



# CITY OF BATH

## PRELIMINARY BUDGET

2023 - 2024

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## FINANCE DEPARTMENT

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### Proposed 2023-2024 Budget

#### BUDGET MESSAGE

The City Manager's proposed FY2024 total City of Bath budget is \$18,984,740, increasing \$969,055 (5.38% from prior year budget). This growth is primarily in the General and Capital funds. Non-tax revenue increases, including revenue sharing, interest on investments and sewer fees, help offset the expenditures. With the increase in non-tax revenues, the City's portion of the tax effect is projected to increase \$317,463, (1.47%).

The City completed a salary survey last year, which led to market adjustments to retain our current employees and be competitive in hiring new employees. The investment in our employees has continued, raising salaries (\$619,668, 9.7%) across departments. There are also three new positions including a firefighter (the last employee in a four-year plan to add staffing) and two full-time employees in the Cemeteries and Parks Division, a Downtown Steward and a Parks Steward.

Utility costs also continue to rise. We are anticipating a \$90,950, 35.67% increase in our electric accounts due to medium electric contract accounts expiring in November and a rate increase from 8 cents to 11 cents. This change is offset by our anticipated streetlights savings of \$100,000 from the LED streetlight project. Oil prices increased 69% from \$2.29 a gallon to \$3.86 a gallon. Same or higher pricing is expected for the coming year. This equates to a \$29,425 increase. Gas saw over 125% increase in price. Diesel (\$1.57 to \$3.90) and unleaded (\$1.44 to \$2.95) prices also increased. This equates to a \$50,000 budget rise. The Bath Water District has announced a 20% rate hike for FY2024. Combining water, sewer and fire protection, BWD's adjustment will equate to an increase of \$93,280.

#### General Fund Budget

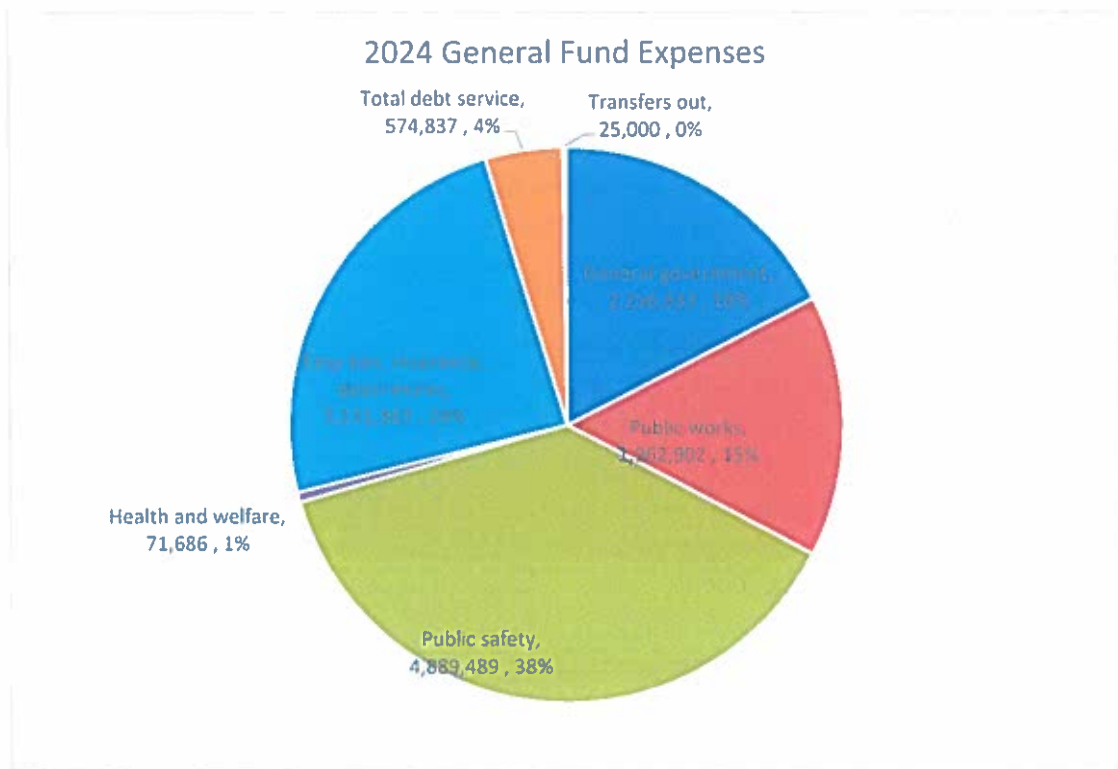
The General Fund expenditures are increasing \$895,650 (7.45%) due to personnel and utility costs. These increases are offset by a \$160,000 reduction in workers' compensation expense. To provide accounting clarity and commitment to services, the Recreation Division administration and maintenance cost center moved from the special purpose account to the General Fund. This is an increase of \$255,442 in expenses. The revenue from the RSU 1 field rental (\$142,000) and funding from recreation programs (\$50,750) were also transferred to the General Fund. This allows the general fund to cover cost increases such as personnel and utilities and allows the department to focus on youth and programming.

