



EXECUTIVE OVERVIEW

Mayor Harmon and City Councilors, I am pleased to provide you with the manager’s proposed FY 2024-25 Budget and CIP for the City of Auburn.



On February 3, 2024, you took the first step in establishing your priorities as a group for your elected term. These priorities directly impact the formation of our municipal budget.

Adopting a municipal budget is one of the most important tasks you will complete as an elected body. It demands extensive review and understanding, compromise and difficult decisions. Throughout the budget process, you have heard from department directors, joint organizations, school officials, and citizens.

With your direction and with the hard work of our staff, the total proposed tax levy for the City of Auburn in FY25 is currently 6.9%. During our budget meetings, I explained one of the driving reasons for this exceeded increase is due to workforce demands. The city had numerous unsettled collective bargaining agreements during FY23 and FY24. As a result, FY25 has approximately one million dollars in previous years’ negotiated wages and benefits. This increase alone is a more than 4% increase to the overall municipal operating budget.

In accordance with city ordinance, Article VI Finance Sec. 2-485 (a). - Council action on a budget increase greater than the Consumer Price Index-Urban (CPI-U) will require a super majority vote of the elected officials. If these increases were accounted for in the previous years, which had increases below the CPI-U, the manager’s proposed budget would be under the 2023 CPI-U of 4.1%.

Cost of Services

The FY25 Manager’s Budget takes steps to preserve high quality city services, and enhance the services the city is already providing, all while considering long-term sustainability and efficiencies.

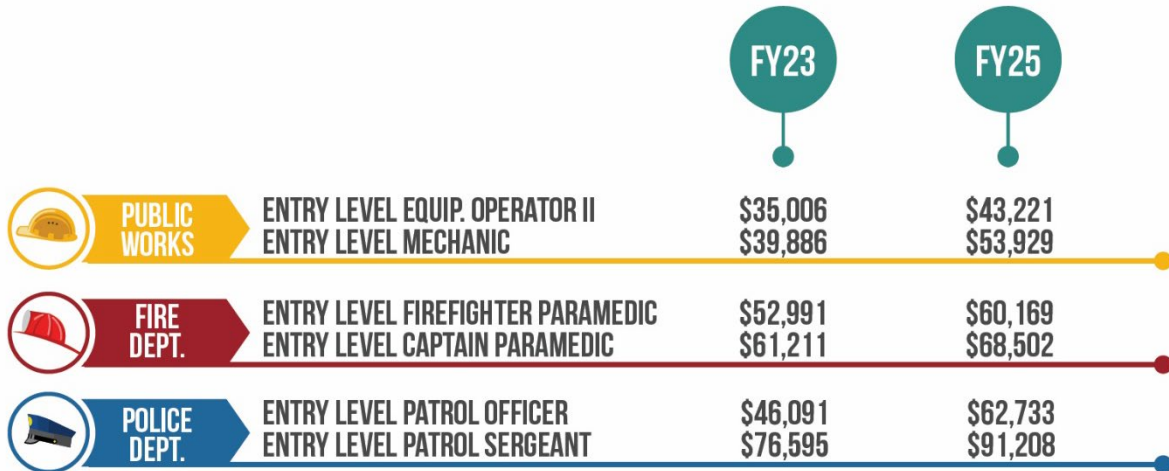
Costs for goods and wages are increasing everywhere, not just in Maine. Across the nation, local governments continue to make difficult decisions in an effort to balance increases in taxes, while delivering essential services.

General Assistance is one of those service categories which is impacting our community. A final decision will not be made in Augusta until later this week as to if the State will increase the reimbursement from 70% to 90% of the costs provided to municipalities for assistance with housing, utilities, and essential living expenses.

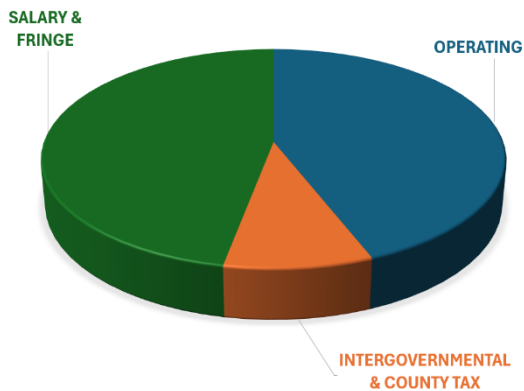
In FY24, the General Assistance (GA) approved budget was \$180,825. The proposed GA budget for FY25 is \$901,200, which is a **398% increase**. Although the State of Maine will reimburse 70% of those costs, the responsibility to deliver these services is a cost that falls to the municipality. Not included in that increase is the administration of these

services. This requires two additional positions which were added to the FY25 budget to meet state law requirements in delivering services in a timely manner.

Auburn is not alone in facing the driving demands to retain and recruit a qualified and skilled workforce. When the cost of living increases rapidly, it is critical for our organization to do our best to keep wages within reach of the rising impacts of inflation. Below are some examples of the driving salary costs for a few essential positions in the city.



