

# City of South Portland Fiscal Year 2026 Proposed Budget

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*APRIL 1, 2025*



# FY26 Budget – School Budget UPDATE

The School Board has not yet voted on their proposed budget for FY26.

Since it is not their final budget, the School will not be presenting tonight.

Depending on when the School Board meets to approve their proposed budget, their hearing will either be held on April 8 or 15.

The budget figures used in tonight's presentation are based on the School Superintendent's recommended budget, which likely will be modified by the School Board.

# FY26 Budget: Trends

Demands for City service are growing, both in terms of existing service delivery and expectations for more service offerings. For example...

- Finance

- In FY24, processed 16,298 vehicle registrations, up 5% over FY23 and up 49% over FY19

- Library

- In FY24, users borrowed 140,665 physical items, up slightly from 140,618 items in FY23, and *in addition* users borrowed 13,127 eBooks and digital audio books
- 12,417 visitors attended one or more of the 643 programs offered at the Library

# FY26 Budget: Trends

- Police

- Responded to 29,034 calls for service in 2024, up 8.4% from 2023 (26,785)

- Fire/EMS

- Responded to 5,709 calls for service in 2024, up 5% from 2023 (5,459)
- Completed 536 life-safety inspections

- Economic Development

- Monthly newsletter up to 1,450+ recipients (open rate of 48%, well above industry standard)

# FY26 Budget: Trends

- Parks & Recreation

- Doubled attendance at Redbank neighborhood concerts (80-120 people per event)
- Park Rangers ran over 100 educational and environmental programs
- Over 380 kids attended rec camp (7 weeks)

- Human Resources

- 49 full or part-time benefit eligible employees separated from service in 2024 (14 of whom were from Bus and merged with Metro). This is up 14% from 2023 (43) but down 14% from 2022 (57)

# FY26 Budget: Trends

- Water Resource Protection

- In 2024, pumped and treated 2.1 billion gallons of wastewater, down from 2.3 billion in 2023
  - Removed 91% of biological oxygen demand and 94% of total suspended solids before discharging into Casco Bay (well above 85% required by State of Maine for both)
  - 4,800 tons of sludge was generated and disposed of
- In 2024, cleaned nearly 2,800 catch basins, which prevented approx. 266 tons of sediment from entering local water sources

- SPCTV

- In FY25 YTD
  - Broadcast and streamed 73 government meetings, such as City Council, Planning Board, Comp Plan Committee, School Board, etc. – will be adding Mahoney City Center Committee in 2025-26
  - 99 total productions between Public, Education, and Government functions

# FY26 Budget: Trends

- Sustainability

- The South Portland Electric Tool Library had 374 checkouts in 2024, up 15% from 2023 (324)
- In 2024, established 15 new vegetable gardens and 600 new native pollinator plants

- Information Technology (IT)

- City staff received 2,881,534 emails in 2024, or 7,895 emails per day on average. This is up 41% from 2023 (2,037,001)
- 392,133 spam and malware emails blocked
- 5,842 Help Desk tickets and phone support issues resolved

# FY26 Budget: Trends

- Code Enforcement

- In FY24, issued 2,230 permits, up 17% from FY23 (1,904) and up 37% from FY19 (1,626)

- Public Works

- In FY24, responded to 684 online work orders, up 29% from FY23 (532)
- Repaired 123 streetlights in 2024, up 13% from 2023 (109)
- Responded to 39 more traffic signal complaints in 2024 than 2023 due to aging equipment and vehicle accidents
- 38 overnight storm events (ice and snow) from 12/1/24 – 3/7/25, up 31% from the same period last year (29)
- Repaired 147 potholes, down from 213 in 2023 as we made great progress that year in making permanent fixes to eliminate recurring problem areas

# FY26 Budget: Trends

- Planning

- 25 ordinance amendments (same as 2023). For example...
  - Manufactured housing and mobile home park modernization
  - Complete streets manual
  - Streamlining procedures for development review
- 114 applications processed, including new housing units, up 24% from 2023 (92)
  - 19 ADUs
  - 80-unit apartment building on Main St
  - 38-unit Landry Heights affordable housing
  - New pickleball facility on outer Highland

- General Assistance

- In 2024, processed 1,734 applications (~145/mo), down 22% from 2023 (1,234) but up 107% from 2019 (895)

# FY26 Municipal Budget Process

- Budget Prepared with Three Primary Objectives:
  1. Continue to Provide High Quality Public Services that Our Community Expects
  2. Address the Council's Adopted Goals for 2025
  3. Minimize the Impact on Taxpayers and Submit a Budget that Falls within the Guidance Given by City Council

# FY26 Municipal Budget Process

- **Objective 1: Continue to Provide High Quality Public Services that Our Community Expects**
  - Budget maintains existing levels of service with no significant reductions – some enhancements have been made to current services
  - While many could be justified, NONE of the 9.5 new positions requested by departments are included in this budget proposal to help address Objective #3 (impact to taxpayers)

# FY26 Municipal Budget Process

- **Objective 2: Address the Council's Adopted Goals for 2025**
  - Goal 1: Climate Resilience/Sustainability
  - Goal 2: Expand Affordable and Moderate Income Housing
  - Goal 3: Strengthen/Prioritize Culture of Public Service

# FY26 Municipal Budget Process

- Council Goal 1: Climate Resilience/Sustainability
  - Many non-budget items addressed this issue in 2024-25, and FY25 budget also included some funding to make progress toward this goal (visit Coastal Resilience page on our website for more details)
  - Continued funding for GPCOG Resilience Fellow in Sustainability, SPETL, beach scraping at Willard Beach, etc.

# FY26 Municipal Budget Process

- Council Goal 2: Expand Affordable and Moderate Income Housing
  - In FY23 invested \$300,000 into an Affordable Housing Trust. Was unable to include request from Affordable Housing Committee to add \$300,000 to the Trust – will be able to put some funding in the Trust due to Affordable Housing TIF revenues
  - Over past year have amended zoning, eliminated SF residential sprinkler requirements, provided tax rebates for housing projects, etc.
  - Increased senior property tax relief program to help keep seniors in their homes

# FY26 Municipal Budget Process

- Council Goal 3: Strengthen/Prioritize a Culture of Public Service
  - Last fall, staff and GPCOG presented recommendations to improve permitting times in Codes/Planning – have implemented some changes with more to come. Already resulted in speeding up process by weeks.
  - Some department budgets have increases training budget lines to help improve staff's knowledge and skills and thus their responsiveness to the public

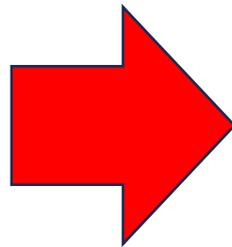
# FY26 Municipal Budget Process

- **Objective 3: Minimize the Impact on Taxpayers and Submit a Budget within the Guidance Given by City Council**
  - February workshop: Council guidance of “reasonable” tax increase factoring in the major shift in tax burden from commercial to residential seen in SP and across the state in 2024
  - Proposed taxes to be raised is up \$0.54 (+4.1%) (Combined Municipal/School/County)
    - Municipal impact is to tax rate is less than one percent (\$0.13, or +0.98%)

# FY26 Municipal Budget Process

- In January, department heads submitted their budget requests for FY26
- Fixed wage and non-wage expenses have increased, and when combined with new department asks, the initial Municipal budget would have increased the City's share of the tax rate by \$0.60, or a 4.5% increase on the tax rate (not including County or School)

4.5% Tax Rate  
Increase -  
Municipal Only



NOT  
ACCEPTABLE

# FY26 Municipal Budget Process

- Why so much?
  - 9.5 new positions requested (wage and benefit costs, etc.) (\$934,360)
  - Wages increases for staff and estimated increases for three expiring union contracts (\$1.2 million)
  - Benefit increases, including 11% health insurance hike (\$1,279,444)
  - Disposal of PFAS foam and PFAS equipment cleaning at FD (\$159,000)
  - City contribution to Portland Dispatch (\$126,936)
  - Curbside trash collection and recycling increases (\$161,518)
  - Transition from Microsoft to Google (\$138,948)
    - But saves \$266,000 over three years
  - Public/private partnership for coastline shore stabilization with Danforth Cove residents (\$90,000)

