



KEVIN L. SUTHERLAND
Town Manager

January 20, 2023

MEMORANDUM

To: Bar Harbor Town Council and Warrant Committee

From: Kevin Sutherland, Town Manager

Date: January 20, 2023

Re: FY2024 Budget Message

In this first section of the budget binder, you'll find:

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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.

More than that, it is an opportunity to highlight the amazing work of our dedicated staff to address the needs of Bar Harbor. We can't accomplish this without the proper funding to be effective and we will need the support of the Council, the Warrant Committee, and the residents of Bar Harbor to get there. Therefore, with the slight modifications to this budget document, the presentations planned for the coming weeks, and the Warrant Committee's efforts to amend their bylaws to match their subcommittee structure with the 'Functions of Government' – Education, Public Safety, Public Infrastructure, and General Government we will hopefully:

- provide a better understanding of the municipal budget
- create opportunities for more discussion around the programs and policies that the community embraces
- allow for more informed decision making about how to best support those efforts.

Budget Message

Below is a highlight and narrative summary of some of the different parts of the budget that are worth noting at this time.

	FY23 Adopted	FY24 MOE	FY24 Manager	Change	
Expenditures					
Municipal Operations	\$11,449,025	\$12,490,741	\$13,585,835	\$2,136,810	18.7%
Capital Improvements	\$1,978,620	\$3,011,510	\$3,011,510	\$1,032,890	52.2%
Education*	\$10,484,063	\$10,946,122	\$10,946,122	\$462,059	4.4%
County Tax and Overlay*	\$969,038	\$1,037,544	\$1,037,544	\$68,506	7.1%
Total	\$24,880,746	\$27,485,917	\$28,581,011	\$3,700,265	14.9%
Revenues					
Total	\$4,959,306	\$ 4,758,156	\$ 4,922,956	\$ (36,350)	-0.7%
Net Commitment	\$19,921,440	\$22,727,761	\$23,658,055	\$3,736,615	18.8%
Tax Levy	\$19,921,440	\$22,727,824	\$23,658,118	\$3,736,678	18.8%
Assessed Value	\$2,136,861,800	\$2,166,741,800	\$2,166,741,800	\$29,880,000	1.4%
Mil Rate	9.32	10.49	10.92	1.60	17.1%

* The assessment for Hancock County is 5.7% and hot off the press this week is the tentative increase of 9.1% for the High School (These figures are not represented in the budget binder yet; they will be with some of the page updates throughout the process).

Expenses - Maintenance of Effort Budget

The definition of Maintenance of Effort, for the purpose of the budget, is to provide the same level of service in the next fiscal year as in the current fiscal year. Throughout the document, it is referenced by its acronym: MOE.

The MOE increase on the municipal operating budget from FY23 to FY24 is 9.1%. This factors in Cost of Living Adjustments for staff, contractual increases for unions, other contracts, and utility increases.

Additionally, our Capital program is seeing a 52.2% MOE increase due primarily to the borrowing of four approved bonds: Infrastructure, Solar Array, School Design, and Fiber Buildout for Municipal services. The other part worth noting is the substantial increase in paving spending for FY24 to catch up on a few years of falling behind. That expense is paid for with expected revenue and use of fund balance from the Parking Fund.

While it's not Maintenance of Effort (the request includes some additional staffing), what we're seeing requested from the Connors Emerson School is a 1.9% increase. The use of balance of \$794,565 is being proposed to cover operating expenses. Without using that as a stop gap, the increase would be 13.6%. I would recommend the Council and Warrant Committee strongly consider revisiting the use of fund balance to cover operating here, as it typically has a compounding impact in future years. Maybe instead, keep the savings for any cost overruns related to the repair/replacement of the school.

Finally, the assessment for Hancock County is 5.7% and hot off the press this week is the tentative increase of 9.1% for the High School (Both of these figures are not represented in the budget binder yet; they will be with some of the page updates throughout the process).

Overall, the total appropriations needed just to meet the Maintenance of Effort represent a 10.5% increase (or 12.5% on the mil rate).

