Re: 2023 Budget Message**

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This document is meant to represent an introduction to the budget as required by C-29 A. of the Town Charter.

I am pleased to present my first budget to the Town Council and Warrant Committee as your new Town Manager.

Over the last three weeks, I have met with Council members, chairs of committees, department heads, staff, and community leaders and partners. While there are many more names on that list whom I would still like to meet, some common themes have started to emerge. This budget is a starting place for understanding and working to address some of those themes.

I would have much preferred to have held a retreat with the Council and Department Heads to have a goal-setting and prioritization session, but given our current Covid-19 precautions, that effort will need to wait until at least after the budget process has started.

### **Recruitment / Retention**

An across the board 5.9% salary or wage increase for all non-union employees and a commitment to at least match that for union employees upon conclusion of negotiations.

Operations modifications to the Fire Department by adding five additional staff to change the work week to 42 hours and started more shared services with Mount Desert. This effort will bring Bar Harbor in line with surrounding towns including Mount Desert, where we hope to collaborate more in the very near future.

A Shared Human Resources Manager with Mount Desert. This much needed position would assist departments with personnel related matters, work to streamline benefits, and help development recognition programs.

Outsourcing large mailings in the Clerk's office will free up some much-needed time to address other department goals and priorities.

### **Strategic Communication and Expanded Civic Engagement**

The town has taken steps in the past to work toward this, but until the town has a dedicated staff person in a communications role that has direct access to departments, committees, and the community, this will continue to be a key challenge of the organization. I am proposing a Communications Coordinator position be funded in the Town Manager's budget.

### **Climate Action and Infrastructure Needs**

Council recently advocated for Bar Harbor's participation in the state's new Climate Resiliency Program. I personally care about seeing our community rally around climate action, and staff are already working to achieve some of the goals and recommendations, and there is plenty of support from community partners and volunteers on the task force. But it will really need more focused time and work to address the goals outlined by the CETF, participate in the Comprehensive Plan discussion to ensure the needed changes are included in that document, and, working with Planning, that future land use and zoning amendments are addressing emission reductions. I am proposing a Sustainability Coordinator position to be funded in the Town Manager's budget.

This budget also includes an additional staff person, creating a full-time public safety position in public works. This will assist us on catching up on existing service expectations, including road maintenance.

Lastly, strategic and asset management consulting are included as a one-time expense (covered with fund balance) to help Public Works better articulate the long-term infrastructure needs of the community and to better prepare us for grant opportunities that may arise from the Federal infrastructure bill.

**FY23 Budget**

Below is an overview of the entire budget for Fiscal Year 2023.

	<b>FY22 - Adopted</b>	<b>FY23 - Manager</b>	<b>Change</b>	
<b>Expenditures</b>				
Municipal Operations	\$9,968,271	\$11,459,208	<b>\$1,490,937</b>	<b>15.0%</b>
Capital Improvements	\$2,073,092	\$2,281,720	<b>\$208,628</b>	<b>10.1%</b>
Education	\$9,588,489	\$10,746,624	<b>\$1,158,135</b>	<b>12.1%</b>
County Tax and Overlay	\$923,261	\$968,989	<b>\$45,728</b>	<b>5.0%</b>
<b>Total</b>	<b>\$22,553,113</b>	<b>\$25,456,541</b>	<b>\$2,903,428</b>	<b>12.9%</b>
<b>Revenues</b>				
<b>Total</b>	<b>\$3,735,491</b>	<b>\$4,976,424</b>	<b>\$1,240,933</b>	<b>33.2%</b>
<b>Net Commitment</b>	<b>\$18,817,622</b>	<b>\$20,480,117</b>	<b>\$1,662,495</b>	<b>8.8%</b>
Tax Levy	\$18,817,622	\$20,480,117	<b>\$1,662,495</b>	<b>8.8%</b>
Assessed Value*	\$1,931,994,100	\$1,941,000,000	<b>\$9,005,900</b>	<b>0.5%</b>
Mil Rate	9.74	10.55	0.81	<b>8.3%</b>

\* forecasted conservatively for FY23 – Manager. Assuming this number is certified above what’s presented and there are no further changes to the tax levy amount, the mil rate would be reduced further.

As the departments present their budgets over the course the next three weeks, you’ll learn more about the specifics of these Service Enhancements and other initiatives the departments are considering.

Our hope is that you’ll seriously consider these efforts to provide better service to the Bar Harbor community.

### Acknowledgements

Much of the original ground work for fiscal year 2023 was laid before my arrival, so I want to make sure that I thank Cornell Knight for his years of service to Bar Harbor and his efforts to help keep me from falling on my face in my 4<sup>th</sup> week on the job.

To the department heads and their budget support staff for getting the numbers and information in to Finance in a timely fashion, for working with me to quickly get up to speed on their operations and budget challenges, and getting behind a new approach to the budget process.

To our Finance Director Sarah Gilbert for flawlessly accepting my changes and comments about the budget all the way up to the eleventh hour.

