

Finance

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MEMORANDUM

TO: Mayor Lovell and City Council
FROM: Glenys Salas, Finance Director & Treasurer
DATE: 4/8/2019
RE: **Findings & Updates to the Budget for 4/8/19 Budget Workshop**

As part of the FY2020 Budget process, City staff did their best to gather all relevant numbers and forecasts prior to finalizing the Directive and Recommended Budgets. However, new items are continuing to come in that relate to FY2020 and we want to maintain transparency with Council throughout the process on these new items and how they would impact both the total budget numbers and the estimated Mil Rate.

New items are added to the bottom of the Mil Rate Calculator for review by City Council. More formal RADs to reflect these adjustments will be included as part of the final Approved Budget Book for reference. You will note that these adjustments and changes do not affect the estimated Mil Rates under the "2020 Directive" and "2020 Recommended" columns at the top of the Mil Rate Calculator. Those numbers will not change because they are tied to the printed budget books, which cannot change. Only the "2020 As Selected" column will update to reflect these changes.

This should be considered a continuation of my memo from 4/1/2019.

Change 3 – Valuation Increase Made Editable

Per Councilor Archer's request, we have updated the Mil Rate Calculator so that the Valuation Increase can now be adjusted by the user to see how a more aggressive or more conservative forecast might affect the numbers. As a reminder, the Mil Rate Calculator is designed to approximate how the mil rate is calculated. Valuation increase, mil rate, and overlay are at the discretion of the Assessor and subject to change.

Change 4 – ShuttleBus-Zoom Step Increase

Last week, Councilor Minthorn uncovered that the projected step increase of \$25,000 for ShuttleBus-Zoom had not been included in the budget book. He submitted a request on behalf of ShuttleBus-Zoom and we have added it to the Mil Rate Calculator.

Change 5 – School Health Insurance Premiums Flat for FY2020

Jason DiDonato reached out last week and indicated that health insurance premiums came back flat for FY2020. The total savings is projected at \$290,130. I've quoted his note below:

"I'm pleased to announce that due to our excellent health rating this past year, our insurance rate for 2019-2020 stayed the same as our current 2018-2019 rate reflecting in a 0% increase. Based on our original estimated budgeted amount of 8% we will be seeing a savings of \$290,130. I will have a new coversheet

both by department and by budget category for everyone's review for next Wednesday's budget workshop.”

I have added this new savings to the bottom of the Mil Rate calculator. You will note that the 2020 Mil Rate for the school under the “2020 As Selected” column is now \$11.51, an estimated \$0.15 savings on the Mil Rate versus where we thought we would land in the Recommended Budget.

Change 6 – Updated Savings on Electricity

Part of the work of the Energy Committee is to work with Maine Power Options to go to market each year on our capacity costing (supply). This is a significant savings versus the standard offer from CMP. The City of Saco received our supply costing from Maine Power Options on Thursday, March 28, which totaled \$9973 in total savings for the General Fund. Based on estimates related to CMP usage rates, the City of Saco can expect to enjoy an additional \$15,914 in savings on electricity in FY2020 for a total savings of \$25,887.