Expenses - Service Enhancements

As part of this budget process, staff have asked for Service Enhancements (SE) that could be added to improve service for the Town of Bar Harbor. There were 29 requests submitted totaling roughly \$1,474,000 in needs. This would drive the year to year increase of total appropriations to 16.4%.

Section 4 of the budget binder includes a copy of all of the Service Enhancement requests. These were reviewed and considered as part of the Manager's Recommended budget. Not all of the requests are being recommended to the Council at this time (you can find the rationale for those decisions in the service enhancement narrative on pages 6-10 of this section).

I was attempting to provide some priority and identify some of the requests that could be created as pilot programs or were truly one-time and look to utilize some of our fund balance to pay for. Adding to that, all of the Service Enhancements have merit and should still be considered or recommended by the elected bodies.

From this exercise, I am recommending not funding five of them, reducing two of the Service Enhancements, six that can be viewed as one-time expenses and would utilize fund balance to pay for, and one that can be covered with the Cruise Ship Fund.

This reduces the expenditures covered by property taxes to about \$980,000. After everything is factored in, including the recommended service enhancements, the year to year increase is 14.9%.

Revenues

Revenues are showing a reduction of nearly \$200,000 mostly in part because we are looking to use less of our fund balance this year.

As part of the budget presentations, departments will be reviewing the fees they oversee and making recommendations for increases or new programs for you to consider that may assist us in reducing the burden falling to property taxes.

Parking Fund

Two very important items occurring in this fund:

1. We've recommended an increase on hourly rate for metered parking from \$2 in the prime locations and \$1.50 per hour in all others, to \$4 and \$2. This helps to increase the bottom line for revenues and partially offsets the costs of paving and other road-related capital needs.
2. A large request to use parking fund money to cover the capital program paving line. An increase of over 1,000,000 from the previous year. This effort will utilize about \$800,000 (or 2/3rds) of the Parking Fund reserves.

Cruise Ship Fund

The budget presented assumes all bookings prior to March 17, 2022 and incorporates the remaining 40 ship visits (18 of which are 100 passenger ships and 22 are larger than 1,000) subject to the 1,000-passenger limit. The column labeled "anchored" is a blend of the Lower Birth Capacity for the bookings prior to March 17, 2022 and the maximum for a given day of 1,000 or 100 passenger ship. The total revenue generated under this scenario is \$1,086,758.

Additionally, there is one service enhancement proposed by the Chamber of Commerce for Wayfinding services that is recommended as part of the budget.

Recognition

There is a lot of work that goes into preparing a municipal budget. And Bar Harbor has the added work of additional Funds that require significant planning. I want to recognize Sarah Gilbert and Betsy Spear in Finance for all their work in collecting the numbers from departments and for being so willing to add some new elements – for that I am eternally grateful. To recognize Liz Graves in the Clerk’s office for working to address the recommended changes from last year to make this a better process, for making sure we met our deadlines to get the budget document out on time, and to her and Lynn Kenison Higgins for creating and collating all the elements of the budget binder. To recognize Maya Caines, Communications Coordinator for helping us begin to understand the value of consistency and preparing many of the templates that you’ll see throughout the presentations. To recognize all of the Department Heads, Senior Staff, and other department leaders for coming to the table with ideas and approaches to making Bar Harbor a high quality of service community. To all the staff of Bar Harbor, thank you for continuing to make this a great place to work.

Lastly, its important to recognize our elected officials – both members of the Council and the Warrant Committee - for the time and attention given to this process. Thank you for your public service, interest in municipal government, and passion for this great community.