To our Town Clerk Liz Graves for brainstorming ways to make sure this new budget process goes as smoothly as we can make it.

And finally, to our elected officials for their public service and willingness to go along with a newly adopted budget process with a few new faces.

## Municipal Budget: Budget Summary for Warrant Article

Fund	Appropriation (Expenditures) Requested	Revenues Other Than Prop. Tax	Fund Balance Used	Property Taxes Needed	Tax Rate Change
<b>Assessments</b>					
County Assessment	896,367	0	0	896,367	7.0%
High School Assessment	3,701,291	0	0	3,701,291	6.0%
Overlay	89,789	0	0	89,789	0.0%
Total Assessments	4,687,447	0	0	4,687,447	6.0%
<b>Municipal Budget</b>					
General Fund	11,449,024	4,564,924	261,500	6,622,600	4.1%
Capital Improvement Program Fund	11,559,100	9,580,480	150,000	1,828,620	-7.8%
Dog Control Reserve Fund	2,400	2,400	0	0	n/a
Shellfish Conservation Reserve Fund	3,100	3,100	0	0	n/a
Cruise Ship Fund	664,556	664,556	0	0	n/a
Parking Meter Fund	2,539,954	1,839,500	700,454	0	n/a
Total Municipal Budget	26,218,134	16,654,960	1,111,954	8,451,220	1.3%
Approp. Warrant			LD-1		
<b>Education Budget</b>					
Elementary School Fund	7,896,586	636,500	477,314	6,782,772	10.5%
Total Education Budget	7,896,586	636,500	477,314	6,782,772	10.5%
		8%	6%	86%	
<b>Grand Totals</b>					
	38,802,167	17,291,460	1,589,268	19,921,439	5.4%

Mill Rate Calc:  
 19.921439  
 1,941,000,000  
 0.01026

<i>Tax Rate Change</i>	
Tax Rate This year	\$10.26
Tax Rate Last Year	\$9.74
Tax Rate Increase	\$0.52
	<b>5.4%</b>

Total Taxable Valuation Next Year  
 \$1,941,000,000

<i>What Will It Cost Me?</i>		
Median Home Value	Total Tax Increase Per Month	Total Tax Increase Per Year
\$400,700	\$17.48	\$210

