



TOWN OF BAR HARBOR

Town Manager's Office

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FY 2026 Budget Message

To: Chair Peacock and Members of the Town Council

Date: January 17, 2025

The FY2026 budget reflects the Town of Bar Harbor's strategic commitment to balancing fiscal responsibility with the delivery of essential services and investment in critical infrastructure. This year's budget continues the town's proactive planning to manage the financial impacts of the school and priority infrastructure bonds previously approved.

In FY2024, the town incurred interest payments for the Priority Infrastructure Bond, and by FY2025, these financial commitments expanded to include principal and interest payments for the Priority Infrastructure Bond, along with interest-only payments for the School Bond. Now, in FY2026, the budget accounts for the full financial obligations of both bonds, principal and interest.

To stabilize the tax mil rate amid these increased obligations, the FY2026 budget proposes utilizing parking revenues for property tax relief. This approach includes programming new parking revenues generated from our targeted rate increase following the comprehensive parking program review completed in April 2024. Additionally, we are recommending some use of the parking fund balance as a stopgap measure to further mitigate the tax burden on property owners. These measures are designed to provide immediate tax relief while supporting long-term fiscal sustainability.

In addition to utilizing parking revenues, this budget prioritizes operational efficiencies and the expansion of revenue streams to stabilize future tax rates. This multifaceted approach positions the town to effectively absorb bond payments, inflationary pressures, and other cost drivers without disproportionately impacting property taxpayers.

Through thoughtful resource allocation, ongoing reviews of operational efficiencies, and a focus on strategic fiscal management, the FY 2026 budget underscores Bar Harbor's dedication to maintaining and enhancing quality municipal services while pursuing financial stability.

Respectfully Submitted,

James L. Smith
James L. Smith, Town Manager

OPERATIONAL ADJUSTMENTS

The FY2026 budget addresses key changes across operational departments to align with current needs. Cost drivers include:

1. **Public Safety Wages:**
 - Addresses retention challenges in Police and Dispatch by adjusting wages for senior employees in order to remain competitive. A recent survey highlighted that while base pay is near the median, inadequate longevity pay has hindered efforts to fill vacant positions and ensure retention of experienced staff.
2. **Legal Services:**
 - The Legal Services line reflects a necessary budgetary alignment with actual costs and our anticipated ongoing litigation, as well as the need to ensure adequate legal review and analysis on policy pursuits.
3. **Employee Benefits:**
 - Increases here are driven by mandatory employer contributions to the Maine Public Employees Retirement System (MPERS) and rising healthcare costs.
4. **Public Works:**
 - Increases are being driven by significant overtime expenses, as well as needed service enhancements for tree pruning and culvert replacements.

BUDGET BASELINE ADJUSTMENTS & STREAMLINING

1. **Emergency Management:**
 - Accounts are now closed reflecting the elimination of COVID-19 costs.
2. **Solid Waste:**
 - Reductions in this budget area represent re-alignment toward actual costs.
3. **Reports and Studies:**
 - Funding for plans, reports, and studies in support of future capital projects as well as planning and policies needs. These funds are reassigned from the operating budget to the Capital Improvement Budget.

CAPITAL IMPROVEMENT PROGRAM (CIP)

The FY 2026 CIP outlines strategic investments in infrastructure, public safety, and community assets.

KEY PROJECTS INCLUDE:

1. **Public Safety Enhancements:**
 - 42-6204 Replacement of turnout gear for the Fire Department (\$76,000)
 - 47-6239 Updated radio equipment for Dispatch (\$56,000)
 - 42-6224 New FD command vehicle (\$70,000)
 - 45-6230/45-6234 PD cruiser replacements with equipment (\$146,000)
 - 45-6244 Maine Public Employees Retirement System 3C funding (\$84,000)

2. Infrastructure Improvements:

- 77-6420 Road Improvements and Repairs (\$1,400,000)
- 77-6426 Sidewalk construction and maintenance (\$300,00)
- 77-6428 Heating system replacements municipal facilities (\$300,000)
- 53-6254 Gangway upgrades (\$60,000)
- 53-6258 Town Pier Fisherman's hoist (\$35,000)

3. Community and Recreation Investments:

- 59-6312 Playground equipment upgrades (\$20,000)
- 70-6350 Restroom renovations across four facilities (\$265,000)
- 59-6338 Park Fountains (\$30,000)
- 77-6406 Bikeway and pedestrian connections and improvements (\$30,000)
- 34-6162 Continuation of Safe Streets for All program (\$50,000)
- 34-6170 Sustainable Tourism & Resources Planning (\$140,000)

DEBT SERVICE

The budget fully accounts for the debt service on priority infrastructure bonds and the new school bond. These obligations represent the Town's commitment to long-term investments in education and critical infrastructure, ensuring future generations benefit from continued careful planning and stewardship of resources.