Bar Harbor FY 2024 Budget Tax Calculation

	FY22	FY23	FY24	FY24	CHANGE	
DEPARTMENT EXPENSE SUMMARIES	Actual	Orig. Budget	MOE	TM Supported SE		
Town Council	\$ 38,475	\$ 39,490	\$ 40,490	\$ 40,490	\$ 1,000	2.5%
Town Manager	\$ 133,902	\$ 264,400	\$ 284,542	\$ 251,842	\$ (12,558)	-4.7%
Town Clerk	\$ 116,278	\$ 137,025	\$ 147,749	\$ 147,749	\$ 10,724	7.8%
Finance Dept	\$ 371,566	\$ 468,904	\$ 510,019	\$ 499,319	\$ 30,415	6.5%
Town Attorney	\$ 83,899	\$ 61,750	\$ 100,750	\$ 200,750	\$ 139,000	225.1%
Elections	\$ 13,261	\$ 16,777	\$ 23,050	\$ 23,050	\$ 6,273	37.4%
Technology	\$ 170,317	\$ 205,893	\$ 222,494	\$ 228,444	\$ 22,551	11.0%
Municipal Building	\$ 82,492	\$ 91,210	\$ 89,327	\$ 89,327	\$ (1,883)	-2.1%
Town Offices	\$ 48,635	\$ 47,166	\$ 58,050	\$ 57,000	\$ 9,834	20.8%
Employee Benefits	\$ 1,646,709	\$ 2,160,754	\$ 2,255,450	\$ 2,300,696	\$ 139,942	6.5%
Code Enforcement	\$ 144,983	\$ 149,976	\$ 165,954	\$ 208,954	\$ 58,978	39.3%
Assessing	\$ 127,437	\$ 174,389	\$ 183,848	\$ 183,848	\$ 9,459	5.4%
Planning	\$ 217,593	\$ 241,876	\$ 285,497	\$ 472,997	\$ 231,121	95.6%
Miscellaneous	\$ 348,364	\$ 227,500	\$ 258,000	\$ 237,000	\$ 9,500	4.2%
Fire / EMS	\$ 1,075,204	\$ 1,471,159	\$ 1,645,976	\$ 1,706,045	\$ 234,886	16.0%
Public Fire Protection	\$ 585,604	\$ 585,604	\$ 620,740	\$ 620,740	\$ 35,136	6.0%
Police Dept.	\$ 1,299,378	\$ 1,424,452	\$ 1,597,850	\$ 1,597,850	\$ 173,398	12.2%
Dispatch	\$ 274,050	\$ 284,564	\$ 315,749	\$ 300,398	\$ 15,834	5.6%
Public Safety Bldg	\$ 47,358	\$ 50,080	\$ 58,605	\$ 58,605	\$ 8,525	17.0%
Street Lights	\$ 24,551	\$ 15,370	\$ 15,370	\$ 15,370	\$ -	0.0%
Harbor Dept	\$ 134,093	\$ 115,432	\$ 122,899	\$ 122,899	\$ 7,467	6.5%
Parks & Rec	\$ 445,480	\$ 481,899	\$ 515,609	\$ 515,609	\$ 33,710	7.0%
General Assist./COVID19 Exps	\$ 55,959	\$ 44,570	\$ 24,200	\$ 24,200	\$ (20,370)	-45.7%
Cooperating Agency	\$ 75,023	\$ 75,867	\$ 75,867	\$ 71,695	\$ (4,172)	-5.5%
Comfort Station	\$ 120,508	\$ 124,932	\$ 140,163	\$ 140,163	\$ 15,231	12.2%
Public Works	\$ 163,297	\$ 420,505	\$ 316,052	\$ 314,612	\$ (105,893)	-25.2%
Highway Dept	\$ 1,099,698	\$ 1,249,411	\$ 1,419,783	\$ 1,419,783	\$ 170,372	13.6%
Solid Waste	\$ 859,725	\$ 818,070	\$ 996,658	\$ 996,658	\$ 178,588	21.8%
SUBTOTAL	\$ 9,803,839	\$ 11,449,025	\$ 12,490,740	\$ 12,846,093	\$ 1,397,068	12.2%
Capital Improvements Transfer	\$ 2,073,092	\$ 1,978,620	\$ 3,011,510	\$ 2,195,148	\$ 216,528	10.9%
School Local - Transfer	\$ 6,112,039	\$ 6,782,772	\$ 6,898,400	\$ 6,898,400	\$ 115,628	1.7%
Other Transfers out						
TOTAL Expense Taxable	\$ 17,988,970	\$ 20,210,417	\$ 22,400,650	\$ 21,939,642	\$ 1,729,225	8.6%
Hancock County Assessment	\$ 833,472	\$ 896,367	\$ 896,367	\$ 947,755	\$ 51,388	5.7%
MDI High School Assessment	\$ 3,476,450	\$ 3,701,291	\$ 3,701,291	\$ 3,983,104	\$ 281,813	7.6%
Overlay Assessment	\$ 72,671	\$ 72,671	\$ 89,789	\$ 111,761	\$ 39,090	53.8%
TOTAL APPROPRIATIONS	\$ 22,371,563	\$ 24,880,746	\$ 27,088,097	\$ 26,982,262	\$ 2,207,351	8.4%
REVENUES						
General Revenues	\$ 2,842,837	\$ 3,564,285	\$ 3,519,738	\$ 3,477,711	\$ (86,574)	-2.4%
Reserve-Use of Fund Bal one time Exp		\$ 261,500		\$ 78,500	\$ (183,000)	-70.0%
Reserve-Use of Fund Balance For CIP	\$ 100,000	\$ 150,000		\$ 50,000	\$ (100,000)	-66.7%
Transfers In -Cr Ship,Parkng,Dog, Shellfish	\$ 442,654	\$ 633,521	\$ 763,418	\$ 763,418	\$ 129,897	20.5%
SUBTOTAL (REVENUES)	\$ 3,385,491	\$ 4,609,306	\$ 4,283,156	\$ 4,369,629	\$ (239,677)	-5.2%
State Revenue Sharing	\$ 473,452	\$ 350,000	\$ 475,000	\$ 475,000	\$ 125,000	35.7%
TOTAL DEDUCTIONS	\$ 3,858,943	\$ 4,959,306	\$ 4,758,156	\$ 4,844,629	\$ (114,677)	-2.3%
Net Commitment	\$18,817,622	\$19,921,440	\$22,329,941	\$22,137,633	\$2,216,193	11.1%
Taxable Valuation	\$ 1,931,994,100	\$ 2,136,861,800	\$ 2,166,741,800	\$ 2,550,418,700	\$ 413,556,900	19.4%
Mill Rate	9.74	9.32	10.31	8.68	-0.64	-6.9%
Total Municipal Budget	\$ 12,041,363	\$ 13,427,644	\$ 15,502,250	\$ 15,041,242	\$ 2,074,606	12.0%
- Total Deductions	\$ 3,735,491	\$ 4,959,306	\$ 4,758,156	\$ 4,844,629	\$ (201,150)	-2.3%
= Municipal Property Tax	\$ 8,305,872	\$ 8,468,338	\$ 10,744,094	\$ 10,196,613	\$ 2,189,283	20.4%
LD-1 Levy Limit - maximum	\$ 8,709,829	\$ 8,982,008	\$9,481,096	\$9,481,096	\$ 499,088	
Difference for LD-1 (under limit)	\$ (403,957)	\$ (513,670)	\$ 1,262,998	\$ 715,517		