# FY26 Municipal Budget Process

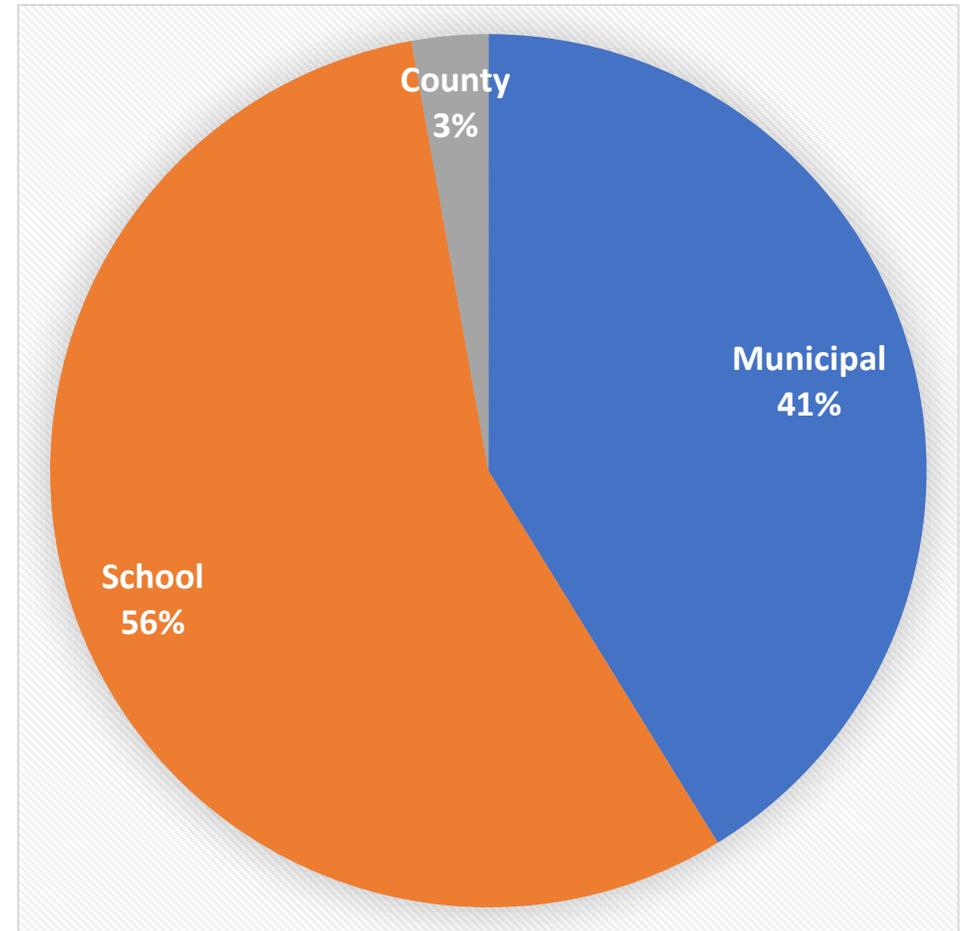
- Needed to find nearly \$3.2 million in cuts/new revenues to meet goal of a tax increase no greater than 1%
- Found \$630,000 in new revenues
  - *Ex. Use of fund balance (+\$204,000) and reserves (+\$87,400) for one-time purchases*
  - *Ex. Increased investment income projections (+\$200,000)*
  - *Ex. Increased excise tax revenue projections (+\$100,000)*
- Made \$2.6 million in reductions...
  - *Ex. Did not fund all 9.5 new position requests (-\$934,260)*
  - *Ex. Did not fund Affordable Housing Committee request (-\$300,000)*
  - *Ex. Although paving increased slightly, significantly reduced the ask from PW for added paving and sidewalk work (-\$720,000)*

# FY26 Total Budget (All Funds)

	FY25 Adopted	FY26 Proposed	\$ Change (FY25-26)	% Change (FY25-26)
<b>General Fund</b>				
Municipal	\$50,157,577	\$53,939,304	\$3,781,727	7.5%
School	\$69,354,601	\$73,193,724	\$3,839,123	5.5%
County	\$3,417,895	\$3,682,610	\$264,715	7.7%
<b>Sewer Fund (Enterprise)</b>	\$7,942,799	\$8,442,663	\$499,864	6.3%
<b>Special Revenue Funds</b>	\$3,045,654	\$712,622	(\$2,333,032)	(76.6%)
<b>TOTAL</b>	<b>\$133,918,526</b>	<b>\$139,970,923</b>	<b>\$6,052,397</b>	<b>4.5%</b>

# FY26 General Fund Expense Shares

- **School Share (56%):**  
To be presented by the Superintendent (4/8 or 4/15), Council only controls bottom line amount
- **County Share (3%):**  
County budget assessed across all Cumberland County communities based on valuation
- **Municipal Share (41%):**  
Major focus of this presentation



# FY26 Municipal Budget Highlights

- Increased Senior Property Tax Relief program funding
- Funding for PFAS-free Firefighter personal protective equipment
- Bus merger with Metro saved South Portland over \$100,000
- Additional planting for 30-40 more trees beyond normal
- Upgrades for Police tasers, as well as body-worn and in-dash cameras

# FY26 Municipal Budget Highlights

- Funding for a modest board/committee recognition event
- Additional cyberattack prevention funding in IT budget
- Additional training for our Code Enforcement staff to help ensure their proficiency and make them better equipped to deal with the public in a more expedient manner
- Modest expansion of our print and digital library collections

# FY26 Municipal Budget Highlights

- Funding for Streetscan, which updates our pavement condition index to help us know where to best allocate our limited highway budget resources to reduce costs in the longer term
  - Modest increase in paving funding
- NOTE: Initially the budget called for adding a Bike Share program similar to Portland to help reduce vehicle use/congestion – aside from an upfront cost of \$20,000, the program would have been be paid for and managed by a 3rd party
  - Staff will be seeking to have this item REMOVED from the budget proposal – Sustainability staff will continue to work on this program with a goal of re-presenting it during the FY27 budget process

# Revenues – New Growth & Non-Property Tax

- New Growth
  - Assessor estimates at least \$22 million in new growth, which yields \$290,000 in new tax revenue, a portion of which can be used to offset Municipal costs
- Non-Property Tax (Municipal)

	FY25 Adopted	FY26 Proposed	\$	%
Other Taxes (w/o TIF xfer)	\$ 3,174,743	\$ 4,265,292	\$ 1,090,549	34.4%
Licenses and Permits	\$ 1,083,600	\$ 1,119,550	\$ 35,950	3.3%
Intergovernmental	\$ 9,751,872	\$ 9,976,606	\$ 224,734	2.3%
Charges for Services	\$ 3,196,752	\$ 3,547,600	\$ 350,848	11.0%
Fines and Penalties	\$ 146,660	\$ 142,700	\$ (3,960)	-2.7%
Use of Money and Property	\$ 1,228,812	\$ 1,410,243	\$ 181,431	14.8%
Other Sources	\$ 1,262,527	\$ 1,444,503	\$ 181,976	14.4%
Fund Balance	\$ 860,000	\$ 554,000	\$ (306,000)	-35.6%
<b>Total</b>	<b>\$ 20,704,966</b>	<b>\$ 22,460,494</b>	<b>\$ 1,755,528</b>	<b>8.5%</b>

# Revenues - Fund Balance

- Fund Balance (Municipal)
  - Fund Balance is the difference between total City assets and its liabilities
  - A component of Fund Balance is Unassigned, which is available for use (i.e., not assigned for any other use)
  - City Policy requires maintaining a minimum Unassigned Fund Balance of 9% of General Fund budgeted expenditures, with a goal of maintaining 12%
  - City Policy also states that any amounts over 12% may be used for one-time expenditures, such as capital improvement projects

# Revenues - Fund Balance

- Fund Balance
  - As of 6/30/24, Unassigned Fund Balance was \$18.5 million (14.8% of expenditures)
  - Use of Unassigned Fund Balance FY26:
    - \$350,000 toward Operating Budget (down from \$410,000 in FY25, \$500,000 in FY24, and \$950,000 in FY23)
    - \$204,000 toward one-time budget expenses
    - \$2.33 million toward FY26 Capital Improvement Plan (CIP)
    - TOTAL: \$2,884,800
  - Brings balance down to \$15.6 million = 12.4% of overall proposed budget

