



## MAYOR'S OFFICE



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**TO: Honorable City Council Members**  
**FROM: Mayor Michael T. Foley**  
**DATE: April 25, 2022**  
**RE: FY 2023 Budget Message**

While everyone is still trying to emerge from the many unanticipated impacts of the most challenging public health crisis many of us have ever experienced, we began the FY 2023 budget process with caution, communication, and collaboration wherever possible to bring forward a responsible, forward-thinking financial plan. Our goal has been to craft a plan that adequately responds to the growing and changing needs of our community while minimizing reliance on the local property tax. I continue to be highly impressed and grateful for the creativity and commitment demonstrated by our Municipal & School leadership and staff. We have developed innovative ways to conduct operations and deliver necessary services to residents and businesses, while simultaneously taking precautions to keep employees and the general public as safe and healthy as possible. Everyone should be highly commended, and I know our community appreciates these efforts.

We remain highly cognizant of the economic challenges facing many of our residents, homeowners, and businesses. Many businesses are still trying to navigate the long-term impacts of the pandemic that remain with us. Those include a dramatically altered labor force, highly disrupted supply chains, major disruptions in the production process and an uncertain economy, while we now struggle to manage the impacts of 8% inflation. Individuals and families are confronted with skyrocketing prices for housing, food, fuel, energy, and other essential products and services.

This combined Municipal and School budget plan holds the property tax rate increase to a modest **1.5% or \$0.27** per \$1,000 of assessed valuation. This would mean an annual increase of **\$62.48** to the owner with the average single-family home assessment of \$231,400. Following two years with no increase in the Westbrook property tax rate, combined with the \$5,000 increase to the State's Homestead Exemption program in FY 2021, **the average single-family homeowner's property tax bill will be lower than it was three years ago.**

This budget fully funds the FY 2023 budget request proposed by the Westbrook School Department, which represents a 4.27% expenditure increase and a 5.45% increase in its needs from the property tax. This was made possible through early and frequent communication between City and School officials, and I am proud to be able to fully support the proposed School Department budget as submitted. This budget also incorporates the School Department into the City's Capital Improvement Program to better plan, refine, and identify capital needs and funding sources to produce a sustainable plan to meet the school's capital needs.

The Municipal Budget was constructed by identifying non-property tax funding sources to fund the growth areas of the budget. This municipal budget identifies new and enhances existing revenue sources to more than cover the cost of new and expanded programs and services for Westbrook's residents, families, and businesses. While total municipal expenditures grew by \$2,721,823 (9.65%), municipal revenue grew by \$2,025,114 (13.7%). Additionally commercial and residential growth of the City increased the property tax base by \$40 million to help minimize the property tax rate increase.

This budget maximizes the use of the City's Tax Increment Financing Districts as revenue on eligible components of the budget that would otherwise have to be funded by the property tax. The revenue side of this budget benefits from much improved financial support in State funding programs, specifically State Revenue Sharing and General Purpose Aid to Education, which have now recovered to equal or higher levels than existed pre-pandemic, particularly auto excise tax revenue. The budget also utilizes just over \$1 million that was received from the federal government with the American Rescue Plan Act to provide economic relief for revenue losses & expenditure increases attributable to the impacts of the pandemic.

The municipal budget provides essential, yet limited growth in funding to maintain current operational and service levels for all municipal departments. It provides critically needed positions in Fire/Rescue, Police, and Public Services and funds market adjustments to remain competitive in the current labor market to attract & retain municipal personnel, through both negotiated labor contracts and non-union wage scales. We are also proposing changes to the stipends for the various boards & commissions in the City which have not been changed in decades. We continue to provide resources to agencies and organizations that help combat food insecurity and establish more affordable housing opportunities within our community.

In collaboration with Opportunity Alliance, we are establishing a full-time position to support Diversity, Equity, & Inclusion initiatives in the community while also helping coordinate the resettlement of new Mainers arriving in Westbrook. This position will assist in locating affordable housing, assisting in the application for work visas and job search, accessing health care, childcare, education and job training, acclimation to a new culture, language, social environment, and the many other challenges facing these new residents. This new position will also be a critical advisor to the City's leadership team on a regular basis.

The budget also provides initial funding to establish Capital Reserves for Fire/Rescue & Police vehicles & equipment and in Public Services to have continued growth in funding to support road paving.

Investing in our schools and municipal services is important to the economic development of our community and the continued economic growth of our community is evidence. At the same time, it is also important to have a stable property tax rate that residents & businesses can manage. Going forward, we will continue plan to develop budget guidelines with support of the City Council that call for modest & manageable tax increases on an annual basis.

The City Council's Finance Committee has scheduled budget review sessions on Monday, April 25th immediately following this Special City Council meeting, and again on Monday, May 2<sup>nd</sup>, both before and after that Regular City Council meeting. The review sessions will all take place here at the

Westbrook Performing Arts Center, and I want to remind members of the public that they can come in person, watch online, or join the meeting remotely via Zoom to learn more. The budget is scheduled for first reading at the City Council meeting on Monday, May 9th with final approval consideration on Monday, May 16th. A referendum on the School Department portion of the budget is scheduled for Tuesday, June 14th. I am hopeful that our community can support this fair and balanced budget proposal. I look forward to working with members of the City Council, School Committee, and our residents & businesses to pass a balanced budget proposal for our community.