March 1, 2024

Camden Select Board

Camden Budget Committee

29 Elm Street

Camden, ME 04843

Dear Committee Members and Select Board:

In accordance with the Camden Town Charter, Article VI Section 3, I am pleased to submit my proposed Fiscal Year 2024-2025 Budget for the Camden General Fund for your review. This budget is for municipal services only but includes information on the bottom-line assessments from Mid-Coast Solid Waste, Knox County, and estimated assessments for the school districts. It does not include the Town’s special revenue funds: Wastewater, Camden Opera House, Camden Snow Bowl, and Paid Parking Program. Regarding changes to the construction of the budget, we have modified the chart of accounts by:

1. Combining the Fire and EMS Departments.
2. Combining Public Works, Highways/Streets/Bridges, Parking Lots and Dams.
3. Combing Parks and Recreation.

# Introduction

While reading through this budget it is important to remember that FY25 is building upon the work of the previous budget years, making steady, yet often slow progress towards goals that were often set years in the past. To this end, this year reflects a net increase of 10.7%, the single largest increase in expenditure I have ever recommended to the Budget Committee and Select Board. The drivers of this are varied but are attributable to the same themes: deteriorating infrastructure and facilities, which is exacerbated by extreme weather events caused by climate change, and the need for additional human resources to both manage upgrades and ongoing maintenance of our infrastructure and to meet increased expectations and demands for municipal services, communication, and public engagement.

The budget before you addresses what I, as the Town Manager, see as our most pressing issues and opportunities for the present and to best position the Town for the future, based on feedback I’ve received from the Select Board and community. This budget certainly does not address all our challenges and opportunities, but endeavors to balance the long and complicated history of the Town to both address present challenges while being mindful of how decisions we make now will affect the Town in the future. The budget process gives us the opportunity to have discussions about who we are as a Town, what we value, and how we set priorities that will determine our short and long-term goals and direction as a community.

In any given year preparing a budget is a construct and reflects the best information we have at this point in time. While employee hiring and retention continues to be a challenge, it is not the prevailing issue entering into FY25 as compared to FY24. For FY25 investment in public safety, more specifically increased costs for providing EMS and investments in public infrastructure are the major factors driving cost increases.

Town Staff and I have endeavored to prepare a budget that preserves, and in some cases increases, levels of service, progresses key priorities and projects all while reducing the impact on taxpayers to the greatest degree possible. This has been acutely challenging with so many needs, wants and competing priorities.

With the above in mind, I once again would like to emphasize that our annual budget is the foundational policy we set as a community; virtually all other policy decisions in the upcoming financial year will be subject to this budget. For this reason, we must keep the broader goals we want to achieve in perspective. I appreciate the complexities of understanding a municipal budget can create a temptation to focus on specific line items. However, it’s important to stay focused on the policies, programs, projects and levels of service we desire as a community.

My major goals for the FY25 budget are as follows:

1. Beginning to gradually transition the delivery of Emergency Medical Services from the Town’s private EMS provider to eventually be delivered by a regional service, which includes Camden’s Fire/EMS Department. This will require investing in recruiting and hiring three new Fire/EMS personnel, continuing education and training and budgeting to purchase an ambulance. Additional cross-trained Firefighters/EMTs-Paramedics will also contribute to improving the continuity of services for firefighting. As the Town continues to experience back-to-back disasters from extreme weather, the role of our emergency services personnel is becoming increasingly important.
2. Upgrading infrastructure to be more resilient to the impacts of climate change. Much of the Town’s infrastructure, which was designed and built in the early to mid 20th century, is effectively at the end of its useable life and was also not designed to handle the volume and intensity of water it now must cope with on a regular basis. While the major bond issue to address complete streets improvements, upgrading the Town’s stormwater drainage infrastructure, eliminating sources of inflow and infiltration into the sewer system and expanding the sewer system to key areas, will be a separate warrant article and will not be reflected in the FY25 budget. However, with more projects comes the need for more staff to plan, manage, communicate and engage the public and investments in equipment to better maintain our investments in infrastructure.
3. Operational support and investment in capital equipment, facilities and planning at the RMRA/Snow Bowl. Changes to seasonal weather patterns are also making operating the Snow Bowl increasingly challenging. FY24 is the second fully post-COVID season where a more accurate picture is emerging of the level of financial support the Town must contribute to support 60 days of operations on an annual basis. What has also come due this year is paying the cost of deferred maintenance and investment in the facilities and equipment RMRA/Snow Bowl, which will be necessary to continue winter operations and plan for a future where the facility can be used on a more year-round basis.

Budget Overview

I have prepared a budget that will meet the goals identified above for FY25 with a 10.6% net increase over the past financial year. This budget proposes an overall increase to expenditures by 13.2%, and non-property tax-based revenues have also increased by 16.6%.

It should be noted that I have included a 3.2% cost of living adjustment for all Town departments, which was in line with the social security cost of living adjustment at the time this budget was prepared. This is consistent with the newly revised personnel policy, which now specifies the annual COLA to be consistent with the social security index.

