



April 7, 2026

To: Town Council

From: Diana H. Asanza, Town Manager

FY 2027 Initial Budget Presentation

FY 2027 Budget Recommendations Overview

Tonight, I'm pleased to present an overview of the Town Manager's FY 2027 budget recommendations. This year's proposal reflects the continued commitment to maintaining high-quality municipal services, supporting staff, and making responsible investments in the Town's long-term infrastructure and capital needs.

Department Operations

For the coming fiscal year, we are projecting continued service levels. A significant driver in operating costs is the rise in debt service related to the wastewater upgrade project. That project is now approximately 75 percent complete and remains on schedule for substantial completion by December of 2026.

Personnel

Next, I want to highlight **personnel**, which continues to make up a significant portion of the municipal budget. These costs reflect the

Town's investments in our current workforce, the positions added in FY 2026, and one proposed new position for FY 2027. They also incorporate increases tied to collective bargaining agreements and employee benefits, including health insurance and retirement costs. These investments ensure that we can attract and retain the skilled employees needed to deliver reliable services to the community.

Capital Improvements

Turning to **capital improvements**, the Town has made meaningful progress and with the Council's support, we have continued working steadily on upgrades to roads, sewer and stormwater systems, and sidewalks, as well as ballpark improvements, municipal building improvements, and department equipment. We have also completed improvements at Veterans Memorial Park and the West Grand Public Bathroom.

Looking ahead, we remain focused on climate resiliency. This includes restoring beaches and dunes damaged during the 2024 storm event and conducting a comprehensive marsh assessment in the Ocean Park area. These projects are essential to protecting our shoreline and preparing for future coastal challenges.

Finally, a look at **what's ahead**.

As we continue through the FY 2027 budget process, we will maintain our focus on planning for long-term capital needs, identifying opportunities to reduce costs where possible, and exploring ways to enhance municipal services.

This presentation aligns with the guidance the Council provided this past December: to prepare a budget that maintains existing service

levels, plans responsibly for future capital needs, and remains mindful of the overall tax burden on our residents.

Power Point Slide Presentation

The budget recommendations are based on the following directives and assumptions:

1. Council adopts a budget that is close to the recommendations I present this evening.
2. The York County Tax Assessment projection stays within the proposed amount as we move forward.
3. The RSU School budget is consistent with the projected increase. We will have a better idea of what will be presented to the voters as they progress through their budget process.
4. The proposed Property valuation increase is consistent with the property tax assessment. The Assessing department continues to work on valuation considerations as of April 1st, and this work will continue after the FY 27 budget adoption.

The budget presentation is broken into three parts:

- ❖ Municipal Operating Budget
- ❖ Capital Improvement Budget
- ❖ Non-Property Tax Revenue

Municipal Operating Budget:

The Municipal Operating Budget covers the resources required to support daily departmental operations, meet debt service obligations for financed capital projects, provide the Town's contribution to the Biddeford-Saco-Old Orchard Beach Transit system, and fund the Libby Memorial Library appropriation.

The two most significant components of the Municipal Operating Budget are Wages and Benefits, and Department Operating Costs.

- **Wages and Benefits total \$16,030,095 an increase of 9.5%, or \$1,393,768.**

This category includes funding for three collective bargaining agreements, non-union staff, and seasonal and part-time employees. The primary drivers of these increases are the addition of four new firefighters in FY 2026, the renewal of the Police Union contract, and the projected addition of one new full-time position in FY 2027. On the benefits side, health insurance costs continue to rise, with a projected 10 percent increase for FY 2027.

- **Department Operating Costs total \$6,830,138, an increase of 27.0 %, or \$1,452,994.**

The major factors influencing this category include:

- The first full year of debt service payments—principal and interest—for the Wastewater Treatment Facility Upgrade, resulting in an increase of \$1,355,237.
- A 9.8 percent increase in the Town’s General Liability Insurance premium, or about \$40,000.
- An additional \$63,000 for increase cost of chemicals needed at the wastewater treatment plant.
- A projected decrease of \$35,000 in Public Works equipment repair costs, based on current year-to-date trends, newer equipment, and ongoing maintenance efforts.