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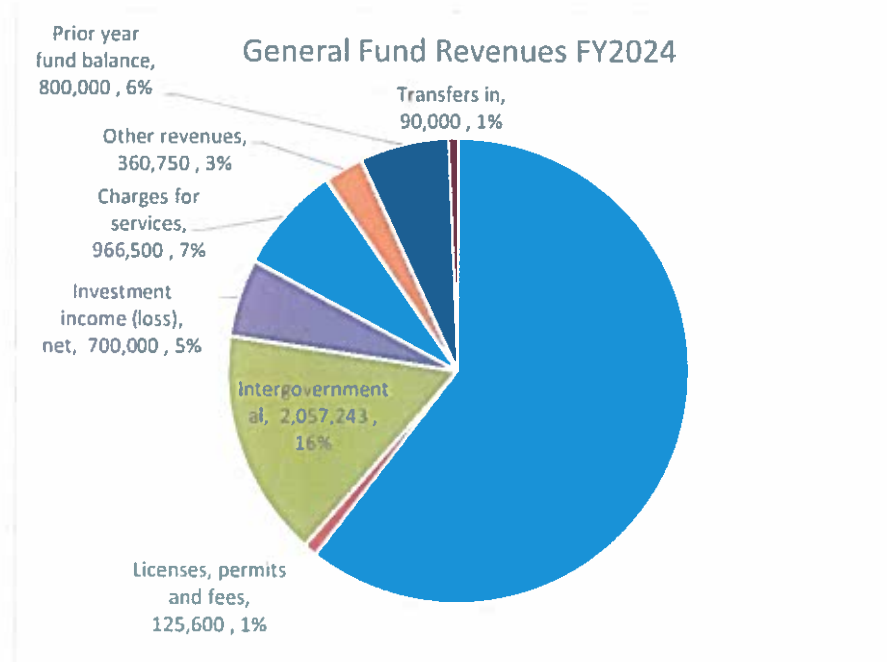
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| CITY OF BATH, MAINE                        |                   |                   |                                    |              |
|--|-------------------|-------------------|------------------------------------|--------------|
| General Fund                               |                   |                   |                                    |              |
| FY 2024 Budget with comparisons to FY 2023 |                   |                   |                                    |              |
|  | Budget<br>2023    | Budget<br>2024    | Variance<br>positive<br>(negative) |              |
| <b>Expenditures:</b>                       |                   |                   |                                    |              |
| General government                         | 1,886,514         | 2,256,633         | 370,119                            | 19.62%       |
| Public works                               | 1,730,068         | 1,962,902         | 232,834                            | 13.46%       |
| Public safety                              | 4,545,987         | 4,889,489         | 343,502                            | 7.56%        |
| Health and welfare                         | 71,300            | 71,686            | 386                                | 0.54%        |
| Emp ben, insurance, quasi-munic            | 3,187,273         | 3,131,363         | (55,910)                           | -1.75%       |
| Total debt service                         | 595,118           | 574,837           | (20,281)                           | -3.41%       |
| Transfers out                              | -                 | 25,000            | 25,000                             | #DIV/0!      |
| <b>Total expenditures</b>                  | <b>12,016,260</b> | <b>12,911,910</b> | <b>895,650</b>                     | <b>7.45%</b> |