I have included a total of $500,000 of “Use of Surplus” funds in the estimated revenues, which includes, in addition to generally off-setting increases in expenses, capital reserves and capital equipment purchases. Proceeds from the downtown tax increment financing district are estimated to increase to over $700,000 this year. Therefore, I’m proposing to continue the use of TIF proceeds, to off-set Opera House expenses, and for use on general stormwater and inflow and infiltration projects.

Much of the increase in revenues reflects $1,100,000 of borrowing for capital equipment, facilities and planning. The Town is retiring debt for the public safety building this financial year (FY24), which will be replaced by the debt that will fund the FY25 capital improvement program.

# General Government:

The *Administration/Finance* Department shows an overall increase of 15.8%, which is largely driven by the addition of a new position in the Town Manager’s Office. This position will assist in improving communication, public outreach and managing interdepartmental projects and initiatives.

Included in the *Capital Reserves* budget is $20,000 for accrued benefits, which is paid out to employees with leave that has not been taken upon retirement or separation, and $10,000 in paid medical family leave to be in compliance with a new State Statute that will take effect in FY25, the details of which are not fully available.

*Professional Services* has been changed to *Interdepartmental Initiatives & Professional Services* to better reflect several initiatives that are shared responsibilities/interests amongst multiple departments, such as traffic calming, pedestrian safety, and water quality monitoring. The 16.1% is largely attributed to moving the “water quality monitoring” expense, which is a contract with the Megunticook Watershed Association, from Parks and Recreation to this budget. Additional increases are a result of modest funding to the “traffic calming” and “pedestrian safety” programs.

*Insurance* (including property and casualty, workers compensation and unemployment) are increasing by 12.6%, which is largely due to a premium increase for property and casualty insurance. This increase occurred in FY24 but was not reflected in this budget because an estimate of the premium was not available until after the budget season ended. The increase to the premium is largely a result of the Town’s new EMS-First Responder program.

The *Planning/Codes/Development* department expenses have increased by 1.9%, which is driven by wages. The Administrative Assistant position will transition from 30 hours per week to 40 hours to improve support for the Assessing Office.

This is the final year the Town will need to budget money ($76,000) towards a full measure and list revaluation. This expense is in the Capital Reserves budget.

There is a 29.7% increase in the *Information Technology* budget. This is largely driven by a stipend for a GIS coordinator and an increase to our IT managed services contract. The need for GIS capabilities for planning, data analysis, and data management across numerous departments is becoming increasingly critical. In order to utilize our GIS resources efficiently and effectively across the organization and grow our capabilities, it has become necessary to have a staff member who is specifically dedicated to managing this resource.

$10,000 for IT Reserves has been included in the Capital Reserves budget for any unanticipated IT related expenses.

In the Department Head column of the *Information Technology* budget we are showing what the cost would be of hiring a full time IT Coordinator who would take the place of the managed services contract with our current IT provider. I determined that there are higher priorities for this financial year and that this concept can be revisited in the future.

The Opera House *Town Office* building budget has increased by 10.9%, which reflects the transition back from a contract cleaning service to a full time custodian. While this increases the Town Office building budget, there is an overall decrease in custodial services as the Custodian will also clean the public landing restrooms.

The burner to the furnace in the Opera House/Town Office needs to be replaced, which has been budgeted for in the Opera House Building Capital Reserves. We are currently awaiting a proposal for the air conditioning and exchange system, which must be replaced now that the coolant used by the units in the building has been banned for use in the United States. This will be a fairly significant project because the air conditioning and air exchange system was never completed to any plan and must be designed and rebuilt. While no cost estimates were available at the time this budget was prepared, it is an expense that will need to be included in the budget as information becomes available.

# Public Safety:

The *Police Department* budget reflects a 0.9% decrease, which is largely attributable to paid parking revenue being utilized to off-set the cost of the Parking Enforcement Officer’s wages, moving the Community Liaison Officer to the Community Services budget, and moving the equipment services budget to the Public Safety Building budget. There are two scenarios presented for the Police Department Budget: The Department Head column shows a scenario where one patrol position is not budgeted for in FY25. The Town Manager column shows a fully staffed scenario.

The Police Department Is not proposing to purchase a cruiser for FY25, but is proposing to allocate $30,000 in reserve funds, or roughly half the cost of purchasing and equipping an electric cruiser in FY26.

There is a 14.9% increase in the cost of *Dispatch* services, which is provided by Knox County Regional Communications. This seems unnecessary given that the County has famously been unable to staff the KCRCC at anything resembling a functional level and should therefore have ample reserve funds. Therefore, raising these fees should not be necessary.

The newly combined Fire/EMS budget is increasing by 44.8%. Several factors have driven this significant increase including the addition of three new firefighter/EMT-Paramedic positions, increased funding for per diem EMS staff and all the other expenses that support staff such as training and professional development, uniforms, gear, supplies, training and professional development. Building EMS and career firefighting capabilities in the Department is a necessary step toward the Town eventually transitioning from a contracted EMS provider to being part of a regional fire-based EMS system.

Another factor driving cost increases in the Fire/EMS budget is a significant increase in the contract price for the Town’s EMS provider.

