

CITY OF BREWER

FY26 BUDGET UPDATE

City of Brewer Budget Process

DECEMBER

- City Assessor provides first valuation estimate
- City Council holds workshop to establish goals and priorities for the upcoming Fiscal Year.

JANUARY

- Initial Budget meeting between the City and School.
- Budget outlook and guidelines set.

FEBRUARY

- State education subsidy projection released.
- City and School develop initial draft budget requests.
- City Assessor provides second valuation estimate.

MARCH

- State municipal revenue sharing projection released.
- City Council holds a budget workshop.

APRIL

- School Committee holds its first reading of the draft School budget.
- City Assessor provides third valuation estimate.
- City Council budget workshop.

MAY

- School Committee conducts the second reading and votes to approve the school budget.
- Draft City, School, Sewer and Water budgets are released to the public.

JUNE

- City Assessor provides the final valuation estimate.
- Joint City/School public information meeting on the budget.

City Council votes to approve the budget

AGENDA

GENERAL FUND (taxpayer supported)

- City Departments
- School Department

ENTERPRISE FUNDS (ratepayer supported)

- Sewer Department
- Water Department

A modern office interior with glass walls, desks, and office chairs. The image is overlaid with a dark blue filter.

GENERAL FUND BUDGET OVERVIEW

Draft FY2026 Brewer Property Tax Calculation

Line		FY2025 APPROVED	FY2026 Proposed	\$ Change	% Change
	MUNICIPAL BUDGET				
1	General Fund Appropriations	17,811,542	18,545,464	733,922	4.12%
2	Less: Non-Property Tax Revenues	<u>9,570,711</u>	<u>9,979,389</u>	<u>408,678</u>	<u>4.27%</u>
3	NET MUNICIPAL BUDGET (from taxation)	8,240,831	8,566,075	325,244	3.95%
	EDUCATION BUDGET				
4	General Education Budget	28,632,514	29,127,355	494,841	1.73%
5	Less: School Revenues	<u>19,753,800</u>	<u>19,731,939</u>	<u>-21,861</u>	<u>-0.11%</u>
6	NET EDUCATION BUDGET (from taxation)	8,878,714	9,395,416	516,702	5.82%
	TAX INCREMENT FINANCING DISTRICTS				
7	Transfer to TIF Special Revenue Fund	1,643,314	1,417,049	-226,265	-13.77%
8	Less: TIF BETE Exempt	<u>363,814</u>	<u>350,000</u>	<u>-13,814</u>	<u>-3.80%</u>
9	NET TIF BUDGET (from taxation)	1,279,500	1,067,049	-212,451	-16.60%
10	COUNTY ASSESSMENT	1,375,473	1,612,822	237,349	17.26%
11	OVERLAY	27,763	28,000	237	0.85%
12	TOTAL PROPERTY TAX LEVY	19,802,281	20,669,362	867,081	4.38%
13	ASSESSED VALUATION	1,053,312,888	1,318,333,176	265,020,288	25.16%
14	Less: Tax Increment Finance Districts	<u>68,058,500</u>	<u>68,058,500</u>	<u>0</u>	<u>0.00%</u>
15	NET ASSESSED VALUATION	985,254,388	1,250,274,676	265,020,288	26.90%
16	Municipal	8.36	6.85	(1.51)	-18.09%
17	School	9.01	7.51	(1.50)	-16.61%
18	County	1.40	1.29	(0.11)	-7.60%
19	Overlay	0.03	0.02	(0.01)	-20.52%
20	TAX RATE	18.80	15.68	-3.12	-16.60%