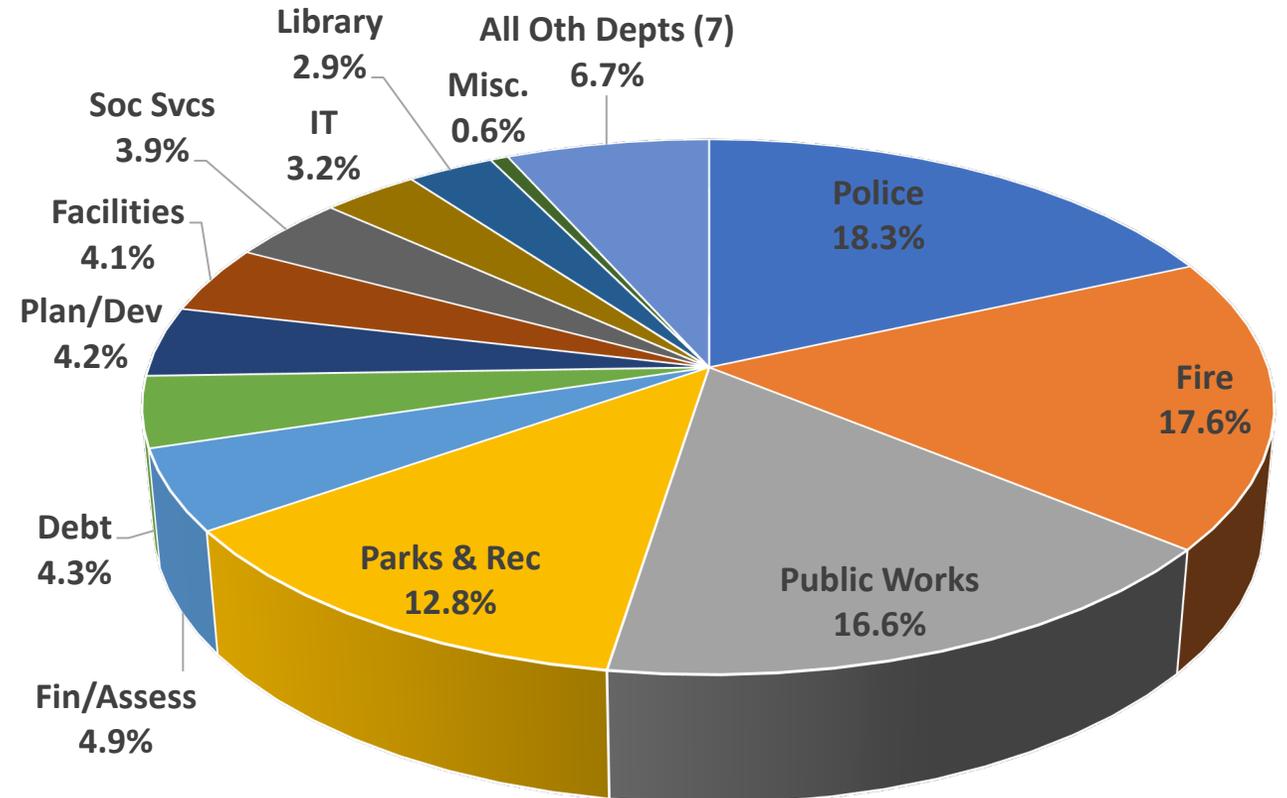
# FY26 Municipal Expenditures – By Dept

- As a percent of the Municipal General Fund Budget:

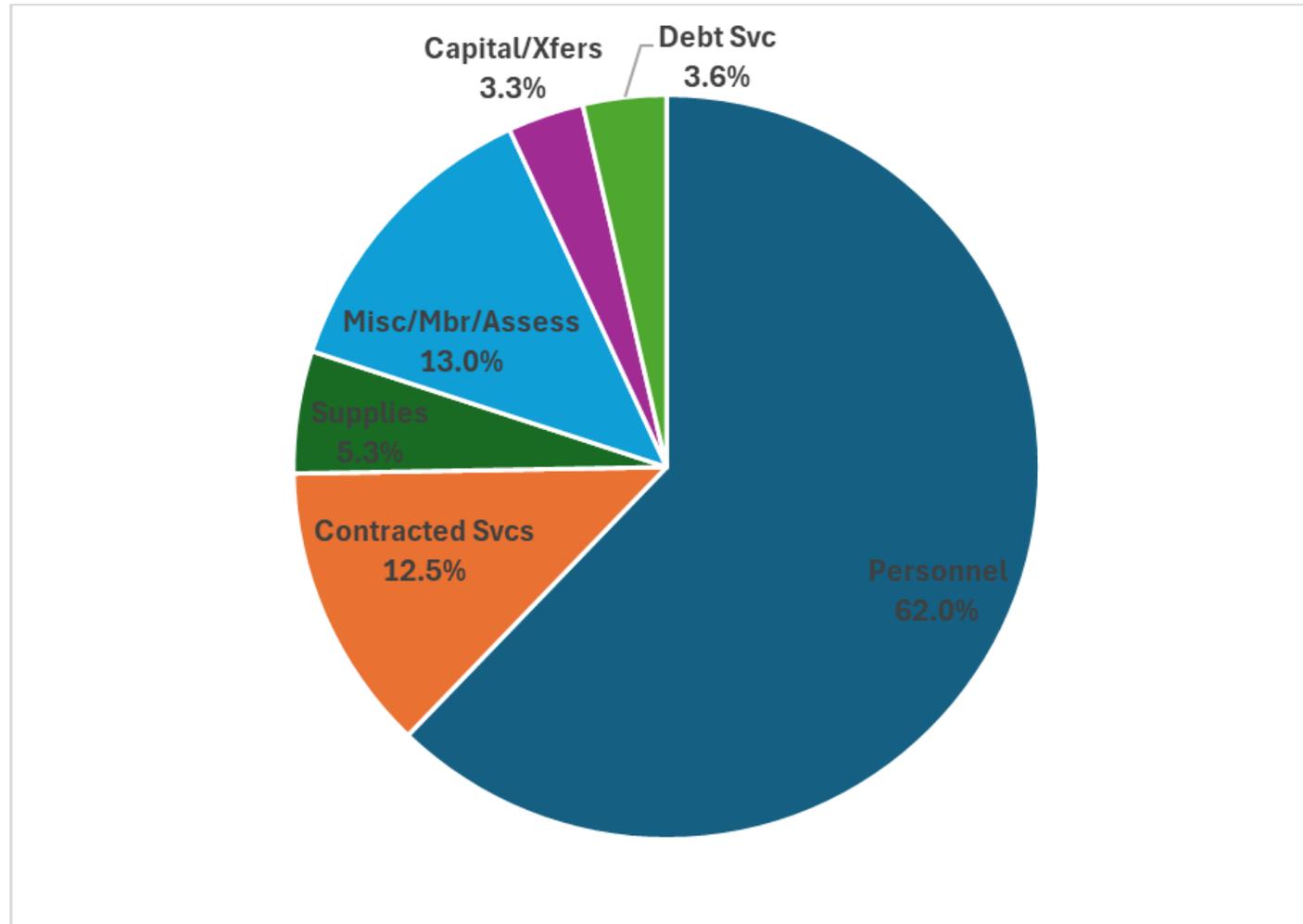
• Police*	18.3%
• Fire/EMS*	17.6%
• Public Works	16.6%
• Parks, Rec, Waterfront	12.8%
• All Other (15)	34.7%

\* Includes 50% of cost for Portland Regional Communication Center (Dispatch)

NOTE: All depts include benefits & insurances



# FY26 Municipal Expenses – By Category



# Calculating Needs from Taxes/Tax Rate

- Budgetary needs from property taxes are determined as follows:

$$\text{EXPENSES} - \text{NON-PROPERTY TAX REVENUES} = \text{NEEDS FROM PROPERTY TAXES}$$

Category	Expenses	Less Non-Property Tax Revenues	Needs from Property Taxes
School	\$73,193,724	- \$17,025,216	= \$56,168,508
Municipal	\$53,939,304	- \$22,460,494	= \$31,478,810
County	\$3,682,610	- \$0	= \$3,682,610
<b>TOTAL</b>	<b>\$130,815,638</b>	<b>- \$39,485,710</b>	<b>= \$91,329,928</b>

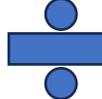
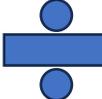
# Calculating Needs from Taxes/Tax Rate

## Total Needs from Taxes

	<u>FY25 Adopted</u>	<u>FY26 Proposed</u>	<u>\$ Change (FY25-26)</u>	<u>% Change (FY25-26)</u>
<b>Municipal</b>	\$ 30,253,669	\$ 31,478,810	\$ 1,225,141	4.0%
<b>School</b>	\$ 52,950,243	\$ 56,168,508	\$ 3,218,265	6.1%
<b>County</b>	\$ 3,417,895	\$ 3,682,610	\$ 264,715	7.7%
<b>TOTAL</b>	\$ 86,621,807	\$ 91,329,928	\$ 4,708,121	5.4%

# Calculating Needs from Taxes/Tax Rate

- Tax rate determined as follows:

Budget Needs from Taxes	\$91,329,928
 Total Taxable Value	 \$6,647,010,771*
 Tax Rate	 \$0.01374

This rate is then multiplied by 1,000 to get the tax rate per thousand of assessed value, which in this case  $\$0.01374 \times 1,000 = \$13.74$

*\*Estimate. Total valuation won't be known until Assessor completes his valuation work in mid-July*