Municipal Budget: Budget Summary for Warrant Article

Fund	Appropriation (Expenditures) Requested	Revenues Other Than Prop.Tax	Fund Balance Used	Property Taxes Needed
Assessments				
County Assessment	947,755	0	0	947,755
High School Assessment	3,983,104	0	0	3,983,104
Overlay	111,761	0	0	111,761
Total Assessments	5,042,620	0	0	5,042,620
Municipal Budget				
General Fund	12,846,094	4,766,129	78,500	8,001,465
Capital Improvement Program Fund	5,893,380	3,648,233	50,000	2,195,148
Dog Control Reserve Fund	2,600	2,600	0	0
Shellfish Conservation Reserve Fund	3,100	3,100	0	0
Cruise Ship Fund	896,751	896,751	0	0
Parking Meter Fund	3,961,952	3,149,600	812,352	0
Total Municipal Budget	23,603,878	12,466,413	940,852	10,196,613
	Approp. Warrant			LD-1
Education Budget				
Elementary School Fund	8,330,965	658,000	774,565	6,898,400
Total Education Budget	8,330,965	658,000	774,565	6,898,400
Grand Totals	36,977,463	13,124,413	1,715,417	22,137,633

Mill Rate Calc:
22,137,633
 2,550,418,700
 0.00868

<i>Tax Rate Change</i>	
Tax Rate This year	\$8.68
Tax Rate Last Year	\$9.32
Tax Rate Increase	(\$0.64)
	-6.9%

Total Taxable Valuation Next Year
 \$2,550,418,700

FY2024 SERVICE ENHANCEMENTS

Below are all of the service enhancements with Manager's Recommendations. Department narratives along with their related expenses can be found in Section 4 of the Budget Book.