Tax Rate Highlights

- FY26 City and School budgets still in development

	<u>Budget Incr</u>	<u>Revenue Shortfall</u>
City	4.1%	\$325,244
School	1.7%	\$516,702
- County tax increase = \$237,349 (17%)
 - Since 2015, County total tax levy to support its budget has increased 8.8% per year, on average
 - Since 2015, Brewer’s total tax levy to support its budget has increased 2.7% per year, on average
- Assessed valuation (aka “the tax base”, supports 40% of budget)
 - 25% increase, primarily due to market adjustments
- Tax rate
 - Current projection = \$15.68 (decrease of \$3.12, or 16.6%)
 - For average homeowner, would mean a 5% increase in tax bill, or around \$215
 - Goal is to reduce tax bill impact to 3.5% (\$150) increase or less for average homeowner

City of Brewer
General Fund Non-Property Tax Revenue Summary

		3.25.25	4.15.25	4.15 v FY25	
	FY2025	FY2026	FY2026	\$\$	%
MUNICIPAL	Approved	DRAFT	DRAFT	Change	Change
General Government	2,428,351	2,779,250	2,679,250	250,899	10.3%
Protections	482,002	491,634	491,634	9,632	2.0%
Public Services	22,000	22,000	22,000	-	0.0%
Public Works	172,705	182,705	202,705	30,000	17.4%
Intergovernmental / Misc	4,459,826	4,627,030	4,610,492	150,666	3.4%
Library & Recreational Services	481,305	474,810	474,810	(6,495)	-1.3%
Transfers In	979,522	959,941	953,498	(26,024)	-2.7%
Fund Balance	545,000	545,000	545,000	-	0.0%
MUNICIPAL TOTAL	9,570,711	10,082,370	9,979,389	408,678	4.3%
SCHOOL DEPARTMENT	19,611,345	19,339,484	19,593,286	(18,059)	-0.1%
GRAND TOTAL	29,182,056	29,421,854	29,572,675	390,619	1.3%

Non-Property Tax Revenue Highlights

- Economic uncertainty = scaled back revenue estimates
 - Motor vehicle excise tax
 - State revenue sharing
- Tax rate decrease = lower reimbursement rates
 - Homestead exemption (\$122k less)
 - BETE (Business Equipment Tax Exemption) (\$145k less)
- Investment interest: up \$250,000 (to \$550k/yr)
- MDOT local road assistance: up \$30,000 (to \$160k/yr)
- Use of reserve and TIF funds: down \$41,000

City of Brewer

General Fund Expense Summary

	FY2025 Approved	3.25.25 FY2026 DRAFT	4.15.25 FY2026 DRAFT	4.15 v FY25 \$\$ Change	% Change
MUNICIPAL DEPARTMENTS					
COUNCIL	24,298	24,298	17,823	(6,475)	-26.6%
CLERK	174,545	157,668	147,668	(26,877)	-15.4%
ASSESSOR	316,378	335,925	336,325	19,947	6.3%
MANAGER	543,799	521,477	503,463	(40,336)	-7.4%
LEGAL SERVICES	105,000	105,000	90,000	(15,000)	-14.3%
FINANCE	775,660	829,806	822,230	46,570	6.0%
TECHNOLOGY	292,171	375,370	381,383	89,212	30.5%
ECONOMIC DEVELOPMENT	464,547	471,768	468,713	4,166	0.9%
POLICE	3,134,937	3,448,790	3,460,140	325,203	10.4%
FIRE	2,205,060	2,446,681	2,413,891	208,831	9.5%
CODE ENFORCEMENT	270,624	305,073	293,073	22,449	8.3%
GENERAL PROTECTIONS	978,356	1,027,688	1,027,688	49,332	5.0%
INSURANCE	113,700	131,915	131,915	18,215	16.0%
ANIMAL CONTROL	20,545	41,125	41,125	20,580	100.2%
HEALTH AND HUMAN SERVICE	67,299	48,316	48,316	(18,983)	-28.2%
SERVICE AGENCY CONTRIB	461,825	540,551	545,731	83,906	18.2%
PUBLIC WORKS	3,016,402	3,075,226	2,939,676	(76,726)	-2.5%
PLANNING	222,174	212,176	212,176	(9,998)	-4.5%
ENGINEERING	186,198	193,577	193,577	7,379	4.0%
MISCELLANEOUS PROGRAMS	60,990	61,090	32,600	(28,390)	-46.5%
EMPLOYEE BENEFITS	276,580	287,540	292,472	15,892	5.7%
PARKS & RECREATION	1,293,154	1,332,305	1,332,305	39,151	3.0%
LIBRARY	376,515	392,808	392,248	15,733	4.2%
DEBT SERVICE	2,430,788	2,420,927	2,420,927	(9,862)	-0.4%
MUNICIPAL DEPTS TOTAL	17,811,543	18,787,099	18,545,464	733,921	4.1%
SCHOOL DEPARTMENT	28,632,514	29,589,017	29,127,355	494,841	1.7%
GRAND TOTAL	46,444,057	48,376,116	47,672,819	1,228,762	2.6%

