



# City of Auburn, Maine

Office of the City Manager  
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## MEMORANDUM

TO: Mayor Jason Levesque and Auburn City Councilors  
FROM: Phil Crowell, Jr., City Manager  
RE: FY24 Budget/CIP Follow-up from the Special Workshop 4/24/23  
DATE: 4/28/23

### CIP UPDATE

The CIP FY24 Bond is now proposed with a reduction of \$500,000. Other adjustments came in after our meeting and those are reflected in the table below:

FY 24 CIP Adjusted Items	Original Amount	Revised Amount	Difference
Dangerous Building Demolition	\$ 400,000	\$ 300,000	\$ (100,000)
Carpet Replacement - Auburn Hall	\$ 85,000	\$ -	\$ (85,000)
Police Vehicle Replacement	\$ 225,500	\$ 175,500	\$ (50,000)
Rescue Trailer	\$ 15,000	\$ -	\$ (15,000)
Rubber Flooring - NSBA	\$ 100,000	\$ -	\$ (100,000)
Traffic Calming/Pedestrian Safety	\$ 200,000	\$ 100,000	\$ (100,000)
LA 911 Server Infrastructure	\$ 150,000	\$ -	\$ (150,000)
LATC BUS (3)	\$ -	\$ 50,000	\$ 50,000
Comprehensive Plan Program	\$ 200,000	\$ 160,000	\$ (40,000)
Airport Master Plan	\$ -	\$ 140,000	\$ 140,000
Contingency	\$ 82,900	\$ 32,900	\$ (50,000)
<b>TOTAL AMOUNT REDUCED:</b>			<b>\$ (500,000)</b>

- Dangerous Building Demolition – we were able to reduce this by \$100,000. One of the buildings being planned for demolition will occur in FY23.
- Carpet Replacement – this project has been placed on hold.
- Police Vehicle Replacement – one vehicle has been reduced.
- Fire Rescue Trailer – we were able to secure a used trailer from AVCOG and the bid was just awarded.
- Rubber Flooring NSBA – we will be able to complete this project with FY23 operational funds.

- Traffic Calming – it is unlikely we will be able to complete the matching projects in FY24. If a special project becomes available, we will look to access the engineering MDOT matching funds.
- LA911 Server – the director is requesting this be moved to FY25.
- LATC Bus – we allocate matching funds for bus replacements – three electric buses are being purchased; Lewiston will be allocating \$50,000 as well. These buses have been ordered.
- Comprehensive Plan – there are no current projects planned. These funds will be used for any future land use studies.
- Airport Master Plan – please see the attached memo describing these projects.
- Contingency – this account is used for bond rounding and any potential overages.

Staff will provide you with the streets being considered for your review. If Hersey Hill is not a street the council believes should be included, we will provide you with alternatives. Ultimately, the amount is what should be considered, and we can work on the specific projects. Keep in mind that urban street repairs require more funding than rural roads.

**Staffing by Departments**

We have been discussing staffing over the past year and the table below demonstrates the alignment changes we have made. We understand this makes it difficult to track but the alignments are made for better efficiencies and reduced costs. Also included in this table reflects the reduction of 12 positions for Police, Fire, and Public Works.

Number of Employees	FY23 Adopted	FY24 Adopted
Business/Comm Development	10	10
Capital Infrastructure and Purchasing (Engineering)	4	4
City Clerk	3	3
City Manager Office	3	3
Communications/ Community Engagement	3	3
Economic Development	2	1
Finance	11	15
Fire	69	65
Human Resources	3	3
IT	4	4
Planning	10	8
Police	60	56
Public Works	56	54
Recreation	9	6
<b>TOTAL</b>	<b>247</b>	<b>235</b>

During the meeting, there were some questions regarding the percentage increases in some staffing line items. FY23 salary reserves allocated funds to change the work week for non-union personnel from a 37.5-hour workweek to a 40-hour work week. These additional 2.5 hours increased salary amounts and added the FTE ratio with an equivalency of three additional personnel.

Alignments over the last two years were numerous. Some included actual budget reflections, and some resulted in location/workspace changes.