Town Council

TC1: Facilitated Meetings

This item is included in the presented budget. I would foresee using these resources to facilitate meetings about prioritizing the recommendations that emerge from the completion of the Comprehensive Plan.

Manager's Office

TM1: Data Architect

The Manager fully supports this effort. Not only does it better utilize the skills and talents that we have in house to help us collect the asset management information we need. It also helps achieve the goal of informed data driven decision making about our infrastructure and policy work.

TM2: Energy Management

This is a data driven decision making tool that is necessary to track our goals.

TM3: GIS System Updates/IMP

Supported in the budget, but by utilizing fund-balance as I am hopeful this is a one-time expense.

TM4: Community Engagement and Outreach

Supported in the budget, but by utilizing fund-balance as a pilot program. Should the use of the funds be successful, we could look to make it part of the budget in future years.

TM5: Professional Development

Support half of the funding for this item for this year. We're still working out the kinks of the office and I'd like to move a little slower. Should we need additional funding in FY24, I will come to Council to ask for additional funding from contingency.

TM6: Project Management

This is included in the budget. These software tools provide additional capacity for staff by reducing the time needed to prepare required reports and records.

TM7: Staff Appreciation

Did not include as part of this budget. There are some funds available through the Health Trust Wellness program that could be utilized. Additionally, we'd look to utilize Council contingency for other opportunities for staff appreciation.

TM8: Sustainability

Did not include in the Manager's Budget. We'll start with the \$10,000 that had been previously earmarked for CETF and should additional funding be needed, work with Council to allocate contingency.

TM9: Waste Reduction

Supported in the budget, but by utilizing fund-balance as a pilot program. Should the use of the funds be successful, we could look to make it part of the budget in future years.

Finance

FIN1: Recruiting & Onboarding

This item is included in the presented budget. Another example of how software can address busy work and free up staff time.

FIN2: Accounting Software

This item is included in the presented budget. Another example of how software helps free up staff time—as the town applies for and receives more grants, the ability to efficiently track grant finances becomes a higher priority.

FIN3: Replacement Office Equipment (Assessing)

This item is currently included in the presented budget. With some potential re-organization in the Assessor's office, the entire amount requested may not be necessary.

Planning and Code

PL1: Short-Term Rental Compliance Monitoring

This is supported in the presented budget. The other option might be to hire additional staff, but that cost would likely be much greater and this can be done more efficiently with outside help.

PL2: Housing and Community Planner

This item is included in the presented budget. Given housing is one of our top priorities and the current workload for Planning and Code, this should be the number 1 service enhancement.

PL3: Staff Planner

Absolutely see the need and the positive impact additional staff can have on getting the department ahead of the game, but it was not included as part of the Manager's budget. The only reason I did not include it was because of total cost of all the requests this year. Since the comprehensive plan will be complete in FY24, the town should consider funding this position in FY25. Another option would be to fund half the position in FY24 and look to hire midway through the year.

PL4: IworQ software module for Planning

This is supported in the presented budget. Another example of how software can address busy work and free up staff time.

PL5: Comprehensive Plan

Supported in the budget, but by utilizing fund balance as I am hopeful this is a one-time expense.

Fire Department

FD1: Advanced EMS Training

This is supported in the presented budget. We have a limited number of paramedics on staff as it is which it difficult to schedule and make sure a paramedic is on each shift. Training our staff to this level will save lives. (Overall service enhancement priority number three).

FD2: Dry Hydrant Repair

This is supported in the presented budget. Some of the funding will be covered from existing capital reserves. The remaining would need to be funded from property taxes or use of fund-balance.