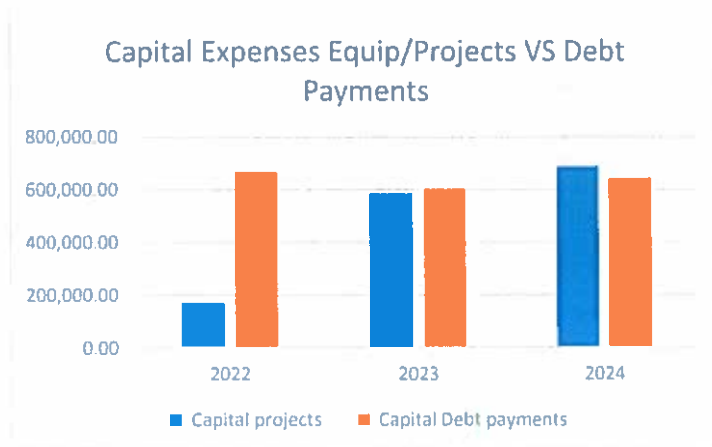
The largest revenue increase is State Revenue Sharing (\$396,528, 24.47%). State Revenue Sharing is the program that provides municipalities with a share of State income and sales taxes. The State budgeted a return to the full 5% funding of revenue sharing for FY2024. Property taxes in the General Fund are projected to increase \$175,477 (2.82%). Increased revenues also include interest income on investments.