In addition to the operational costs above, the Capital Improvement Program budget also includes funding to purchase an ambulance and to modify the Public Safety Building to include sleeping quarters for Fire/EMS staff.

The *Public Safety Building* budget has decreased by 30.2%, which is driven by increases across the board in maintenance costs to the building, HVAC system and equipment.

The *Hydrant Assessment* is increasing by 1.5% due to Maine Water rate increases.

The *Street Light* budget proposes a 7.9% increase due to increased costs for downtown streetlight maintenance.

# Highways, Streets, and Bridges:

The Public Works, Highway, Parking Lots, Tree Program and Dams budgets have all been combined. Overall this is a 2.8% decrease. This is largely due to the Public Works Director, Town Engineer, and Admin Coordinator positions being shared across both Public Works and the Wastewater Departments. The stipend for the Dam Control Agent has been significantly increased to reflect the actual time required to maintain the Town’s dams. Increases have also been proposed for street and culvert and basin maintenance. The parking lot lease has also been removed because the balance of this debt is being paid off this financial year (FY24).

In the *Capital Improvements* budget, $136,000 in funding for purchasing trucks and $110,000 for a sidewalk snow plow is proposed. Much of the Town’s Public Works equipment is in poor condition and will need to be replaced over the next 5 years.

# Health & Welfare:

The 282.1% increase in the *Community Services* budget reflects the inclusion of the Community Liaison Officer. This position provides support to both the Police Department and Town Manager’s Office through the General Assistance program. Therefore, Community Services seemed to be the more appropriate location for this expense. This expense is off-set with trust fund revenues.

# Leisure Services:

The Trustees for the *Camden Public Library* has requested a 5.4% increase for FY25.

The *Harbor* budget will increase by 4.4%, which is slight increases across most operational costs.

The Capital Improvement Program budget includes $150,000 to replace the floats at Steamboat Landing. This area has been significantly impacted by the three disaster events over the past thirteen months. While the boat launch itself is eligible for funding from FEMA, the floats are not.

The newly combined *Parks and Recreation* budget has increased by 55%. This is due to the addition of a new position and the need to begin providing an operational subsidy to the Snow Bowl. The Snow Bowl/Parks & Recreation staffing levels were never increased post-redevelopment despite significant increases in year-round infrastructure and mountain maintenance and to provide additional operational support for programming, volunteer recruitment/management/retention. The past two winters are the first post-pandemic years that also seem to be representative of the new normal regarding the changing weather patterns. An operational subsidy from the Town to the Snow Bowl of $150,000 per year will be required on an ongoing basis to support 60-days of skiing/snowboarding.

I have included $50,000 in the *Capital Reserve* budget for the Snow Bowl for any unanticipated equipment or facility expenses.

The *Capital Improvement* budget includes several expenses related to the Ragged Mountain Recreation Area/Snow Bowl. This includes $60,000 for site law permitting, which will be necessary for the construction of the Round the Mountain trail and any other improvements the Town may want to make at the RMRA/Snow Bowl, $150,000 to replace the failed and soon-to-fail temporary buildings that house Snow Bowl operations (Race Program, Rental Shop, Retail Shop and Ticketing), and $314,000 for a new snow Groomer. While the buildings and Groomer are necessary to maintain current levels of operations at the Snow Bowl, the site law permitting is an important step in planning for the future that includes more year-round recreational opportunities at the RMRA.

The Parks staff take care of all town cemeteries and the mowing of Harbor Park. The cost of the Harbor Park mowing is offset with revenue from the Library budget and the Town receives funding from the Cemetery Association to mow the Mountain View and Oak Hill Cemeteries.

# Debt, Capital, Contingency:

*Debt Service* payments are separated by *Principal and Interest*, according to accounting standards. For your information I have included information on all bonds and capital leases as well as an analysis of the proportion of debt allocated to different projects/types of expenses (infrastructure, equipment, facilities, etc) as well as when this debt retires. Debt for the Public Safety Building is retiring this year (FY24), which will, to some extent off-set the cost of borrowing associated with the FY25 *Capital Improvement Program.*

I have explained the *Capital Reserves and Capital Improvements* budgets throughout the body of this budget message. One item of note is the $40,000 allocated to river/habitat restoration that will be used at matching funds towards the Megunticook River Project, which is largely funded through a $1.6 million grant from the National Fish and Wildlife Foundation.

# Conclusion

The FY25 budget has been notably difficult to develop. There is a major backlog of planning, infrastructure and facilities projects that are important but did not rise to the top of the list of priorities. This includes items like funding for Curtis Island facilities improvements (the cost of which is currently being evaluated), master planning for Tannery Park, Police equipment, riverwalk, and improvements to existing parks and park equipment.

I would like to thank the Department Heads who worked with me to develop a budget that balances our desire to be fiscally responsible while also maintaining a high level of service delivery. In particular, I would also like to thank Janice Esancy and Jodi Hanson who were both instrumental in putting this document together.

Please feel to contact me if you have any questions. All the Town staff and I are resources that are at your disposal as we go through the budget process. I am looking forward to working with all of you in developing a final budget that best meets the goals of our community.

 Sincerely,

 Audra Caler

 Town Manager