FINANCIAL IMPACT

The FY2026 budget balances the need for critical investments with the responsibility of minimizing tax impacts. Strategic fiscal management has enabled the town to adopt one-time measures that offset the full costs of the school and infrastructure bonds coming online. These actions reflect careful planning and prudent financial stewardship, ensuring essential investments are made while mitigating the immediate burden on taxpayers.

LOOKING AHEAD

The FY2026 budget positions Bar Harbor for a sustainable future by addressing immediate needs, maintaining essential services, and investing in infrastructure and public safety. This approach ensures the Town can continue to provide excellent services and meet the expectations of its residents while fostering long-term resilience.

As we move forward, the Town remains committed to transparency, accountability, and prudent fiscal management. This budget is not just a financial plan; it is a reflection of our collective vision for Bar Harbor—a community that values its people, its infrastructure, and its future.

Bar Harbor FY 2026 Budget Tax Calculation

	FY23	FY24	FY25	FY26	CHANGE	
DEPARTMENT EXPENSE SUMMARIES	Actual	Actual				
Town Council	\$ 26,597	\$ 23,350	\$ 26,600	\$ 25,900	\$ (700)	-2.6%
Town Manager	\$ 234,695	\$ 160,716	\$ 178,160	\$ 183,359	\$ 5,199	2.9%
Town Clerk	\$ 139,234	\$ 141,784	\$ 161,838	\$ 165,974	\$ 4,136	2.6%
Finance Dept	\$ 451,721	\$ 531,611	\$ 561,503	\$ 581,870	\$ 20,367	3.6%
Town Attorney	\$ 275,773	\$ 417,097	\$ 130,750	\$ 237,750	\$ 107,000	81.8%
Elections	\$ 17,924	\$ 17,605	\$ 19,600	\$ 20,400	\$ 800	4.1%
Technology	\$ 208,908	\$ 208,572	\$ 247,015	\$ 244,665	\$ (2,350)	-1.0%
Municipal Building	\$ 85,281	\$ 94,058	\$ 98,050	\$ 98,760	\$ 710	0.7%
Town Offices	\$ 66,410	\$ 71,821	\$ 66,250	\$ 72,500	\$ 6,250	9.4%
Employee Benefits	\$ 2,029,668	\$ 2,224,953	\$ 2,493,630	\$ 2,650,900	\$ 157,270	6.3%
Code Enforcement	\$ 146,420	\$ 185,089	\$ 205,089	\$ 207,519	\$ 2,430	1.2%
Assessing	\$ 139,005	\$ 185,552	\$ 194,629	\$ 199,464	\$ 4,835	2.5%
Planning	\$ 254,550	\$ 343,289	\$ 432,973	\$ 447,194	\$ 14,221	3.3%
Miscellaneous	\$ 297,065	\$ 306,442	\$ 332,700	\$ 296,900	\$ (35,800)	-10.8%
Fire / EMS	\$ 1,576,689	\$ 1,675,497	\$ 1,809,648	\$ 1,895,224	\$ 85,576	4.7%
Public Fire Protection	\$ 585,604	\$ 585,604	\$ 756,331	\$ 813,240	\$ 56,909	7.5%
Police Dept.	\$ 1,392,103	\$ 1,559,708	\$ 1,753,558	\$ 2,019,868	\$ 266,310	15.2%
Dispatch	\$ 292,850	\$ 295,686	\$ 337,817	\$ 368,964	\$ 31,147	9.2%
Public Safety Bldg	\$ 52,586	\$ 62,389	\$ 73,529	\$ 70,714	\$ (2,815)	-3.8%
Street Lights	\$ 19,516	\$ 16,537	\$ 19,370	\$ 19,370	\$ -	0.0%
Harbor Dept	\$ 122,428	\$ 129,091	\$ 122,661	\$ 134,723	\$ 12,062	9.8%