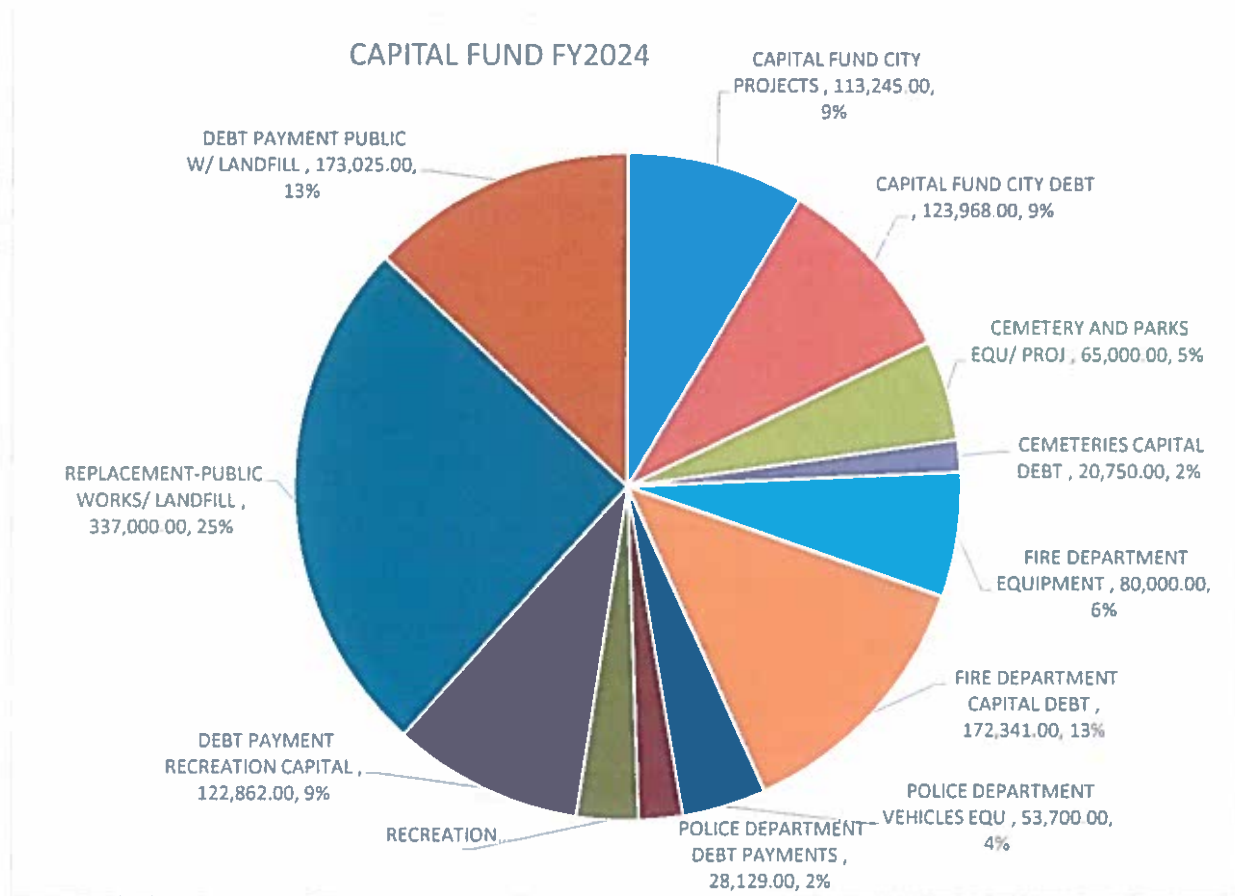
| CITY OF BATH, MAINE                        |                   |                   |                                    |              |
|--|-------------------|-------------------|------------------------------------|--------------|
| General Fund                               |                   |                   |                                    |              |
| FY 2024 Budget with comparisons to FY 2023 |                   |                   |                                    |              |
|  | Budget<br>2023    | Budget<br>2024    | Variance<br>positive<br>(negative) |              |
| <b>Revenues:</b>                           |                   |                   |                                    |              |
| Taxes                                      | 7,636,340         | 7,811,817         | 175,477                            | 2.30%        |
| Licenses, permits and fees                 | 119,205           | 125,600           | 6,395                              | 5.36%        |
| Intergovernmental                          | 1,660,715         | 2,057,243         | 396,528                            | 23.88%       |
| Investment income (loss), net              | 620,000           | 700,000           | 80,000                             | 12.90%       |
| Charges for services                       | 947,000           | 966,500           | 19,500                             | 2.06%        |
| Other revenues                             | 168,000           | 360,750           | 192,750                            | 114.73%      |
| Utilization of prior year fund balance     | 775,000           | 800,000           | 25,000                             | 3.23%        |
| Transfers in                               | 90,000            | 90,000            | -                                  | 0.00%        |
| <b>Total revenues</b>                      | <b>12,016,260</b> | <b>12,911,910</b> | <b>895,650</b>                     | <b>7.45%</b> |



The Capital Fund expenditures are increasing \$158,707 (13.36%) due to replacement of roads and sidewalks. The City road bond will be fully expended in FY2024 and until voters approve a new road bond, additional expenditures will be funded by property taxes. Debt payments on capital equipment increased by \$50,762 (8.41%). Equipment and improvement expenditures increased \$88,945 (15.2%).