- Business and Community Development – Grant funded positions for the lead grant, housing coordinator, staffing changes for a general assistance position and community health manager have all taken place in the last two or three years, as well as the HUD grants position which is now located in the finance department workspace – the budget still reflects the position.
- Capital Infrastructure/Engineering – This is a new department, which began in FY23 and included the transfer of the purchasing manager and the transfer of engineering staff from public works.
- Communications and Community Engagement – The GIS position has transferred to Public Works and the Downtown Coordinator has transferred from Economic Development.
- Finance – A recent change in FY23 has created the Administrative Services Division. This function includes an executive assistant, administrative assistant, and two information assistants which provides administrative services for the following departments: economic development, planning and permitting, assessing, capital investment and purchasing (engineering), and transportation systems. The second information assistant is assigned at Recreation but will also be the switchboard operator for the city, which has been a much-needed return for citizens who call Auburn Hall for assistance. The Finance Director's location and span of control is also changing. The director will be in the city manager's suite and will be focused on cash flow, financial planning (forecasting and analysis), audit, and taxation issues. The current deputy director will be the director of the Administration Services Department.
- Fire – Four fire fighters were reduced. These were new positions allocated in the previous budget that have not been filled.
- Planning – The administrative assistant and the information assistant have moved to finance and the transportation systems director's salary is now reflected in this department, but the count was included in FY23. The funding is from ARPA and the FY24 reflects the expense and revenue. Also, electrical maintenance moved to public works last year, as well as the electricity operating costs.
- Police - Four positions were reduced (sergeant and three officers).
- Public Works – The electrical maintenance person, GIS position, and facility maintenance from recreation have transferred in. Public Works has also been providing school transportation oversight as well as maintenance and facilities oversight. The transportation oversight is ending this month, with the school hiring a transportation director. Public Works will continue providing maintenance and facilities oversight. Those school employees will be becoming city employees under a "memorandum of understanding" with the school department. Adjustments have been made within the organizational structure to provide proper supervision. Four equipment operators were also reduced in the budget.
- Recreation - The administrative assistant was promoted to executive assistant and transferred to Finance. The information assistant position will be assigned to finance but located at Recreation. This position will now include the responsibilities of switchboard operator for the city. The facility maintenance position was transferred to Public Works as part of the city's entire facility maintenance division.

## **Fund Balance**

Attached is the fund balance policy for your review. Due to our auditor's schedule, we have not yet received our audit for FY22. The auditors were on-site in January and started their work. A meeting is being scheduled with the audit committee to begin the close-out process. Currently, we only have the FY21 end of year fund balance **which includes the school's fund balance**. The assigned balance was

\$1,951,394 and the unassigned balance was \$13,192,192 for a total of \$15,143,586. The fund balance policy target maximum to start FY22 is \$12,842,925.

The FY22 budget had \$475,000 for a fund balance contribution, which was not applied. The FY23 budget has \$1,500,000 for a fund balance contribution and it has not been confirmed that this will not be needed. The FY24 budget has \$1,500,000 for a fund balance contribution. Without the audit report, it would not conform to best practices for us to forecast more than the \$1,500,000 for a fund balance contribution. It is likely the audit will demonstrate a healthy fund balance beyond the 14%, we will follow the policy and bring this before the council in an order for a potential one-time use.

### **Valuation**

It has been asked and I shared with the council the process for determining the FY24 valuation for the City of Auburn. We have a few "moving parts" that will require more time for the assessing department. The market adjustment for multi-unit buildings, the numerous senior tax stabilization iterations being considered by the legislators, and adjustments for homestead exemptions. The assessor is confident we will have some estimates by the first of June. With what we know from new construction, the change in multi-units, and regular flows of business openings and closings, the valuation will increase in FY24. As city manager, based on our trending, we could likely see a drop in the proposed mil rate by 0.16 which will be a mil rate percentage increase of only 2.86%. It is best to plan on the valuation we know as a worst-case scenario for tax impacts.

### **Summary**

A \$112 million dollar budget has many moving parts. I hope this memo provides you with the additional information you need to make your decisions. I have scheduled an additional budget workshop for May 1, 2023, to provide you with a chance to ask any additional questions prior to taking action on the first reading.

Please reach out if you have any questions prior to the meeting and we will do our best to get you the answers. Thank you for your hard work on the budget and for providing clear guidance to myself and the superintendent in December 2022 so we could present budgets to you that meet your expectations.

## **Fund Balance Policy:**

General Fund - Fund Balance Policy (GASB 54)

As amended on June 7, 2021

### **Purpose of this Policy**

The purpose of this policy is to establish a target level of fund balance for the general fund and to establish a process and criteria for the continued evaluation of that target level as conditions warrant. This policy shall also establish a process for reaching and maintaining the targeted level of unassigned fund balance, and the priority for the use of amounts in excess of the target. Finally, this policy shall provide a mechanism for monitoring and reporting the City's general fund balance. This policy applies only to the general fund.