Municipal Expense Highlights

- \$241k lower than March 25; \$580k less than original dept requests
- Majority of increase is due to contractual salary & benefit obligations
 - » 3% COLA for nonunion
 - » 15% estimated increase in health insurance costs
- No net change in staffing
 - » One new staff position proposed (Technology Dept)
 - » One position eliminated through restructuring (Deputy Clerk / General Assistance)
- Proposed program and service enhancements
 - » Winter maintenance of Riverwalk Trail
 - » Technology initiatives
 - Online permitting and licensing
 - Searchable City Codes and Ordinances
 - New City website

Municipal Department Highlights

- City Council

- » Provides for out of state training for two councilors; local conf/meetings for all
- » FY25 budget included \$3,000 for one-time purchase of iPads for Council

- City Clerk

- » Salary savings from restructured Deputy Clerk responsibilities
- » Moves cost to livestream Council meetings to Technology budget
- » FY25 budget included one-time purchase of voting booths

Municipal Department Highlights

- Assessing
 - » Salary savings from restructured Property Appraiser / GA position
 - » Health insurance election savings
 - » C3 AI Property Appraisal contract
 - » High resolution orthoimagery contract
- City Manager
 - » New City Manager salary and benefit savings
 - » Moves webpage updating budget to Technology Department
- Legal Services
 - » Lowered budget to match historical average

Municipal Department Highlights

- Finance

- » Increase in audit and enterprise accounting software costs
- » Decrease in collection cost

- Technology

- » Adds one position to department
- » Largely offset by reduction in outside consulting cost
- » Includes funding for:
 - New website platform
 - Notify Brewer; livestreaming/recording of City meetings
 - Online permitting and licensing
 - Searchable Codes and Ordinances
 - Move to Microsoft 365 cloud-based office software

Municipal Department Highlights

- Economic Development (TIF funded)
 - » Health insurance election savings
 - » Savings from contracting out GIS services
 - » Savings from regionalization of data analytics software
 - » New costs
 - Winter maintenance of Riverwalk Trail
 - Riverwalk Trail electronic kiosk contract
 - Chamberlain Freedom Park utilities and landscaping
- Police
 - » Year 2 of 3 of union contracts
 - » Increased telephone services cost
 - » FY25 included \$20,000 in one-time body/car camera implementation cost

Municipal Department Highlights

- Fire

- » Year 2 of 3 of union contracts
- » Increased overtime cost
- » Increased vehicle maintenance cost due to aging truck fleet
- » Increased training cost due to new hires

- Code Enforcement

- » Status quo

- General Protections

- » Hydrant rental cost assumes 5% water rate increase
- » Increased traffic light maintenance cost

Municipal Department Highlights

- Insurance (property and casualty)
 - » Anticipating a 16% increase in premium
- Animal Control
 - » New contracted service
 - » Coverage mandated by state law
- Health and Human Services (aka “general assistance”)
 - » Salary and benefit savings from restructuring
- Service Agency Contributions
 - » Community Connector assessment estimated increase of \$82,000 (18%)