| CITY OF BATH, MAINE                        |              |              |                       |                      |  |
|--|--------------|--------------|-----------------------|----------------------|--|
| CAPITAL FUND                               |              |              |                       |                      |  |
| FY 2024 Budget with comparisons to FY 2023 |              |              |                       |                      |  |
|  | 2023         | 2024         | Curr Bud<br>Change \$ | Curr Bud<br>Change % |  |
| CAPITAL FUND CITY PROJECTS                 | 180,000.00   | 113,245.00   | (66,755.00)           | - 37.09%             |  |
| CAPITAL FUND CITY DEBT                     | 52,045.00    | 123,968.00   | 71,923.00             | 138.19%              |  |
| CEMETERY AND PARKS EQU/ PROJ               | 100,000.00   | 65,000.00    | (35,000.00)           | - 35.00%             |  |
| CEMETERIES CAPITAL DEBT                    | 20,738.00    | 20,750.00    | 12.00                 | 0.06%                |  |
| FIRE DEPARTMENT EQUIPMENT                  | 45,000.00    | 80,000.00    | 35,000.00             | 77.78%               |  |
| FIRE DEPARTMENT CAPITAL DEBT               | 204,937.00   | 172,341.00   | (32,596.00)           | - 15.91%             |  |
| POLICE DEPARTMENT VEHICLES EQU             | 30,000.00    | 53,700.00    | 23,700.00             | 79.00%               |  |
| POLICE DEPARTMENT DEBT PAYMENTS            | 31,092.00    | 28,129.00    | (2,963.00)            | - 9.53%              |  |
| RECREATION PROJECTS                        | 38,000.00    | 40,000.00    | 2,000.00              | 5.26%                |  |
| DEBT PAYMENT RECREATION CAPITAL            | 115,177.00   | 122,862.00   | 7,685.00              | 6.67%                |  |
| REPLACEMENT-PUBLIC WORKS/ LANDFILL         | 192,000.00   | 337,000.00   | 145,000.00            | 75.52%               |  |
| DEBT PAYMENT PUBLIC W/ LANDFILL            | 179,045.00   | 173,025.00   | (6,020.00)            | - 3.36%              |  |
|  | 1,188,034.00 | 1,330,020.00 | 141,986.00            | 11.95%               |  |
| Capital projects                           | 585,000.00   | 688,945.00   | 103,945.00            | 17.77%               |  |
| Capital Debt payments                      | 603,034.00   | 641,075.00   | 38,041.00             | 6.31%                |  |
|  | 1,188,034.00 | 1,330,020.00 | 141,986.00            | 11.95%               |  |





The Landfill Fund expenditures decreased \$154,703 (8.12%). The reduction is due to decreased debt service.

The Sewer Fund expenditures increased \$65,508 (2.55%) due to sewer projects and repairs. Wright-Pierce recently completed a Fiscal Sustainability Plan, including the CSO Master Plan, pump station and treatment plant upgrades and additional sewer upgrades, in excess of \$30 million. With the amendments to the TIF to include sewer projects, projected expenses of \$12.6 million of the CSO master plan projects are budgeted. The City Manager recommends sending a sewer bond to the voters in November 2023. The Sewer Fund rates will rise 10%.

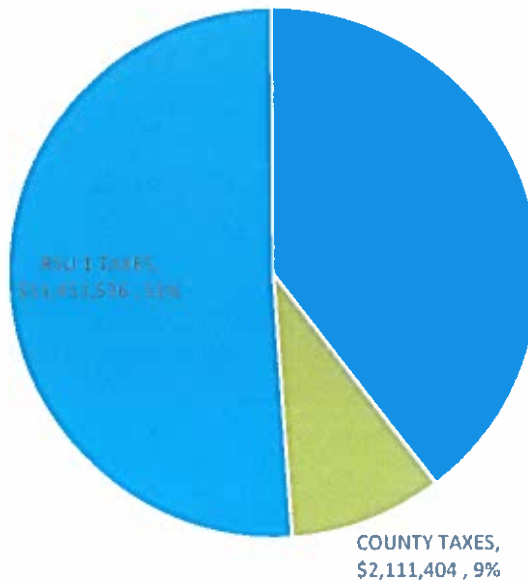
As of March 10<sup>th</sup>, the RSU 1 is projecting a \$34,857 budget increase (.31%) (option 2). In FY 2023, RSU received an additional state subsidy (\$316,789) to offset taxes in municipalities. Bath received \$316,789. This was a one-year subsidy so the projected tax assessment the RSU 1 taxes will \$382,037 (1.77% tax effect).

The projected budget for Sagadahoc County is increasing \$158,791 (8.13%) and a tax effect of .74%.