### **Definitions and Classifications**

Fund Balance is a term used to describe the net assets of governmental funds. It is calculated as the difference between the assets and liabilities reported in a government fund.

Governmental fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The five classifications of fund balance for the General Fund are defined as follows.

- Non-spendable – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- Restricted – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.
- Committed – resources which are subject to limitations the government imposes upon itself at its highest level of design making, and that remain binding unless removed in the same manner. This must be set in place prior to the end of the period.
- Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the City Council, or a body or official to which the City Council

has delegated the authority to assign amounts for specific purposes.

- Unassigned – resources which cannot be properly classified in one of the other four categories.

The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The committed, assigned, and unassigned classifications are often referred to, in the aggregate, as the unrestricted fund balance.

GAAP means generally accepted accounting principles in the United States.

General Fund - Fund Balance Policy (GASB 54)

### **Background and Considerations**

Fund balance is intended to serve as a measure of financial resources in a governmental fund.

The City's management, credit rating services, and others monitor the levels of fund balance in the general fund as an important indicator of the City's economic condition.

In establishing an appropriate level of fund balance the City of Auburn has considered the following factors:

- Property tax base. The property tax is the largest revenue source of the City's general fund. The City receives payments twice a year.
- Non-property tax revenues (examples Excise Tax, State Revenue Sharing and ect). These resources must be considered in terms of the percentage each comprises of the total budget, as well as the reliability and stability of these resources.
- Exposure to significant outlays. The City shall consider its potential exposure to significant one time outlays, either resulting from a disaster, immediate capital needs, state budget cuts or other events.
- Debt. It is essential that the City have sufficient capacity to make its debt service payments.

Principal and Interest payments along with the second interest payment need to be maintained along with future debt services as developed in the City's capital improvement program.

- **Liquidity.** An adequate level of fund balance should be maintained to ensure sufficient liquidity.

The potential drain on the general fund resources from other funds, as well as the availability of resources in other funds, should be considered.

- **Government Finance Officers Association Best Practice.** The GFOA has established a best practice that recommends, "... at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditure." GFOA's best practice also states, "...governments may deem it appropriate to exclude from consideration resources that have been committed or assigned to some other purpose and focus on unassigned fund balance rather than unrestricted fund balance."

### **Policy**

It is a policy of the City of Auburn to maintain unrestricted fund balance in the general fund no less than 10% and no more than 14% of general fund annual budget. In the event that the unassigned fund balance drops below this level, the City will develop a plan, implemented through the annual budgetary process, to bring the balance to the target level over a period of no more than three (3) years.

Amounts in excess of the target shall be brought to the City Council in the form of a Council Order before use for City Council approval.

The Finance Director, in accordance with GAAP, shall report fund balance in the appropriate classifications and make the appropriate disclosures in the City's financial statements. Unless classified as restricted or committed, the following balances shall be classified as assigned per GAAP or as required by this policy.

#### **General Fund - Fund Balance Policy (GASB 54)**

**Encumbrances.** Amounts encumbered at year-end by purchase order or another means shall be classified as assigned.

**Budget Appropriations.** Amounts appropriated in the annual budget resolve, or in any supplemental budget resolves, for expenditures in the following fiscal year shall be classified as assigned.

Capital Budget. Amounts designated in the first year of the City's capital improvement program (CIP) as either appropriations or advances to other funds shall be classified as assigned.

Self Insurance. Amounts designated in the City's self insurance shall be classified as assigned.

Compensated Absences. These are not typically recorded as liabilities in the governmental funds, unless they are paid out immediately following the close of the fiscal year. However, the obligation for compensated absences can be significant. Therefore, the City will assign the amount equal to the estimated amount required at year end to pay the compensated absence obligation for those who meet the eligibility criteria for payment and can be expected to terminate employment with the City in the following fiscal year. This amount shall exclude any amount recorded as a liability.

### **Policy Administration**

Annually the Finance Director shall report the City's fund balance and the classification of the various components in accordance with GAAP and this policy.

The Finance Director shall annually review this policy and the considerations used in establishing the unassigned fund balance target. The Finance Director shall report whether changes in those considerations or additional considerations have been identified that would change the recommended level of unassigned fund balance.