Municipal Department Highlights

- Public Works

- » \$100,000 savings from new trash collection contract with Gregory's Disposal
- » Reduced contracted tree removal budget
- » Lower landfill services contract cost
- » Increase in winter sand cost

- Planning

- » FY25 included one-time \$20,000 for Comprehensive Plan consultant

- Engineering

- » Status quo

Municipal Department Highlights

- Miscellaneous Programs
 - » Lower advertising expense due to online / social media options
 - » Reduced contingency budget
- Employee Benefits
 - » Increased retiree life insurance cost
 - » Anticipated increased workers compensation insurance cost
- Parks and Recreation
 - » Largely status quo
 - » Modest increases in supply costs, porta potty expense

Municipal Department Highlights

- Library
 - » New internet expense due to federal funding cut
 - » Increased book budget (offset by increased Library revenue)
- Debt Service
 - » Down slightly due to retirement of debt

Closing the \$325,000 Gap

Revenue - Possible Increases

- Investment earnings
- BETE reimbursement
- Solar exemption reimbursement
- Increase use of fund balance

Expense - Decreases Under Consideration

- Postpone orthoimagery until FY27 (\$12k)
- Move to single tax bill (\$4k + \$8k in onetime exp)
- Reduce grub control (\$15k - \$30k)
- Lower workers comp premium (\$10k)
- Lower debt interest expense (\$5k - \$10k)
- Cmty Connector (\$29k if Bangor denies staff incr)
- Further review and refinement of individual accts

BREWER SCHOOL DEPARTMENT

FY2026 PROPOSED EXPENDITURE BUDGET

BUDGET LINE	FY26 BUDGET	FY25 BUDGET	INCREASE/ (DECREASE)	%
Personnel	\$ 19,758,857	\$ 19,017,857	\$ 741,000	3.9%
Supplies & Services	1,310,226	1,285,036	25,190	2.0%
Buildings & Grounds	2,659,260	2,580,060	79,200	3.1%
Transportation	903,801	870,802	32,999	3.8%
Supt/Administration	783,269	751,823	31,446	4.2%
Out of District	572,000	659,200	(87,200)	-13.2%
Capital Outlay	230,700	498,200	(267,500)	-53.7%
Trustees	2,909,242	2,969,536	(60,294)	-2.0%
	\$ 29,127,355	\$ 28,632,514	\$ 494,841	1.7%

FY2026 PROPOSED REVENUE BUDGET

CATEGORY	FY26 BUDGET	FY25 BUDGET	INCREASE/ (DECREASE)	%
City Appropriation-from taxes	\$ 8,878,714	\$ 8,878,714	\$ -	0.0%
City Appropriation-from TIF	138,653	142,455	\$ (3,802)	-2.7%
State Subsidy	14,093,953	13,923,839	170,114	1.2%
H.S. Tuition	2,637,833	2,490,417	147,416	5.9%
H.S. Special Ed Tuition	250,000	325,000	(75,000)	-23.1%
H.S. Transitional Advantage Program	200,000	225,000	(25,000)	-11.1%
JROTC Reimbursement	93,500	84,700	8,800	10.4%
Gate Receipts	18,000	17,500	500	2.9%
Athletic Fees	6,000	5,000	1,000	20.0%
Rental Receipts	1,500	1,000	500	50.0%
Miscellaneous	42,500	40,000	2,500	6.3%
Transfer in from Capital Reserve Fund	-	250,000	(250,000)	100.0%
Carry Forward from Fund Balance	2,250,000	2,248,889	1,111	0.0%
	\$ 28,610,653	\$ 28,632,514	\$ (21,861)	-0.1%

3.31.25 Revenue shortfall = \$ 516,702

People's Veto Application Has Created State Budget Uncertainty

What is the People's Veto?

- A citizen petition to veto the recently passed \$11.3 billion biennial State budget.
- If successful, would put the question to a statewide vote on November 4, 2025.