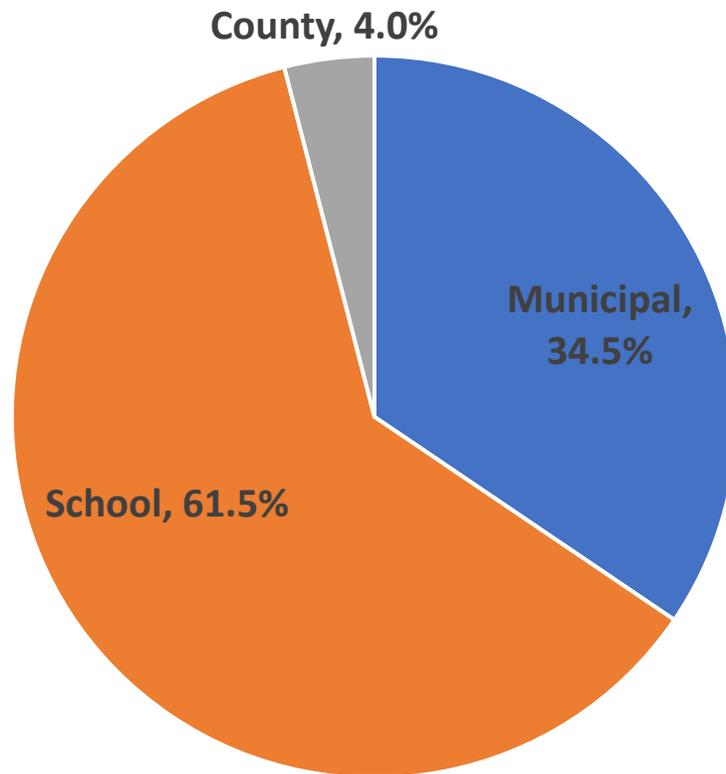
# Calculating Needs from Taxes/Tax Rate

## Share of Property Tax Rate Increase

	<u>FY25 Adopted</u>	<u>FY26 Proposed</u>	<u>\$ Change (FY25-26)</u>	<u>% Change (FY25-26)</u>	<u>Impact to Tax Rate</u>
<b>Municipal</b>	\$ 4.61	\$ 4.74	\$ 0.13	2.8%	0.98%
<b>School</b>	\$ 8.07	\$ 8.45	\$ 0.38	4.7%	2.88%
<b>County</b>	\$ 0.52	\$ 0.55	\$ 0.03	5.8%	0.23%
<b>Total</b>	<b>\$13.20</b>	<b>\$13.74</b>	<b>\$0.54</b>	<b>4.1%</b>	<b>4.09%</b>

# Property Tax Rate

## Percentage Shares of FY26 Tax Rate



Category	FY25	FY26	Change FY25-26
School	61.1%	61.5%	+0.4%
Municipal	34.9%	34.5%	-0.4%
County	3.9%	4.0%	+0.1%

# For Every \$1 Paid in Property Taxes...



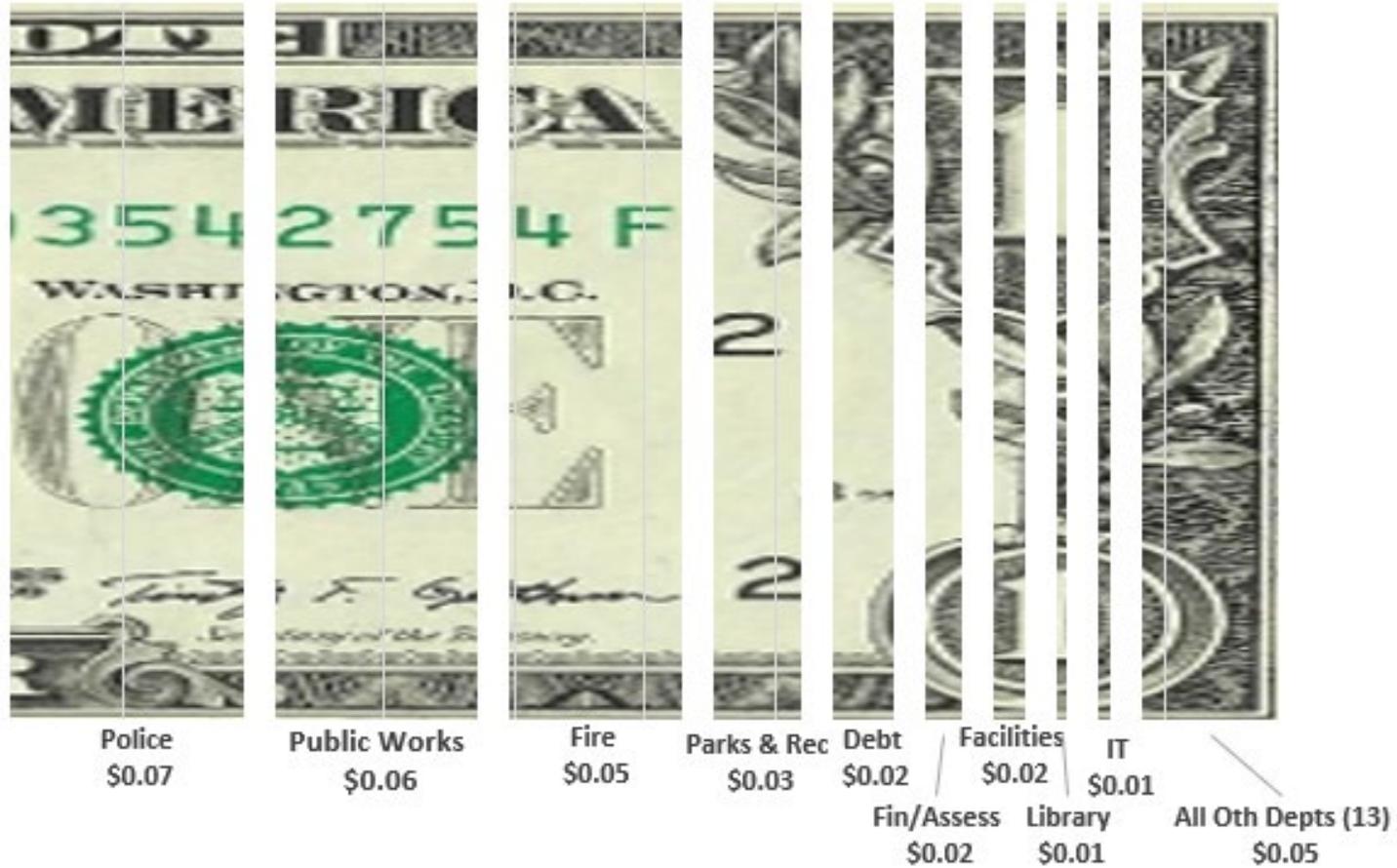
School  
\$0.62

County  
\$0.04

Municipal  
\$0.35

*Actual School share (\$0.615) and Municipal share (\$0.345) rounded up*

# For Every \$0.35 Paid in Property Taxes...



*Amounts rounded*

# On the Average Tax Bill

- At a \$482,000 average home value and new \$13.74 tax rate, \$6,623 is the new average tax bill for FY26
  - School: \$4,073
  - County: \$265
  - Municipal: \$2,285

# On the Average Tax Bill

- Here is what the average taxpayer would save by eliminating the following from the Municipal share of the tax bill (\$2,285)

<u>Dept</u>	<u>Savings if Eliminated</u>	<u>Dept</u>	<u>Savings if Eliminated</u>
Police	\$ 470.20	HR	\$ 45.36
Public Works	\$ 413.10	Executive	\$ 42.39
Fire	\$ 362.04	Planning/Dev/Codes	\$ 41.14
Parks & Rec	\$ 207.19	Social Svcs/Health	\$ 29.21
Debt	\$ 165.07	Sustainability	\$ 24.66
Fin/Assess	\$ 119.35	Contingency/Resv	\$ 22.80
Facilities	\$ 111.60	City Council	\$ 20.80
Library	\$ 76.38	City Clerk	\$ 10.94
IT	\$ 75.81	Legal	\$ 10.76
Metro (Bus)	\$ 50.67		

# FY26 Tax Rate Impact

	Without Homestead Exemption			With Homestead Exemption		
	FY25	FY26	\$ incr	FY25	FY26	\$ incr
<i>Tax Rate per \$1,000</i>	\$13.20	\$13.74		\$13.20	\$13.74	
<i>Homestead value exemption</i>				\$ 25,000	\$ 25,000	
<b>Property Value:</b>						
\$ 200,000	\$ 2,640	\$ 2,748	\$ 108	\$ 2,310	\$ 2,405	\$ 95
\$ 300,000	\$ 3,960	\$ 4,122	\$ 162	\$ 3,630	\$ 3,779	\$ 149
\$ 400,000	\$ 5,280	\$ 5,496	\$ 216	\$ 4,950	\$ 5,153	\$ 203
\$ 482,000	\$ 6,362	\$ 6,623	\$ 260	\$ 6,032	\$ 6,279	\$ 247
\$ 500,000	\$ 6,600	\$ 6,870	\$ 270	\$ 6,270	\$ 6,527	\$ 257
\$ 750,000	\$ 9,900	\$ 10,305	\$ 405	\$ 9,570	\$ 9,962	\$ 392
\$ 1,000,000	\$ 13,200	\$ 13,740	\$ 540	\$ 12,870	\$ 13,397	\$ 527