○ **Utilities and Fuels \$1,374,025 a slight increase of 2.3% or \$31,225.**

The FY 2027 projections are based on current trends and year-to-date actuals. Because of the ongoing volatility in fuel markets, we have not yet seen the full impact of potential price fluctuations, and future costs for electricity and fuel remain uncertain.

Streetlight expenses continue to trend upward at approximately 5 percent annually; however, the recommended budget for FY 2027 holds this line item level with FY 2026, based on projected actuals. Water hydrant costs are expected to increase by about 8 percent, or roughly **\$29,000**, in FY 2027.

○ **Contracted Services \$3,070,742 an increase of 1.7% or \$51,851**

Most of this reflects standard annual increases in service contracts. However, there are several notable cost changes for FY 2027:

- A **7.8 percent increase**—or **\$23,600**—for the renewal of the downtown summer seasonal cleaning contract. This service covers trash removal downtown, in the Ocean Park Square area, and at beach entrances. The contract also covers sidewalk cleaning, maintenance of the downtown square, and cleaning and upkeep of the Town’s public bathrooms during the summer months.
- An increase of **\$12,800** for updates to the MS4 Program and

GIS program.

- A **7.5 percent increase**—or **\$42,000**—for the regional dispatch service agreement.

- Turning to **Social Services**, the projection for FY 2027 is **\$1,165,300**, which represents a **13.8 percent decrease**, or **\$185,898**:

This category includes: General Assistance, Libby Memorial Library, Biddeford, Saco Old Orchard Beach Transit, contribution to charitable organizations like the local food pantries, and the OOB Senior Property Tax Relief program.

The primary driver of the reduction is General Assistance. I am recommending the use of a budget carryforward from the projected FY 2026 balance to support the FY 2027 budget. The Town's General Assistance administrator has done an excellent job managing emergency support needs while ensuring strict compliance with State GA ordinances.

There are also a few increases within this category, including:

- A **1.3 percent increase**—or **\$6,200**—for the Libby Memorial Library.
- A **12 percent increase**—or **\$37,800**—for BS00B Transit.

For a total **Municipal Operating Budget of \$28,480,000** an increase of \$2,753,640 or 10.7%

This next slide shows the breakdown of the municipal operating budget as a whole with

- Wages and Benefits making up 56%
- Dept Operating Costs making up 24%
- Contracted Services making up 11%
- Utilities and Fuels at 5% and
- Social Services at 4%

Next component is Capital Improvements

Capital Improvement funds support projects that go beyond the Town's day-to-day municipal operations. These expenditures generally involve items with a useful life of ten years or more and typically cost more than \$10,000, although some equipment purchases may fall below that threshold. Capital funds are also used for major infrastructure work, including roads, sidewalks, sewer, stormwater systems, and building construction.

For FY 2027, the projected Capital Improvement Budget is **\$3,027,017**, which reflects an **11.4 percent decrease**, or **(\$391,042) less**, as compared to last year. It represents a conservative level of investment that addresses the Town's most essential priorities.

At this time, the Finance Committee has met with each department and is finalizing its recommendations for Council's consideration.

The capital improvement funds include the following departments:

- Administration

- Recreation
- Public Safety
- Wastewater Facility
- Public Works

Administration

has requested a total of **\$557,600**, an increase of **\$292,600**. This includes IT system upgrades, improvements to Town Hall—including a new office space for General Assistance—and the annual contribution to the Building Reserve account.

Recreation has requested \$33,200, a \$271,800 decrease from the prior year. This request includes improvements to the Recreation utility garage, which is used for equipment storage and as a beverage concession area during summer concerts and events.

Public Safety, which includes both the Fire and Police Departments, has a combined request of **\$335,977**, a **decrease of \$96,531** from the current year's CIP budget. Requests include firefighter turnout gear, cardiac monitor replacements, fire facility improvements, a new police vehicle, new parking meter kiosks, and a Parking Enforcement vehicle.

Wastewater has requested **\$52,900**, a **decrease of \$50,476**, which includes equipment for the crane truck and replacement of the facility's utility terrain vehicle.