City expenses are comprised of salary and fringe (47%), operating expenses (44%), and intergovernmental and county taxes (9%). The budget drivers for our increases demonstrate a 77% increase in workforce, debt and GA services combined.



| | | |
|-----------------------|--------------|------|
| Workforce | \$ 2,238,231 | 39% |
| Operating | \$ 218,669 | 4% |
| Capital Operating | \$ 500,000 | 9% |
| Intergovernmental | \$ 156,022 | 3% |
| Library | \$ 61,238 | 1% |
| Debt Service/TIF | \$ 1,438,268 | 25% |
| GA Services | \$ 720,375 | 13% |
| Solid Waste/Recycling | \$ 230,500 | 4% |
| County Tax | \$ 145,203 | 3% |
| Water/Sewer | \$ 47,564 | 1% |
| TOTAL | \$ 5,756,070 | 100% |

A great deal of hard work and difficult decisions have gone into the development of this budget. Auburn will continue to offer amazing services and programs; and our team stands ready to serve our community.

Five Year Fiscal Trends

It is my priority to **continue controlling costs for our taxpayers**, which has been the focus of staff in preparing this budget. The budget is in line with the historic stabilization in total government spending. Auburn’s municipal tax levy has averaged a 3% increase annually for the past five years. Auburn’s non-tax revenue has continued to increase with an average of 10% annually for the past five years.

| EXPENSES | FY 21 | FY 22 | FY 23 | FY 24 | FY 25 |
|-------------------|---------------|---------------|---------------|---------------|---------------|
| OPERATING | \$ 30,769,645 | \$ 31,876,303 | \$ 34,996,260 | \$ 37,570,039 | \$ 41,586,616 |
| CHANGE +/- | 2.4% | 3.6% | 9.8% | 7.4% | 10.7% |
| DEBT SERVICE | \$ 10,627,538 | \$ 10,783,972 | \$ 11,411,057 | \$ 11,384,347 | \$ 12,822,615 |
| CHANGE +/- | 2.3% | 1.5% | 5.8% | -0.2% | 12.6% |
| INTERGOVERNMENTAL | \$ 4,535,380 | \$ 4,444,559 | \$ 4,905,744 | \$ 5,144,517 | \$ 5,445,742 |
| CHANGE +/- | 2.9% | -2.0% | 10.4% | 4.9% | 5.9% |
| TOTAL | \$ 45,932,563 | \$ 47,104,834 | \$ 51,313,061 | \$ 54,098,903 | \$ 59,854,973 |
| | 2.4% | 2.6% | 8.9% | 5.4% | 10.6% |
| REVENUE | FY 21 | FY 22 | FY 23 | FY 24 | FY 25 |
| NON-TAX | \$ 17,350,326 | \$ 18,281,464 | \$ 21,175,616 | \$ 23,121,704 | \$ 25,767,646 |
| | 9.5% | 5.4% | 15.8% | 9.2% | 11.4% |
| TAX LEVY | \$ 24,173,074 | \$ 24,378,811 | \$ 25,231,701 | \$ 25,832,682 | \$ 28,641,585 |
| | -1.7% | 0.9% | 3.5% | 2.38% | 10.87% |

Looking Ahead

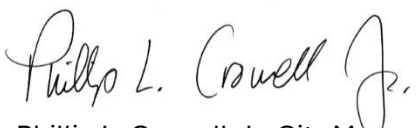
Any municipal budget will have similar demands for delivering services. All indications show a stabilization in the workforce salary demands for the future. It has been my goal for us to complete an assessment to determine workload allocation within departments. In this budget, funding has been allocated for a third-party analysis. We will use this study to determine our staffing allocations for FY26.

Auburn is in the process of numerous capital infrastructure projects, including the new Public Safety Facility supported by the voters last November. Managing these projects and the federal funding requirements will be a significant demand on our resources. We are excited to provide to our community and staff facilities to be proud of; facilities that are energy efficient to meet the evolving climate and environmental impacts, safe and operational, and cost effective to reduce added burden on our taxpayers.

A great deal of financial investment and resources have gone into improving our digital outreach to Auburn's customers. We have or are in the process of rolling out multiple software applications designed to meet needs, provide consistent services and access to information, and create efficiencies with the demands of our workforce. Going live with SmartGov and Asset Essentials are just two examples of systems that will advance Auburn to be a community where people will want to live and do business.

I am honored to be able to lead a diverse and talented workforce of over 260 employees who are committed to serving the City of Auburn. We see their excellence every day, but never was it more apparent than in the aftermath of the tragedy on October 25, 2023. The horrific shootings in Lewiston which took the lives of 18 people, including Joseph Walker, the son of City Councilor Leroy Walker, has impacted all of us.

I am deeply proud to be part of a community, who within days after the shooting, stood united on the steps of the Basilica, seeking comfort for those mourning and a resolve to move forward in the days ahead.



Phillip L. Crowell, Jr. City Manager