# FY26 Tax Rate Impact: \$75,000 Homestead

	Without Homestead Exemption			With Homestead Exemption		
	FY25	FY26	\$ incr	FY25	FY26	\$ incr
<i>Tax Rate per \$1,000</i>	\$13.20	\$13.74		\$13.20	\$13.74	
<i>Homestead value exemption</i>				\$ 75,000	\$ 75,000	
<b>Property Value:</b>						
\$ 200,000	\$ 2,640	\$ 2,748	\$ 108	\$ 2,310	\$ 1,718	\$ (593)
\$ 300,000	\$ 3,960	\$ 4,122	\$ 162	\$ 3,630	\$ 3,092	\$ (539)
\$ 400,000	\$ 5,280	\$ 5,496	\$ 216	\$ 4,950	\$ 4,466	\$ (485)
<b>\$ 482,000</b>	<b>\$ 6,362</b>	<b>\$ 6,623</b>	<b>\$ 260</b>	<b>\$ 6,032</b>	<b>\$ 5,592</b>	<b>\$ (440)</b>
\$ 500,000	\$ 6,600	\$ 6,870	\$ 270	\$ 6,270	\$ 5,840	\$ (431)
\$ 750,000	\$ 9,900	\$ 10,305	\$ 405	\$ 9,570	\$ 9,275	\$ (296)
\$ 1,000,000	\$ 13,200	\$ 13,740	\$ 540	\$ 12,870	\$ 12,710	\$ (161)

If the legislature approved a bill to increase the Homestead Exemption from \$25,000 to \$75,000 and funded the lost revenue to municipalities, instead of a \$247 tax INCREASE, the average Homesteader would see a \$440 tax DECREASE, for an overall net savings of \$687!

# Tax Rate Comparisons

- Whether taxes have increased too much is a subjective question, but there are several objective measures to help determine whether South Portland's tax rate and tax increases are consistent with or out of sync with other communities/metrics
  - Looking at one measure alone won't tell the whole story, but looking at several data points together provides a good picture of where we are at in terms of tax burden
- Five comparators
  1. Tax rate change vs Consumer Price Index.
  2. Tax rates and median tax bills for abutting communities.
  3. Change in needs from property taxes for abutting communities over time.
  4. Tax rates and median tax bills for similar sized communities.
  5. Full Value Tax Rate comparisons.

# Tax Rate Comparison: Consumer Price Index

- The Consumer Price Index (CPI) is “a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.”
  - In other words, it measures inflation
  - CPI-U is the CPI for all urban consumers, and represents about 87% of the total U.S. population and is based on the expenditures of all families living in urban areas
    - City uses CPI-U (Northeast) as best match for inflation in New England region
- CPI-U (Northeast) in 2024: 3.4%
- Proposed 4.1% tax rate increase is slightly higher than CPI-U (Northeast)

# Tax Rate Comparison: Abutting Communities

- SP ranks in the middle in terms of tax rate and median tax bill – two communities are higher, and two communities are lower

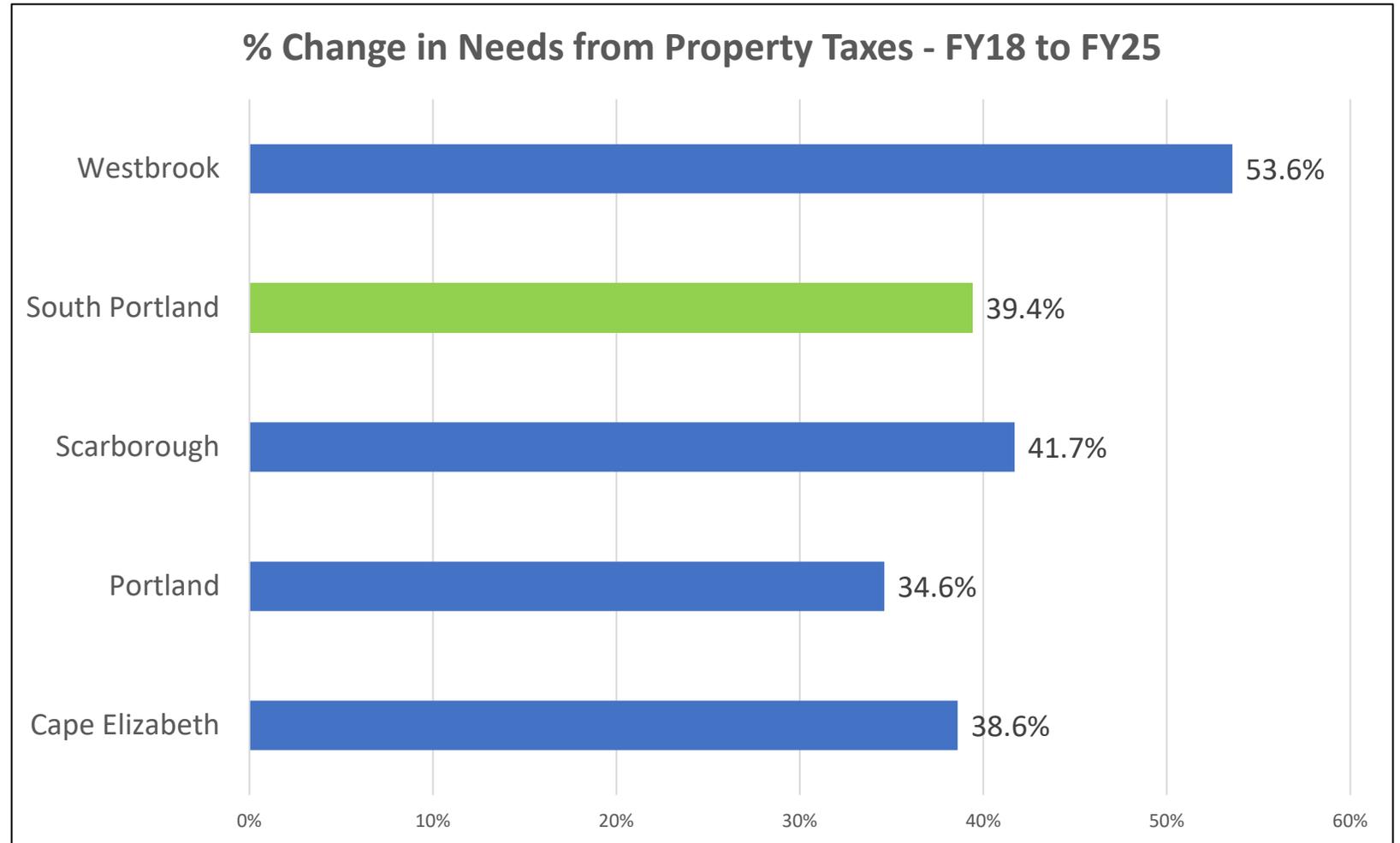
Community	Tax Rate	Median Home Value	Median Tax Bill
Cape Elizabeth	\$ 11.00	\$ 722,900	\$ 7,952
Portland	\$ 15.01	\$ 393,600	\$ 5,908
<i>South Portland</i>	\$ 13.20	\$ 482,000	\$ 6,362
Scarborough	\$ 10.93	\$ 610,200	\$ 6,669
Westbrook	\$ 14.75	\$ 330,000	\$ 4,868
<b>MEDIAN</b>	<b>\$ 13.20</b>	<b>\$ 482,000</b>	<b>\$ 6,362</b>
<b>DIFFERENCE (\$)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>DIFFERENCE (%)</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>

- We are the median

*At the \$13.74 rate, South Portland would still be in the middle (median) even if all other communities remained flat (unlikely)*

# Tax Rate Comparison: Needs from Property Taxes

- Compared to abutting communities, South Portland ranks in the middle (median) for the percent change in property taxes raised between FY18 to FY25
  - Westbrook and Scarborough increased *more*
  - Cape and Portland increased *less*



# Tax Rate Comparison: 10 Largest Communities

- SP 4<sup>th</sup> largest community (pop.)
- SP tax rate ranks second lowest, or \$4.80 less than the average of largest communities
- SP median tax bill is \$45 (0.7%) more than the average

Fiscal Year 2025 Tax Rates - South Portland & 10 Largest Communities			
Community	Tax Rate	Median Home Value	Median Tax Bill
Auburn	\$ 22.25	\$ 254,600	\$ 5,665
Bangor	\$ 18.55	\$ 270,000	\$ 5,009
Biddeford	\$ 14.22	\$ 349,300	\$ 4,967
Brunswick	\$ 23.85	\$ 343,600	\$ 8,195
Lewiston	\$ 31.77	\$ 130,000	\$ 4,130
Portland	\$ 15.01	\$ 393,600	\$ 5,908
Saco	\$ 14.05	\$ 420,000	\$ 5,901
Sanford	\$ 16.14	\$ 257,200	\$ 4,151
Scarborough	\$ 10.93	\$ 610,200	\$ 6,669
South Portland	\$ 13.20	\$ 482,000	\$ 6,362
<b>AVERAGE</b>	<b>\$ 18.00</b>	<b>\$ 351,050</b>	<b>\$ 6,318</b>
<b>DIFFERENCE (\$)</b>	<b>\$ (4.80)</b>	<b>\$ 130,950</b>	<b>\$ 45</b>
<b>DIFFERENCE (%)</b>	<b>-26.7%</b>	<b>37.3%</b>	<b>0.7%</b>

Values **highlighted** are from US Census. All others from Assessors Office of respective communities.