Public Works capital improvements request is \$2,047,340 (decrease over last year of \$264,835). This includes ongoing infrastructure improvements—sidewalks, sewer systems, stormwater systems, and

road work—as well as the replacement of two pieces of operating equipment.

This next slide shows the capital investments over the last 5 years and the proposed investment for the next fiscal year.

The next component is **Non – Property Tax Revenue:**

This classification of revenue includes all other funding sources that help offset funding from property taxes.

The total projection for FY 27 is \$8,351,725, a 5.1% increase over FY 26 or \$408,425. The sources of non-property tax revenues include:

- **General Govt Revenue** projected at \$4,570,725 an increase of \$140,725 or 3.2%
 - Motor Vehicle Excise Taxes,
 - Investment Income
 - State Revenue Sharing
 - Homestead Exemption
 - Interest on delinquent taxes

The primary drivers of the projected increase in General Government Revenue are higher State Revenue Sharing projections and increased interest earnings on the Town's invested funds.

- **Licenses/Permits and Fees** projected at \$1,051,500 an increase of \$153,000 or 17%

- Building, Electrical and Plumbing permits
- Business Licenses

The projected increase is for business licensing, and the recent ordinance amendments regarding how licensing for rentals is handled.

Public Safety Permits and Fees projected at \$1,147,000 an increase of \$31,000 or 2.8%

- Parking Meters and Parking Lots
- Parking Fines
- Parking Permit fees

Even with the addition of the new metered parking lot on Union Avenue, the removal of parking meters on Old Orchard Street has reduced meter revenue. As a result, the projection for meter revenue reflects only a modest increase of \$20,000, along with an additional \$11,000 in projected parking lot revenue.

Intergovernmental Fees projected at \$569,500 with an increase of 17.2% or \$83,700

- Reimbursement for general assistance
- State Local Road Assistance Reimbursement
- RSU Reimbursement for the Police Resource Officer

The increase is driven by the RSU's reimbursement for the Police Resource Officer assigned full-time during the school year. This revenue source was not budgeted in FY26 because staffing for the position was uncertain at the time. Fortunately,

the Police Department has been able to staff the role, and we expect the reimbursement to continue

Other funding sources remain level with last year at **\$1,013,000**.

This includes:

- The use of **\$500,000** from the Unassigned Fund Balance,
- **\$500,000** from EMS revenue
- **\$3,000** from the dog license fund.

All of these funds are being applied to help reduce the overall tax burden on residents.

The next slide shows the breakdown of non-property tax revenues by percentage:

- General Government makes up the majority at 55%
- Other Funding Sources at 12%
- Public Safety Fees at 14%
- License and permits at 13%
- Intergovernmental Revenues at 6%

This next slide shows the history of non-property tax revenue and the year-over-year increases.

The next slide provides a breakdown of the Property Tax Bill:

- Municipal Operating Budget is projected at **\$20,362,598** represents **49%** of the Tax bill. This reflects the gross municipal operating budget, less all projected non-property tax revenue.
- Capital Improvements Budget projected at **\$3,027,017** represents **7%**.
- Education Appropriation is projected at **\$16,425,041** represents **40%**
- County Tax Assessment totals **\$1,419,290** representing the remaining **4%**.

Together, these components make up the projected tax levy. With an anticipated 1 percent increase in the Town's property valuation, the estimated mil rate for FY 2027 is **12.36**, which represents a **6.5 percent increase** over FY 2026.

As noted at the beginning of this presentation, the property valuation figure is based on a conservative estimate of a 1 percent increase. This number will be updated as the Assessor finalizes the Town's valuation, which occurs after the budget has been adopted.

This **final slide** outlines the next steps in the budget adoption process. The Finance Committee will submit its Capital Improvement Plan recommendations to the Council later this month. Budget workshops will be held throughout April and May, with the goal of adopting the FY 2027 budget at the first Council meeting in June.

In closing....

I would like to take a moment to recognize Finance Director Brynn Patenaude, Tim Fleury, and all Department Heads and staff for their hard work and collaboration throughout this budget process. It truly takes a team to reach this point, and I greatly appreciate their dedication and efforts.

Thank you,
Diana H. Asanza,
Town Manager