What do I need to know?

- **Potential Government Shutdown:** If enough signatures are gathered, Maine could face a government shutdown starting July 1, halting funding for schools, hospitals, road projects, and more.
- **Signature Deadline:** Petitioners have until **June 18** to collect **67,682 signatures** from registered voters to get the veto question on the November ballot.
- **Two Ways To Avoid a Shutdown:**
 1. Petition does not obtain enough signatures.
 2. The Legislature comes together to pass a two-thirds majority State budget.

A modern office interior with glass walls, desks, and office chairs. The image is overlaid with a dark blue filter.

ENTERPRISE FUNDS BUDGET OVERVIEW

City of Brewer

Sewer Department

	FY2025	FY2026	\$\$	%
<u>Sewer Expenses</u>	<u>Approved</u>	<u>Proposed</u>	<u>Incr/(Decr)</u>	<u>Change</u>
ADMINISTRATION	\$ 398,588	\$ 424,678	\$ 26,090	6.5%
PLANT OPERATIONS	1,635,536	1,681,467	\$ 45,930	2.8%
PUMP STATION OPERATIONS	271,400	326,504	\$ 55,104	20.3%
SEWER LINE MAINTENANCE	406,515	397,653	\$ (8,862)	-2.2%
DEBT SERVICE	763,771	750,103	\$ (13,669)	-1.8%
	<u>\$ 3,475,811</u>	<u>\$ 3,580,404</u>	<u>\$ 104,593</u>	<u>3.0%</u>
<u>Sewer Revenue</u>				
METERED BILLING	\$ 3,130,424	\$ 3,205,017	\$ 74,593	2.4%
OTHER CHARGES FOR SERVICES	320,750	350,750	30,000	9.4%
OTHER FINANCING	24,637	24,637	-	0.0%
	<u>\$ 3,475,811</u>	<u>\$ 3,580,404</u>	<u>\$ 104,593</u>	<u>3.0%</u>

- Initial dept request was almost \$144k higher; would have required a 7% rate increase
- To lower rate increase, we adjusted septage treatment revenue and made targeted reductions in some services and utility accounts.
- Proposing a modest 3% rate adjustment effective July 1.

City of Brewer

Water Department

	FY2025	FY2026	\$\$	%
<u>Water Expenses</u>	<u>Approved</u>	<u>Proposed</u>	<u>Incr/(Decr)</u>	<u>Change</u>
ADMINISTRATION	\$ 683,255	\$ 741,386	\$ 58,131	8.5%
PLANT OPERATIONS	540,401	594,829	\$ 54,428	10.1%
HATCASE POND OPERATION	77,250	78,250	\$ 1,000	1.3%
TRANSMISSION & DISTRIB	801,027	790,328	\$ (10,699)	-1.3%
DEBT SERVICE	1,127,847	1,160,019	\$ 32,173	2.9%
DEPRECIATION & AMORTIZATION	44,964	21,690	\$ (23,274)	0.0%
	\$ 3,274,745	\$ 3,386,502	\$ 111,757	3.4%
<u>Water Revenue</u>				
CHARGES FOR SERVICES	\$ 3,222,920	\$ 3,332,677	\$ 109,757	3.4%
OTHER OPERATING REVENUE	51,825	53,825	2,000	3.9%
	\$ 3,274,745	\$ 3,386,502	\$ 111,757	3.4%

- Debt service increasing again as we incrementally bring on costs associated with main line replacements. FY26 is Year 2 of 3 in that planned phase in.
- Initial dept request was \$108k higher and would have required a 10% rate increase.
- Proposing a 5% rate adjustment effective on December water bills.

May 1: File rate case with the Maine Public Utilities Commission

May 19: Notices mailed to customers.

June 3: Public hearing.

THANK YOU!

FY2026 Budget

Public Information Meeting

June 3rd – 6:00pm

Brewer City Hall