At the proposed \$13.74 rate for FY26, South Portland would still have the second lowest tax rate even if all other communities remained flat (unlikely)

# Tax Rate Comparison: Full Value Tax Rate

- Full Value Tax Rate Data (from State of Maine)
  - The “full value” tax rate (FVTR) represents an estimate of what a tax rate would be if a municipality’s assessed valuations were at 100%. Many municipalities assess below 100% for a variety of reasons, including South Portland. Ultimately, the FVTR helps to make a limited comparison of what a property in one municipality would pay for taxes to a property of equal value in another municipality.
- South Portland’s FVTR is
  - \$0.21 less than the average of all communities in Cumberland County
  - \$1.30 less than the average of all communities in Maine

Community	Tax Rate
South Portland	\$ 14.14
Cumberland County (Avg)	\$ 14.35
State of Maine (Avg)	\$ 15.44

*NOTE: This is 2023 data, the most recent from the State*

# FY26 Tax Rate Recap

- Overall increase is slightly above the CPI-U for 2024 (4.1% v 3.4%)
  - Municipal share of the increase is well below the CPI-U (0.98% v 3.4%)
  - School share of the increase is slightly below the CPI-U (2.88% v 3.4%)
  - County share of the increase is well below the CPI-U (0.22% v 3.4%)
- Tax rate is in the middle when compared to our four abutting communities, and is second lowest when compared to 10 largest communities in Maine
  - Ranks in the middle when comparing the change in needs from property taxes between FY18 and FY25 to four abutting communities

# FY26 Tax Rate Recap

- Median tax bill is in the middle when compared to our four abutting communities, and is *less than one percent* higher than the average of the top 10 largest communities in Maine
- Equalized tax rate is slightly below the County average and well below the State average

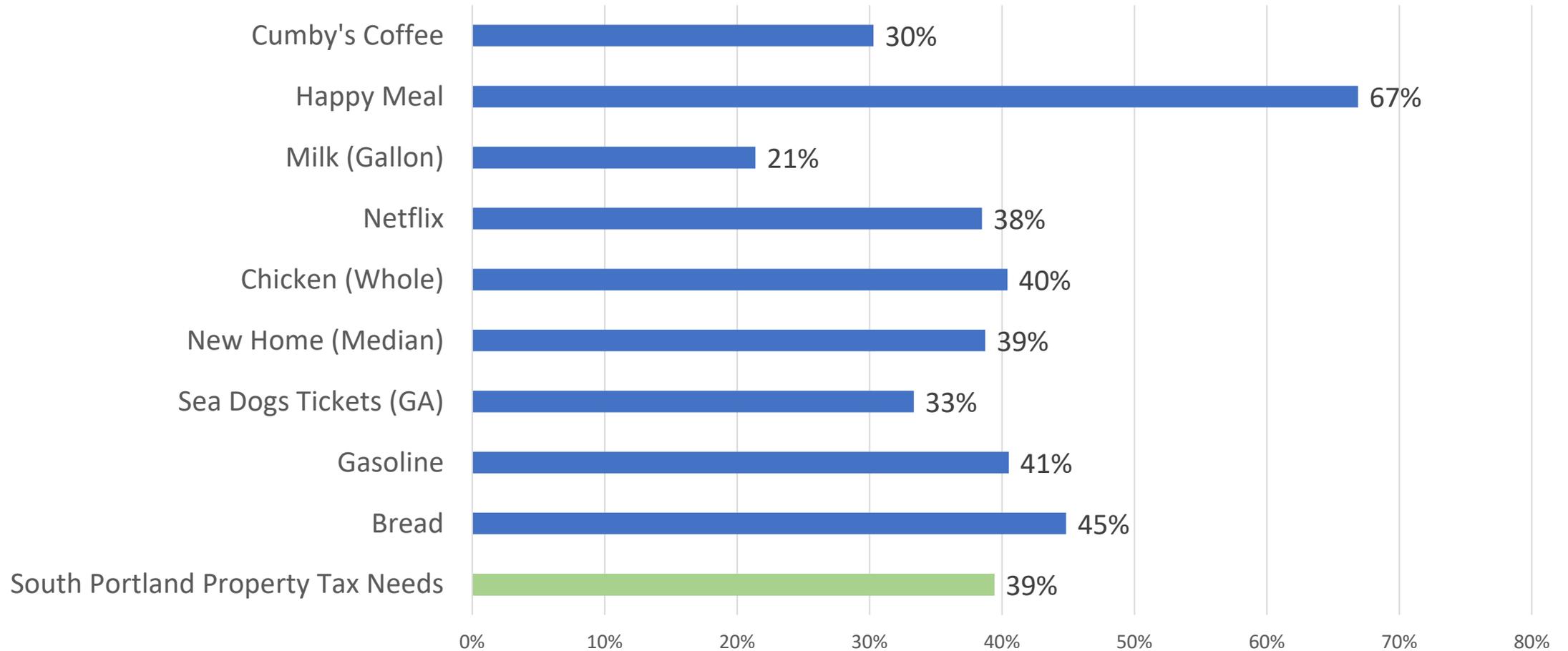
# FY26 Tax Rate Recap

Comparator	Below	Same/Median	Higher
CPI-U			X
Tax Rate - Abutting		X	
Tax Rate - 10 Largest	X		
Needs from Taxes - Abutting		X	
Median Tax Bill - Abutting		X	
Median Tax Bill - 10 Largest			X
Equalized Tax Rate - County	X		
Equalized Tax Rate - State	X		
<b>TOTALS</b>	<b>3</b>	<b>3</b>	<b>2</b>

*All of these metrics suggest South Portland's tax rate/tax bills are in line with other communities and that there has been an ongoing mindfulness to keep the mil rate in check*

# One Last Thing About SP Taxes ...

% Change in Cost - Select Items - 2017 to 2025



# Property Values

- Recently, many communities, including South Portland, have had to adjust property values pursuant to Maine's Constitution
- Although commercial and residential values are increasing, residential value percentage increases have outpaced commercial/industrial
- Adjusting property values does not increase the amount of taxes collected by a community, but it does impact which groups bear more or less responsibility of the overall tax burden
- In 2024, many residential property owners generally saw value increases of 20-30% due to this shift, even with the reduction in the mill rate

# Property Values

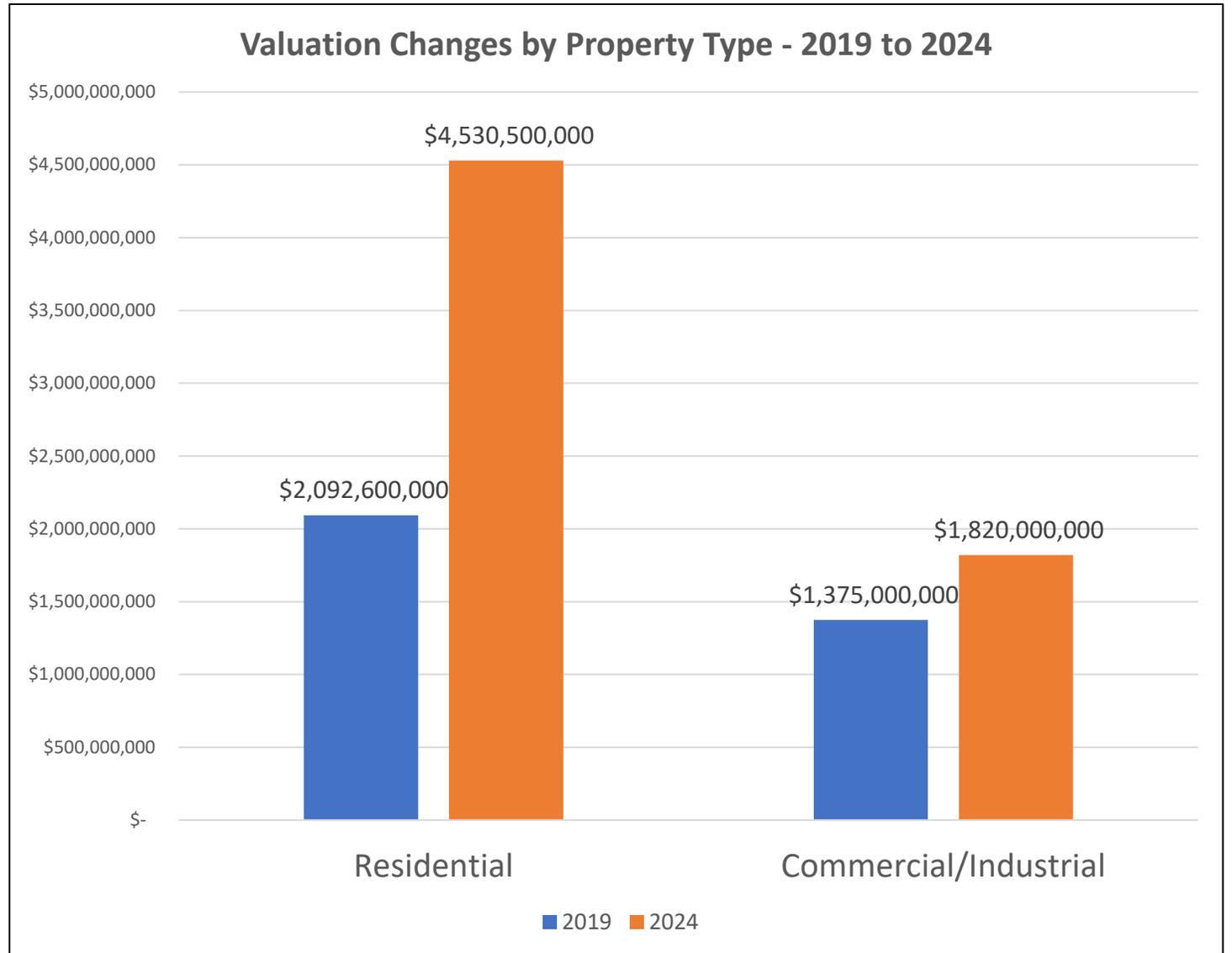
Value Changes by Type  
(2019-2024)