Should the City fall below the target level, the Finance Director shall prepare a plan to restore the unassigned fund balance to the target level within three years.





# City of Auburn, Maine

Transportation Systems Department

Jonathan P. LaBonté, Director

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TO: Phil Crowell, City Manager

CC: Brian Wood, Assistant City Manager

DATE: April 24, 2024

RE: Auburn-Lewiston Municipal Airport Capital Improvement Plan for FY2024

In rebuilding the CIP for the airport, several challenges were discovered that require a regroup not only with the Board of Directors, but also our sponsors (the cities of Auburn and Lewiston), MaineDOT, and the Federal Aviation Administration. While we work through these, there are projects that warrant consideration for completion in the upcoming year and I highlight those, along with the challenges, below.

Potential FY2024 Projects Funded by Lewiston and not Auburn:

- **FAA-Funded Airport Master Plan Update** – These plans are the foundation for securing federal and state capital funding for the airport as well as identifying development opportunities as we seek to attract aeronautical investment (private hangars, additional aviation services, etc) to KLEW. The current plan was completed in 2006.
  - The FAA will fund 90% of this project and MaineDOT 5%, leaving 5% to be split between both cities. The original estimate was \$330,000. The consultant estimate has come in at ~\$435,000. There are discussions with FAA right now for the potential of additional FAA New England Division funds to be granted to this project.
  - In FY21, Lewiston allocated a local share of \$7,500 to complete this project. There was no allocation from Auburn. The 5% estimate would be \$21,750. **At this time, I would request Auburn match Lewiston's contribution of \$7,500** and the airport board could authorize the balance to be invested from the Land Fund.
- **FBO Hangar Roof** - This was scoped as a "repair" with Lewiston allocating \$30,000 in FY23. There are known leaks that we should address to protect aircraft we lease space to. The goal beyond repair would be to explore the airport selling or master leasing this building for a 20-year term and requiring roof replacement and other modernizations to the building as part of that. Either way, near term repairs are needed. I do not foresee that repair costing \$60,000, but some capital allocation would be very helpful. **My request would be \$15,000.**
- **Fuel dispensing and storage tank** - This self-serve fuel project is a key element to be able to reduce operational hours and still achieve fuel sales around the clock. Lewiston allocated \$125,000 in FY23. My updated estimates are that we could deliver this project for \$175-200,000 and not \$250,000, if we did not utilize federal funds. **I would request consideration for up to \$100,000.**

- **Replacement of Operations Truck** – Neither of the Operations vehicles have stickers for use over the road, which has an impact on the ability to secure parts/materials for general operations efforts. Early requests were for up to \$75,000 (split between both cities) for the purchase of a new truck. We could fund a quality used truck for ~\$50,000 and **I would request Auburn consider appropriating \$25,000 towards that purchase.**

Project funded in FY23 by Lewiston that are on hold:

- **Terminal Building Roof** – Airport staff have been recommending a replacement of this roof and requested \$75,000 from each city. Lewiston did allocate this funding last year. I am investigating the warranty on this roof, given its age and that there are reports of a shingle recall that was not followed up on. At present, staff replace shingles as they blow off during storm events, not interior damage has resulted yet.

Total FY24 Request for Consideration (**\$147,500**)

- Airport Master Plan Update - \$7,500
- FBO hangar roof repair - \$15,000
- Self-serve fuel dispensing - \$100,000
- Operations Truck - \$25,000

Status of FY23 Appropriation

- **FBO Hangar Door** – Each city provided \$75,000 towards this project. In reviewing materials, there had not been a design completed and no contractor had been requested to put together estimates for completing this project, including installation. We are in discussions to secure estimates for this project and expect to award a contract later this year.

### **Capital Planning Moving Forward**

The airport receives annual appropriations from the FAA, which are matched by MaineDOT, to assist with capital projects aligned with our Airport Master Plan (AMP) and associated Airport Layout Plan (ALP). Those include Airport Improvement Plan (AIP) funds of \$150,000 annually and Bipartisan Infrastructure Law (BIL) funds of \$295,000 over the life of that legislation. In addition, Congressionally Directed Spending (CDS) led to an award of \$1.6 million to construct a hangar.

Over the next six months, we will be working with FAA and MaineDOT to build an updated CIP to ensure we properly maintain our pavement, have proper wildlife deterrence to the airfield, and advance a plan to construct the new hangar. The AMP will take about 24 months to complete and will provide us with a financial model for a 5-year CIP.