FD3: Increase Staffing by Four

The presented budget includes the funding for two additional firefighters/EMTs. While I am not certain this is enough to fully collaborate with MD Fire, or address the response time on the west side of the island, it's a step towards that goal and in the meantime will help us fill gaps in staffing overtime needs. We'd look to fill the other two positions as part of the FY25 budget. Additionally, we are currently exploring a Staffing for Adequate Fire and Emergency Response (SAFER) grant to help offset the cost of these positions for the next few years.

FD4: Fire Inspector

This is not in the presented budget, but it yet another need that the Town should consider. Possibly for FY25.

Police Department

PD1: Shared Mental Health Liaison

This position is included in the presented budget. The Town of Mount Desert is also recommending this item in their budget. (In terms of priorities of the service enhancements, this is number two).

PD2: Shared Dispatch Supervisor

This is supported in the presented budget.

PD3: Planning Study to Replace PD

This is included in the presented budget. Since it is a one-time expense, I would suggest utilizing fund balance to pay for it.

PD4: Wayfinding Services (Chamber of Commerce through Cruise Ship Fund)

This is included in the presented budget. It is funded entirely with the Cruise Ship fund and has no impact on property taxes.

Public Works**PW1: Tree Management Plan**

This item is not included in the budget. We would look to request as part of the FY25 budget.

PW2: Operating Support (Jesup Library)

This item is included in the presented budget. Libraries are key service providers on behalf of municipal governments. In many local governments, the library is a department.

PW3: New/Continued/More Programs (YMCA)

This item is included in the presented budget. The YMCA provides recreational programming that is not offered by the municipality through a specific department or function.

2023-2024 TOWN COUNCIL GOALS SUMMARIZED

Infrastructure

Vision

To provide reliable infrastructure that supports year-round and seasonal populations, considers the impacts of future growth and climate resiliency and collaborates with the community to minimize the financial and physical impacts of construction.

Overall Goals: *(from July 19, 2022 Priority Framework)*

- Meet regulatory and CSO Master Plan Deadlines
- Develop and overall plan for funding identified priority infrastructure projects
- Continue to assess existing infrastructure to program future replacements
- Implement infrastructure improvements in a cost effective, affordable, fair and equitable way.
- Provide regular updates to Council on the status of projects, emergency repairs, and other information that may have impacts on the community.

Housing

Vision

Support Bar Harbor's year-round community by having adequate and affordable workforce housing for residents who work in town, for families hoping to raise their children here, for seniors hoping to stay in the community as they age, and for businesses looking for stable workforce and housing base needed to expand the town's year-round economy.

Overall Goals

- Implementation of the 10 strategies outlined in the Housing Policy Framework
- Update the Comprehensive Plan to reflect input gathered from the Comprehensive Plan Committee, Council, staff and community
- Revise the Land Use Ordinance to match the updated Comprehensive Plan

Balanced, Year-Round Community / Tourism Capacity

Vision

To be developed

Overall Goals

1. Understand what we mean by *Tourism Capacity* and begin developing goals to address the needs

Schools

- Participate in the School consolidation discussion
- Work with the school board to get a warrant article on the June ballot for Connors Emerson building project
- Understand High School renovation process

Community Projects

- Work with Parks and Recreation Committee and the Village Improvement Association to get Glen Mary reopened
- Working with community to plan for a dog park
- Work with the Harbor Committee to continue planning for re-development of the Ferry Terminal

Policy Work

- Complete Annual Policy Review
- Ordinance review and revision as needs are identified
- Work with Harbormaster and PD to draft a Shoreside Vendor Ordinance to continue work of managing buses and congestion at the waterfront

Council/ Committee Process Work

- Review and revise our ethics ordinance, update the training process and train all committee members
- Participate and support the Comprehensive Plan process to ensure that we have a useful and representative document
- Review the existing committee structure in light of the work of the new Comprehensive Plan

- Work with Town Manager and the Warrant Committee to make the budget process inclusive and efficient
- Continue to work with Town Manager to streamline meeting agendas and to prioritize work for the town and Council
- Work with Communications Coordinator to build out tools for Council communication to and from the community about work and decisions at the Council and committee levels
- Hold a workshop in the spring of 2023 with committee members and council to review and further develop priority areas and open lines of communication