Residential:

\$2.1 billion to \$4.5 billion

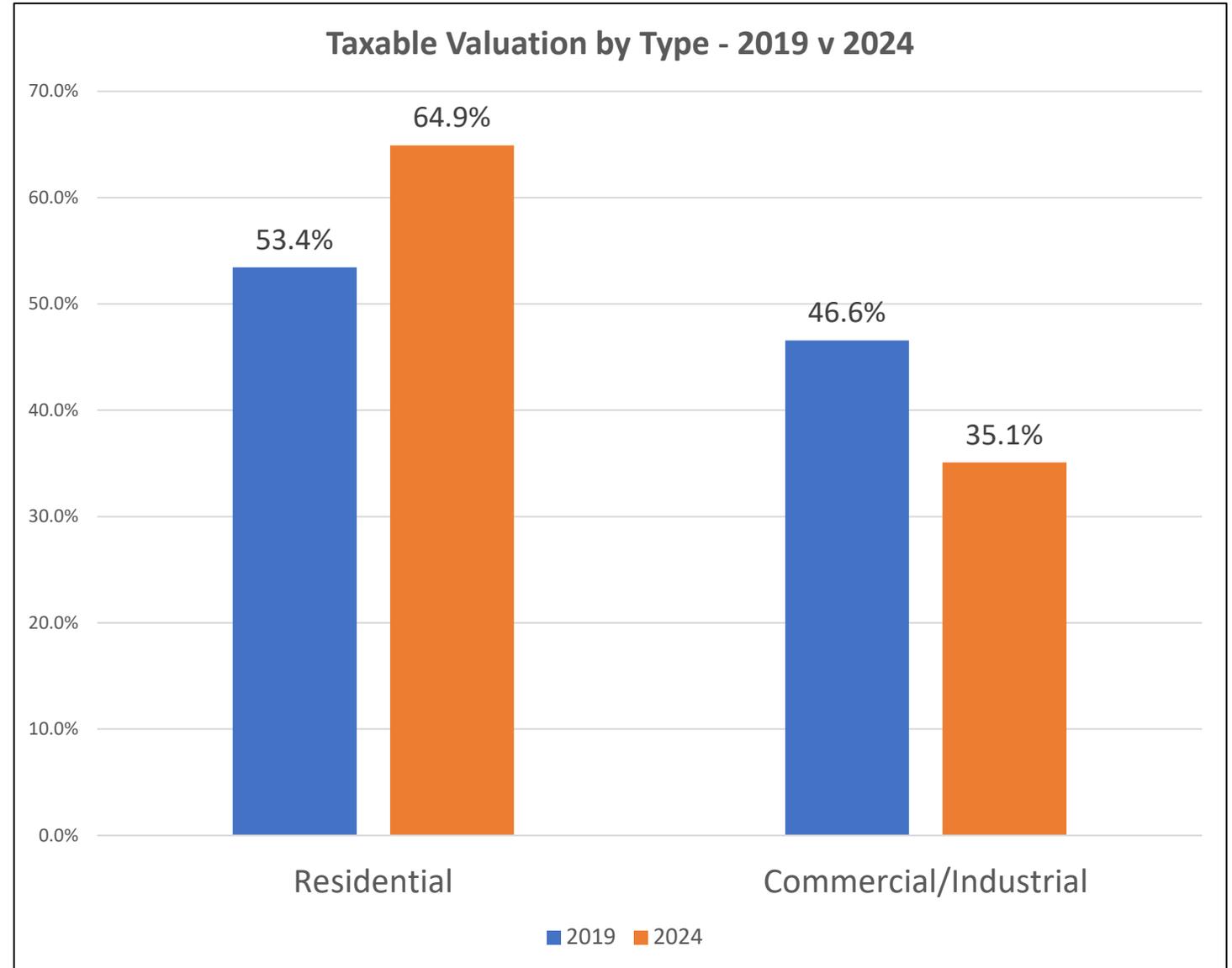
Commercial/Industrial:

\$1.4 billion to \$1.8 billion



# Property Values

- Like in other communities, the skyrocketing prices paid for residential properties outpaced more moderate increases in and the post—pandemic recovery of commercial/industrial values
- This resulted in a shift of the property tax burden away from commercial and more onto residential.



# Property Values

- This shift is NOT unique to South Portland – many communities are seeing tax shifts from commercial to residential
- In order to have prevented the shift that occurred between 2019-24, South Portland would have needed (not factoring in BETE revenue):
  - 13 TIMES the number of hotels that we currently have (from 24 to 312); OR
  - Eleven (11) new Maine Malls; OR
  - 2,133 new businesses valued at \$1 million each

# Property Values

- **In 2025, we will NOT see the level of shift that occurred last year**
- We will see tweaks to certain properties, as is typically the case, so some property owners may see increases greater than 4.1%, while others will see less, but it will be nothing like catch-up effect from 2024

# FY27 Outlook

- Several looming expenses, including:
  - Union negotiations with two Fire unions for contracts starting 7/1/26
  - Although less than FY25, the FY26 budget utilizes one-time revenue for ongoing expenses
    - \$350,000 in fund balance (can continue if sufficient fund balance next year)
    - \$124,482 in ARPA funds (ARPA funds will NOT be available in FY27)
  - Regardless of whether City voters choose to utilize Mahoney as a consolidated City Hall or not, the City faces tens of millions in deferred maintenance and future needs renovations to several City buildings, including Central Fire, Police, Library, the Hamlin School, and City Hall

# FY27 Outlook

- Several looming expenses, including (continued):
  - Although not part of the tax rate, the Pearl St Pump Station project will add significant debt (up to \$50 Million?) to the Water Resource Protection (WRP) budget. WRP is funded by the sewer fee, which will see a significant increase as a result of the debt service payments needed to fund the bonding for this project (more on this project at the April 8 budget workshop)

# FY26 Sewer User Fund (Enterprise)

- FY25: \$7,942,799
- FY26: \$8,442,663 (+6.3%)
- Does not rely on property tax dollars – funded primarily by sewer user fee
- Sewer rate will increase from \$7.16/hcf to \$7.38/hcf (3.1% increase)
  - HCF = hundred cubic feet
  - 1 HCF = 748 gallons
  - The average American uses 80-100 gallons of water per day
  - \$26.40 annual increase to average homeowner

# FY26 Sewer User Fund (Enterprise)

- As noted in prior budgets and in a presentation by the WRP director last summer, the Pearl St Pump Station project is a major cost driver in the near future
  - Is necessary to prevent the failure of aging pumps and associated equipment and replace a 50 year old critical sewer line that serves the entire western half of the City
  - Estimates range from \$30 - \$50 million +
  - Debt can be phased in
  - More from WRP Director at April 8 workshop and future informational meetings (and on website)

# FY26 Special Revenue Funds

	FY25	FY26	\$ Change	% Change
	<u>Adopted</u>	<u>Proposed</u>	<u>(FY25-26)</u>	<u>(FY25-26)</u>
<b>Golf Course</b>	\$190,942	\$211,187	\$20,245	10.6%
<b>Community Television</b>	\$318,552	\$341,268	\$22,716	7.1%
<b>Street Openings</b>	\$88,862	\$160,167	\$71,305	80.2%
<b>Bus Service</b>	\$2,447,298	\$0	(\$2,447,298)	(100%)
<b>Total</b>	<b>\$3,045,654</b>	<b>\$712,622</b>	<b>(\$2,333,032)</b>	<b>(76.6%)</b>