### Bar Harbor FY 2023 Budget Tax Calculation

	FY20	FY21	FY22	FY23	CHANGE	
<b>DEPARTMENT EXPENSE SUMMARIES</b>	Actual	Actual	Orig. Budget	Town Manager		
Town Council	\$ 36,324	\$ 34,886	\$ 37,312	\$ 39,490	\$ 2,178	5.8%
Town Manager	\$ 127,035	\$ 124,180	\$ 136,881	\$ 264,400	\$ 127,519	93.2%
Town Clerk	\$ 118,997	\$ 114,574	\$ 129,579	\$ 137,025	\$ 7,446	5.7%
Finance Dept	\$ 356,927	\$ 350,396	\$ 373,945	\$ 468,904	\$ 94,959	25.4%
Town Attorney	\$ 63,093	\$ 48,189	\$ 52,950	\$ 61,750	\$ 8,800	16.6%
Elections	\$ 14,342	\$ 22,713	\$ 16,777	\$ 16,777	\$ -	0.0%
Technology	\$ 162,299	\$ 161,983	\$ 180,285	\$ 205,893	\$ 25,608	14.2%
Municipal Building	\$ 72,925	\$ 74,671	\$ 83,808	\$ 91,210	\$ 7,402	8.8%
Town Offices	\$ 53,444	\$ 51,595	\$ 46,266	\$ 47,166	\$ 900	1.9%
Employee Benefits	\$ 1,616,261	\$ 1,693,296	\$ 1,893,100	\$ 2,160,754	\$ 267,654	14.1%
Code Enforcement	\$ 102,286	\$ 127,615	\$ 141,310	\$ 149,976	\$ 8,666	6.1%
Assessing	\$ 144,099	\$ 151,559	\$ 161,717	\$ 174,389	\$ 12,672	7.8%
Planning	\$ 200,303	\$ 209,209	\$ 224,276	\$ 241,876	\$ 17,600	7.8%
Miscellaneous	\$ 255,768	\$ 168,800	\$ 284,001	\$ 227,500	\$ (56,501)	-19.9%
Fire / EMS	\$ 926,568	\$ 910,200	\$ 1,041,192	\$ 1,471,159	\$ 429,967	41.3%
Public Fire Protection	\$ 585,604	\$ 585,604	\$ 585,604	\$ 585,604	\$ -	0.0%
Police Dept.	\$ 1,220,325	\$ 1,218,079	\$ 1,344,585	\$ 1,424,452	\$ 79,867	5.9%
Dispatch	\$ 230,903	\$ 257,130	\$ 259,226	\$ 284,564	\$ 25,338	9.8%
Public Safety Bldg	\$ 46,884	\$ 45,111	\$ 46,232	\$ 50,080	\$ 3,848	8.3%
Street Lights	\$ 36,519	\$ 15,958	\$ 21,370	\$ 15,370	\$ (6,000)	-28.1%
Harbor Dept	\$ 121,403	\$ 142,888	\$ 139,848	\$ 115,432	\$ (24,416)	-17.5%
Parks & Rec	\$ 435,961	\$ 409,647	\$ 463,090	\$ 481,899	\$ 18,809	4.1%
General Assist./COVID19 Exps	\$ 38,348	\$ 71,476	\$ 39,070	\$ 44,570	\$ 5,500	14.1%
Cooperating Agency	\$ 57,681	\$ 63,268	\$ 75,023	\$ 75,867	\$ 844	1.1%
Comfort Station	\$ 95,962	\$ 95,870	\$ 104,273	\$ 124,932	\$ 20,659	19.8%
Public Works	\$ 130,961	\$ 156,511	\$ 163,614	\$ 420,505	\$ 256,891	157.0%
Highway Dept	\$ 1,061,031	\$ 1,030,221	\$ 1,163,871	\$ 1,249,411	\$ 85,540	7.3%
Solid Waste	\$ 657,429	\$ 811,531	\$ 759,066	\$ 818,070	\$ 59,004	7.8%
<b>SUBTOTAL</b>	<b>\$ 8,969,682</b>	<b>\$ 9,147,160</b>	<b>\$ 9,968,271</b>	<b>\$ 11,449,024</b>	<b>\$ 1,480,753</b>	<b>14.9%</b>
Capital Improvements Transfer	\$ 2,518,273	\$ 2,089,694	\$ 2,073,092	\$ 1,978,620	\$ (94,472)	-4.6%
School Local - Transfer	\$ 5,674,670	\$ 5,763,043	\$ 6,112,039	\$ 6,782,772	\$ 670,733	11.0%
Other Transfers out						
TOTAL Expense Taxable	\$ 17,162,625	\$ 16,999,897	\$ 18,153,402	\$ 20,210,416	\$ 2,057,014	11.3%
Hancock County Assessment	\$ 735,028	\$ 786,763	\$ 833,472	\$ 896,367	\$ 62,895	7.5%
MDI High School Assessment	\$ 3,140,660	\$ 3,338,722	\$ 3,476,450	\$ 3,701,291	\$ 224,841	6.5%
Overlay Assessment	\$ 48,332	\$ 82,941	\$ 89,789	\$ 89,789	\$ -	0.0%
TOTAL APPROPRIATIONS	\$ 21,086,645	\$ 21,208,323	\$ 22,553,113	\$ 24,897,863	\$ 2,344,750	10.4%
<b>REVENUES</b>						
General Revenues	\$ 2,843,391	\$ 3,056,465	\$ 2,842,837	\$ 3,581,403	\$ 738,566	26.0%
Reserve-Use of Fund Bal one time Exp				\$ 261,500		
Reserve-Use of Fund Balance For CIP	\$ 55,000	\$ 55,000	\$ 100,000	\$ 150,000	\$ 50,000	50.0%
Transfers In -Cr Ship,Parkng,Dog, Shellfish	\$ 436,264	\$ 409,325	\$ 442,654	\$ 633,521	\$ 190,867	43.1%
SUBTOTAL (REVENUES)	\$ 3,334,655	\$ 3,520,790	\$ 3,385,491	\$ 4,626,424	\$ 1,240,933	36.7%
State Revenue Sharing	\$ 219,210	\$ 312,116	\$ 350,000	\$ 350,000	\$ -	0.0%
TOTAL DEDUCTIONS	\$ 3,553,865	\$ 3,832,906	\$ 3,735,491	\$ 4,976,424	\$ 1,240,933	33.2%
Net Commitment	\$17,892,429	\$18,210,067	\$18,817,622	\$19,921,439	\$1,103,817	5.9%
Taxable Valuation	\$ 1,509,909,600	\$ 1,530,257,700	\$ 1,931,994,100	\$ 1,941,000,000	\$ 9,005,900	0.5%
Mill Rate	<b>11.85</b>	<b>11.90</b>	<b>9.74</b>	<b>10.26</b>	<b>0.52</b>	<b>5.4%</b>
Total Municipal Budget	\$ 11,689,873	\$ 11,643,916	\$ 12,041,363	\$ 13,427,644		
- Total Deductions	\$ 3,396,134	\$ 3,405,318	\$ 3,735,491	\$ 4,976,424		
= Municipal Property Tax	\$ 8,293,739	\$ 8,238,598	\$ 8,305,872	\$ 8,451,220		1.7%
LD-1 Levy Limit - maximum	\$ 8,016,991	\$ 8,279,884	\$ 8,709,829	\$ 8,982,008		
<b>Difference for LD-1 (under limit)</b>	<b>\$ 276,748</b>	<b>\$ (41,286)</b>	<b>\$ (403,957)</b>	<b>\$ (530,788)</b>	<b>\$ -</b>	

**TAX BILL BREAKDOWN**  
**PROPERTY TAX COMMITMENT = \$19,921,439**