General Assist./COVID19 Exps	\$ 20,316	\$ 14,899	\$ 14,250	\$ 7,400	\$ (6,850)	-48.1%
Parks	\$ 160,998	\$ 160,998	\$ 265,147	\$ 262,790	\$ (2,357)	-1.4%
Comfort Station	\$ 138,116	\$ 135,858	\$ 150,760	\$ 163,172	\$ 12,412	8.2%
Public Works	\$ 199,168	\$ 342,008	\$ 364,018	\$ 370,765	\$ 6,747	1.9%
Highway Dept	\$ 1,405,285	\$ 1,364,302	\$ 1,543,150	\$ 1,630,768	\$ 87,618	5.7%
Solid Waste	\$ 946,005	\$ 1,010,427	\$ 1,222,450	\$ 1,195,450	\$ (27,000)	-2.2%
SUBTOTAL	\$ 11,284,915	\$ 12,264,943	\$ 13,581,475	\$ 14,385,603	\$ 804,128	5.9%
Cooperating Agency	\$ 76,036	\$ 71,048	\$ 76,059	\$ 101,014	\$ 24,955	-0.9%
YMCA/Jesup/Holiday Events	\$ 303,065	\$ 489,555	\$ 490,217	\$ 528,761	\$ 38,544	7.9%
Capital Improvements Transfer	\$ 1,699,007	\$ 2,195,148	\$ 1,535,197	\$ 1,627,553	\$ 92,356	6.0%
School Local - Transfer	\$ 6,782,772	\$ 6,663,510	\$ 7,605,474	\$ 7,995,301	\$ 389,827	5.1%
School CIP		\$ 234,890	\$ 2,220,526	\$ 3,952,582	\$ 1,732,056	78.0%
Total Connors Emerson	\$ 6,782,772	\$ 6,898,400	\$ 9,826,000	\$ 11,947,883	\$ 2,121,883	21.6%
TOTAL Expense Taxable	\$ 20,145,795	\$ 21,919,094	\$ 25,508,948	\$ 28,590,814	\$ 3,081,866	12.1%
Hancock County Assessment	\$ 896,367	\$ 947,755	\$ 1,105,370	\$ 1,312,355	\$ 206,985	18.7%
MDI High School Assessment	\$ 3,701,291	\$ 3,893,104	\$ 4,396,166	\$ 4,769,337	\$ 373,171	8.5%
Overlay Assessment	\$ 72,671	\$ 111,761	\$ 116,509	\$ 50,000	\$ (66,509)	-57.1%
TOTAL APPROPRIATIONS	\$ 24,816,124	\$ 26,871,714	\$ 31,126,993	\$ 34,722,506	\$ 3,595,513	11.6%
REVENUES						
General Revenues	\$ 3,570,172	\$ 3,477,711	\$ 3,837,600	\$ 4,133,917	\$ 296,317	7.7%
Reserve-Use of Fund Bal one time Exp	\$ 261,500	\$ 78,500	\$ -	\$ -	\$ -	
Reserve-Use of Fund Balance For CIP	\$ 150,000	\$ 50,000	\$ -	\$ -	\$ -	
Transfers In -Cruise Ship	\$ 238,656	\$ 351,417	\$ 406,863	\$ 299,716		
Transfers In -Parking	\$ 389,315	\$ 406,251	\$ 365,875	\$ 1,341,918		
Transfers In -Dog, Shellfish	\$ 4,143	\$ 5,750	\$ 5,400	\$ 4,800	\$ (600)	-11.1%
SUBTOTAL (REVENUES)	\$ 4,613,786	\$ 4,369,629	\$ 4,615,738	\$ 5,780,350	\$ 1,164,612	25.2%
State Revenue Sharing	\$ 514,660	\$ 528,230	\$ 550,000	\$ 575,000	\$ 25,000	4.5%
TOTAL DEDUCTIONS	\$ 5,128,446	\$ 4,897,859	\$ 5,165,738	\$ 6,355,350	\$ 1,189,612	23.0%
Net Commitment	\$19,915,901	\$22,137,631	\$25,961,255	\$28,367,156	\$2,405,901	9.3%
Taxable Valuation	\$ 2,136,861,800	\$ 2,550,718,700	\$ 2,585,782,600	\$ 2,635,782,600	\$ 50,000,000	1.9%
Mill Rate	9.32	8.68	10.04	10.76	0.72	7.2%
Total Municipal Budget	\$ 12,041,363	\$ 15,041,240	\$ 17,903,474	\$ 20,595,513	\$ 2,692,039	15.0%
- Total Deductions	\$ 3,735,491	\$ 4,844,629	\$ 5,165,738	\$ 6,355,350	\$ 1,189,612	23.0%
= Municipal Property Tax	\$ 8,305,872	\$ 10,196,611	\$ 12,737,736	\$ 14,240,163	\$ 1,502,427	11.8%