*In December 2024 the City merged its bus service with Metro and so their charges for this service is shown as a special assessment (similar to the County tax). The City is saving over \$100,000 in FY26 due to this merger.*

# FY26 Capital Improvement Program (CIP)

- Prioritizes in an orderly fashion both short and long-range plans for land acquisition, equipment replacement, and capital construction projects over a several year period to help maximize use of public funds
- First year of program (in this case FY26) represents the proposed capital budget for that fiscal year
- Requests made by departments and evaluated by City Manager and Finance Director for prioritization based on City critical objectives, Council and department priorities, Comp Plan, special studies/reports, and anticipated funding sources

# Number of CIP Requests (FY26)

- Eight City departments requested 57 items in FY26 totaling \$60,984,225. 42 of these requests relied either in whole or in part on \$3,849,800 in proposed use of General Fund Balance
  - Only have \$2.4 million available for CIP items to keep fund balance at top end (12%) of policy range (9-12%)
- Cut 12 and partially funded two of these projects to save over \$1.5 million and utilized other sources of funding to pay for others

# FY26 CIP Highlights

- Community Center boiler (\$78,000), Roof HVAC (\$250,000), and Heating Controls (\$50,000)
- Portland St Pier (\$30,000)
- Traffic Signal Preemption System for Public Safety Vehicles (\$280,000)
- Bug Light Fence Replacement (\$50,000)

# FY26 CIP Highlights

- Bucket Truck Replacement (\$300,000)
- Pleasantdale Playground (\$250,000)
- Single Axle Dump Truck w/ Plow Gear (\$275,000)
- Sidewalk Machine (\$215,000)

# FY26 CIP Highlights

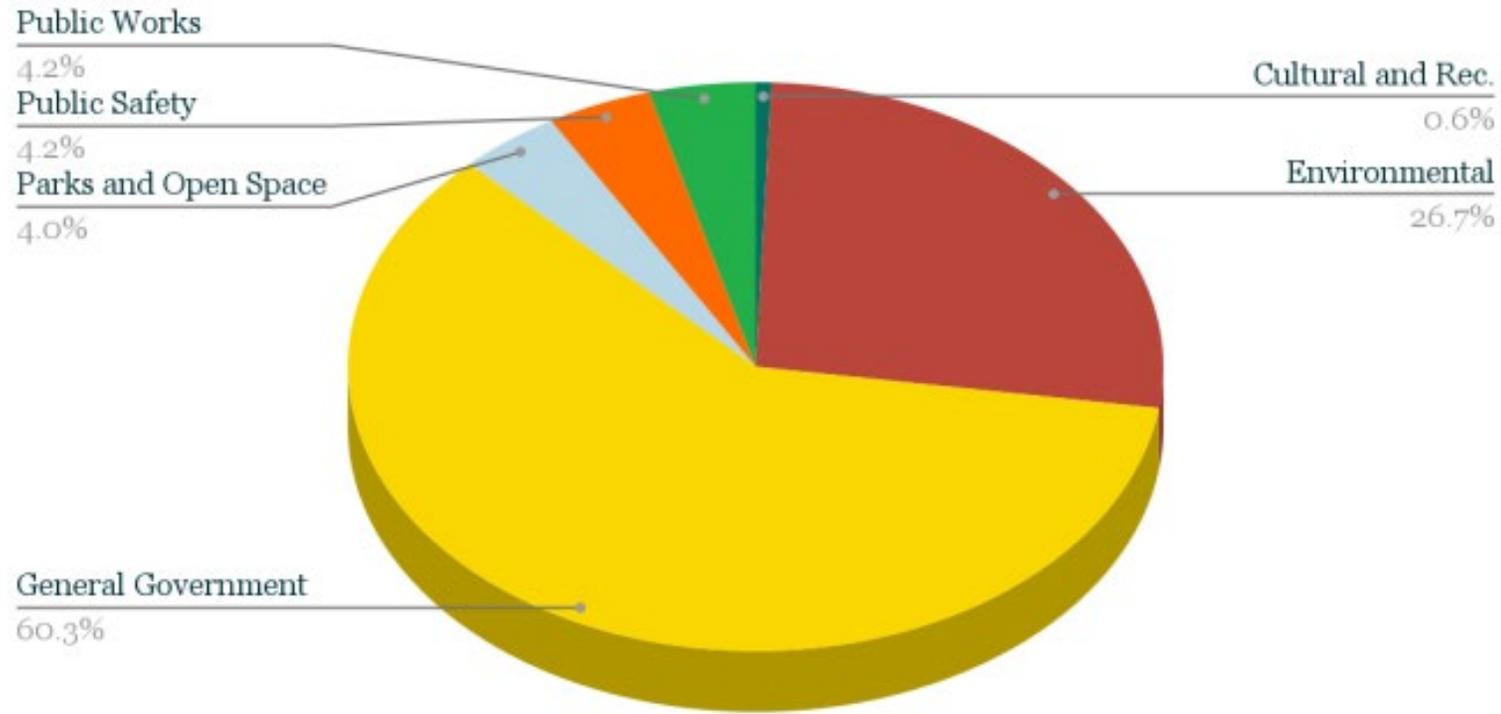
- PACTS Project – Broadway/Pickett (\$1,175,000)
- Running Hill Rd Sidewalk (\$200,000)
- Front, Preble, Henley, Stanford St Project (\$529,000)
- Lincoln St Shared Use Path (\$2,125,000)

# FY26 CIP Highlights

- Main St Pump Station Generator Replacement Eval & Design (\$489,225) & Force Main Replacement Construction (\$1,600,000)
- Pearl St Pump Station Upgrades/Construction (\$49,160,000)
- Sewer Lining Program (\$250,000)
- Willard Beach Pump Station Electrical Upgrade (\$250,000)

# FY27-32 CIP

Functional Areas	Forecasted Project Costs
Cultural and Recreational Facilities	\$850,000
Environmental Protection	\$36,790,000
General Government	\$83,034,000
Parks and Open Space	\$5,535,000
Public Safety	\$5,717,800
Public Works and Transportation	\$5,815,000
<b>Total</b>	<b>\$137,741,800</b>



# FY27-32 CIP

By Functional Area

# FY26 Budget Documents

## MUNICIPAL BUDGET DOCUMENTATION

### Budget Documentation

- [Capital Improvement Programs](#)
- [Annual Budgets](#)

### Financial Reports for the City of South Portland

- The [Annual Comprehensive Financial Report](#) (ACFR) is the audited financial statements of the City. The statement is compiled from a review by a certified accounting firm utilizing Governmental Accounting Standards Board (GASB) requirements.
- The City receives a significant amount of federal grant funding each year so is required to comply with Federal rules related to audit requirements. A non-Federal entity that expends \$750,000 or more in Federal awards during the entity's fiscal year must have a single audit conducted for that year. Formerly known as the "A-133 Audit", it is now titled the [Uniform Guidance Financial Report](#).
- Maine requires the annual financial audit to include a verification of the information schools submit to the State Department of Education regarding their expenditures. This information is transmitted electronically through the State's NEO system, which is reconciled to the school's accounting records by the auditors. [School Statement of Assurances](#)

<https://www.southportland.gov/369/Municipal-Budget-Documentation>

www.southportland.gov -> Government ->  
Municipal Budget Documentation

# FY26 Budget Timeline

- Tuesday, April 8: Budget Workshop #1

1. Schools
2. Parks, Recreation & Waterfront and Golf Course
3. Library
4. Sustainability
5. City Clerk
6. Water Resource Protection
7. IT
8. SPCTV
9. Economic Development
10. Code Enforcement
11. Planning
12. Review/Confirm “Parking Lot” Items

*Est. 15 minutes each, perhaps less for smaller departments and more for larger, but no set times*

# FY26 Budget Timeline

- Tuesday, April 22: Budget Workshop #2

1. Public Works
2. Facilities/Energy
3. Fire
4. Police/Dispatch
5. HR/Benefits
6. Social Services/General Assistance
7. Finance/Assessing
8. City Council
9. Executive
10. Legal
11. Other - Health, Contingency/Reserves, Liability Insurance, Debt Service, County Tax
12. Review/Confirm "Parking Lot" Items

*Est. 15 minutes each, perhaps less for smaller departments and more for larger, but no set times*

# FY26 Budget Timeline

- **Tuesday, May 6:** Public Hearing/Council Approval of School Budget
- **Tuesday, May 13:** Final Budget Workshop (“Parking Lot” Items)
- **Tuesday, June 10:** School Budget Referendum
- **Tuesday, June 17:** Final Budget Approval

# FY26 Budget

- My thanks to department heads for presenting responsible budgets
- Special thanks to Finance Director Ellen Sanborn, Deputy Finance Director Rhonda Glidden, and Management and Special Projects Associate Draven Walker, for the months of work they have put into these budgets



CITY OF  
**SOUTH  
PORTLAND**