**FY 2024 BUDGET TOTALS WITH PROPERTY TAXES TO BE RAISED  
INCLUDES FY 2023 FOR COMPARISON PURPOSES**

|                             | FY2023               | FY2024               | change            | Tax Rate Effect |
|-----------------------------|----------------------|----------------------|-------------------|-----------------|
| <b>CITY TAXES</b>           | <b>\$ 8,552,321</b>  | <b>\$ 8,869,784</b>  | <b>\$ 317,463</b> | <b>1.47%</b>    |
| <b>COUNTY TAXES</b>         | <b>\$ 1,952,613</b>  | <b>\$ 2,111,404</b>  | <b>\$ 158,791</b> | <b>0.74%</b>    |
| <b>RSU 1 TAXES</b>          | <b>\$ 11,069,499</b> | <b>\$ 11,451,536</b> | <b>\$ 382,037</b> | <b>1.77%</b>    |
| <b>TOTAL PROPERTY TAXES</b> | <b>\$ 21,574,433</b> | <b>\$ 22,432,724</b> | <b>\$ 858,291</b> | <b>3.98%</b>    |

**PROPERTY TAX ALLOCATION BY ENTITY FY2024**





Total tax projected tax increase of 3.98%.

This equates to approximately \$162 increase in taxes on a home valued at \$200,000 with all things being equal. The City tax rates are based on the amount of taxes needed to be raised divided by the assessed valuation. If there is an increase in the City's assessed value, the estimated tax rates will decrease, but if there is a decrease in the City assessment, the tax rate will increase.

To maintain property valuation equity in the City and maximize State of Maine reimbursements for Business Equipment and homestead exemptions, the City Assessor will be reviewing Bath's valuation and determining whether or not there needs to be adjustments to residential and commercial values. This is due in part to property sales data since the City's 2019 revaluation.

FY 2024 BUDGET TOTALS WITH PROPERTY TAXES TO BE RAISED  
INCLUDES FY 2023 FOR COMPARISON PURPOSES

|                            | FY2023       | FY2024       | \$INCREASE  | %INCREASE | TAX LEVY<br>Requirement |
|----------------------------|--------------|--------------|-------------|-----------|-------------------------|
| GENERAL FUND               |              |              |             |           |                         |
| TOTAL REVENUE/EXPENDITURES | \$12,016,260 | \$12,911,910 | \$895,650   | 7.45%     |                         |
| PROPERTY TAXES             | \$6,213,840  | \$6,389,317  | \$175,477   | 2.82%     |                         |
| CAPITAL FUND               |              |              |             |           |                         |
| TOTAL REVENUE/EXPENDITURES | \$1,188,034  | \$1,330,020  | \$141,986   | 11.95%    |                         |
| PROPERTY TAXES             | \$1,156,034  | \$1,298,020  | \$141,986   | 12.28%    |                         |
| LANDFILL FUND              |              |              |             |           |                         |
| TOTAL REVENUE/EXPENDITURES | \$1,905,350  | \$1,750,647  | \$(154,703) | -8.12%    |                         |
| PROPERTY TAXES             | \$1,076,537  | \$1,076,537  | \$-         | 0.00%     |                         |
| SEWER FUND                 |              |              |             |           |                         |
| TOTAL REVENUE/EXPENDITURES | \$2,570,536  | \$2,636,044  | \$65,508    | 2.55%     |                         |
| PROPERTY TAXES             | \$-          | \$-          | \$-         |           |                         |
| BATH CITY BUS              | \$182,695    | \$187,544    | \$4,849     | 2.65%     |                         |
| TRAIN STATION/ TROLLEY     | \$46,900     | \$62,665     | \$15,765    | 33.61%    |                         |
| OVERLAY                    | \$105,910    | \$105,910    | \$-         |           |                         |
| TOTALS                     | \$15,109,644 | \$15,992,577 |             |           |                         |
| CITY BUDGET                | \$18,015,685 | \$18,984,740 | \$969,055   | 5.38%     |                         |
| CITY TAXES                 | \$8,552,321  | \$8,869,784  | \$317,463   | 3.71%     | 1.47%                   |
| COUNTY TAXES               | \$1,952,613  | \$2,111,404  | \$158,791   | 8.13%     | 0.74%                   |
| RSU 1 TAXES                | \$11,069,499 | \$11,451,536 | \$382,037   | 3.45%     | 1.77%                   |
| TOTAL PROPERTY TAXES       | \$21,574,433 | \$22,432,724 | \$858,291   | 3.98%     | 3.98%                   |