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	1,312,355	0	0	1,312,355
High School Assessment	4,769,337	0	0	4,769,337
Overlay	50,000	0	0	50,000
Total Assessments	6,131,692	0	0	6,131,692
Municipal Budget				
General Fund	15,015,378	6,355,350	0	8,660,028
Capital Improvement Program Fund	9,960,328	4,380,193	0	5,580,135
Dog Control Reserve Fund	1,800	1,800	0	0
Shellfish Conservation Reserve Fund	3,000	3,000	0	0
Cruise Ship Fund	752,004	367,073	384,931	
Parking Meter Fund	4,858,022	4,066,900	791,122	
Total Municipal Budget	30,590,532	15,174,316	1,176,053	14,240,163
Education Budget				
Elementary School Fund	9,401,005	835,000	570,704	7,995,301
Total Education Budget	9,401,005	835,000	570,704	7,995,301
Approp. Warrant				
Grand Totals				
	46,123,229	16,009,316	1,746,757	28,367,156

Mill Rate Calc:
 $\frac{28,367,156}{2,635,782,600}$
 0.01076

<i>Tax Rate Change</i>	
Tax Rate This year	\$10.76
Tax Rate Last Year	\$10.04
Tax Rate Increase	\$0.72
	7.2%

Total Taxable Valuation Next Year
 \$2,635,782,600

<i>What Will It Cost Me?</i>		
Median Home Value	Total Annual Tax	Total Tax Increase Per Year
\$522,350	\$5,622	\$377

Town of Bar Harbor
 FY2026 Budget Detail

Municipal Budget	2025	2026	Budget Δ
General Fund Appropriations	\$ 14,147,751.00	\$ 14,949,906.00	\$ 802,155.00
Capital Improvements	\$ 1,535,197.00	\$ 1,627,553.00	\$ 92,356.00
Less: Non-Property Tax Revenues	\$ 3,837,600.00	\$ 4,133,917.00	\$ 296,317.00
Less: GF Undesignated Fund Balance	\$ -	\$ -	\$ -
Less: CIP Undesignated Fund Balance	\$ -	\$ -	\$ -
Less: Cruise Ships/Parking/ Dog/Shellfish	\$ 778,138.00	\$ 1,651,104.00	\$ 872,966.00
Less: Revenue Sharing	\$ 550,000.00	\$ 575,000.00	\$ 25,000.00
NET MUNICIPAL BUDGET (from taxation)	\$ 10,517,210.00	\$ 10,217,438.00	\$ (299,772.00)
Education Budget			
General Education Budget	\$ 8,805,537.00	\$ 9,401,005.00	\$ 595,468.00
Less: School Revenues	\$ 747,000.00	\$ 745,000.00	\$ (2,000.00)
Less: Undesignated Fund Balance	\$ 453,063.00	\$ 570,704.00	\$ 117,641.00
Capital Improvements School	\$ 2,220,526.00	\$ 3,952,582.00	\$ 1,732,056.00
NET EDUCATION BUDGET	\$ 9,826,000.00	\$ 12,037,883.00	\$ 2,211,883.00
Assessments			
County	\$ 1,105,370.00	\$ 1,348,551.00	\$ 243,181.00
MDI High School	\$ 4,396,166.00	\$ 4,587,624.00	\$ 191,458.00
Overlay	\$ 116,509.00	\$ 50,000.00	\$ (66,509.00)
TOTAL PROPERTY TAX LEVY	\$ 25,961,255.00	\$ 28,241,496.00	\$ 2,280,241.00
ASSESSED VALUATION	\$ 2,585,782,600.00	\$ 2,635,782,600.00	\$ 50,000,000.00
MUNICIPAL	\$ 4.07	\$ 3.88	\$ (0.19)
SCHOOL	\$ 3.80	\$ 4.57	\$ 0.77
COUNTY	\$ 0.43	\$ 0.51	\$ 0.08
HIGH SCHOOL	\$ 1.70	\$ 1.74	\$ 0.04
OVERLAY	\$ 0.05	\$ 0.02	\$ (0.03)
TAX RATE	\$ 10.04	\$ 10.71	\$ 0.67

TAX BILL BREAKDOWN
PROPERTY TAX COMMITMENT = \$28,241,496

