



## MEMORANDUM

**TO:** HONORABLE MEMBERS OF THE CITY COUNCIL  
MIKE ROY, CITY MANAGER  
PATTI DUBOIS, CITY CLERK

**FROM:** NICK ISGRO, MAYOR

**SUBJECT:** VETO OF ORDER 121-2016

**DATE:** JULY 6, 2016

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After lengthy discussion with several members of this honorable Council, today I am vetoing the passage of Order 121-2016, the Annual Budget for the City of Waterville and Waterville Schools. This is not an action that I take lightly, however I feel it is necessary in order to highlight the reality and the plight of many of Waterville's dear residents.

We have heard many times from our City Manager as well as others that this year's budget represents the most difficult financial challenge in over a decade. This begins with the simple formula that we have all heard before but bears mentioning again. In the 2009-2010 fiscal years budget state revenue sharing apportioned to the City of Waterville was \$2.4 million, which was down from prior year of 2008 when the city was allotted \$2.9 million. This year, we are projecting roughly \$1.1 million. Rather than waiting to adjust our budget to our revenues the City of Waterville compounded the burden from 2011 – 2014 by borrowing \$12 million. These expenditures included:

- \$1.5 Million Waterville Library
- \$500,000 Opera House
- \$250,000 Quarry Road
- \$3.4 Million new police station
- \$585,000 Airport
- \$350,000 Fire Department
- \$305,000 Property Revaluation (which is created enormous increases to our residents)
- \$125,000 City Hall
- \$5 Million towards roads and miscellaneous equipment

While it is true that when revenue sharing was at its statutory levels many capital expenditures were paid for from the undesignated fund, we can see that while in times of depleted revenues there were also many projects that while noble and worth investments were perhaps on the "wants" rather than "needs" list. As the saying goes, the chickens have now come home to roost with \$1 Million in annual fixed debt expenditure that we are left to deal with from decisions made by prior representation. This is why the State of Maine noted in its denial of Waterville's Business Friendly Community designation that we have "failed to address Waterville's 'problem,'" referring to spending in relation of the city's mil rate.



CITY of  
**Waterville**  
M A I N E

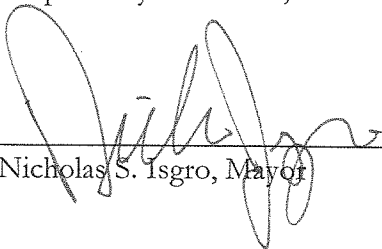
As is the case most of the time the city is not to take all of the blame. Not only did the state change our school funding formula as it is related to Title 1 funding and cut our revenue sharing, last year the legislature increased the Homestead Exemption from \$10,000 to \$15,000. While legislators touted this form of property tax “relief” the City of Waterville lost \$13 million in assessable value. Cities and towns all over the State are now having to work this loss into the local mil rate.

In the end this is not about fault or blame. A good look at the current city budget does not show much in the way of superfluous expenditure, and I believe that our Council Chair and others have done a responsible and respectful job in guiding this year’s process to get to where we are now. That said at the very heart of this matter lays a deeply moral issue that moves me more than any other argument. Simply put, there are elderly retirees as well as other individuals and working middle-class families that are being priced out of their homes. In some cases these are homes that have been in families for decades. Just today I received an email in my inbox that was copied to the City Manager and Councilor White. It reads: **“I have no plans on moving as we will make things work, but it will significantly hamper my ability to provide for my family as part of the money I designate for upkeep of my property, food, schooling, clothing, transportation, utilities will have now go towards this increase in tax.”**

I recall over the past year recognizing the food cupboard and community sandwich program. The numbers have all heard about our friends and neighbors in need have been staggering. If we talk about caring for our most vulnerable then I urge you, take a stand for those voices crying out for relief from the heavy burden of city levies. I understand it is difficult not to give grease to the squeaky wheel but sometimes attention must be given to those parts which make no noise because they have come to a grinding halt. So it is with our elderly and middle-class families. We will hear from those who, like myself, may find the increasing tax burden difficult but will muddle through that we must keep funding our budget as-is. The real question should be how many people are we driving away from their homes and how many potential families will never come here because our burden is one of the highest in the state. The taxpayers are not an endless resource but are rather a well that is close to run dry. At some point those carrying the highest burden will no longer be able to carry water for those have already run out.

Let’s get back to work, make some very painful and tough decisions, and rework our school and municipal budget to bring in line with those whom we serve.

Respectfully submitted,



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Nicholas S. Isgro, Mayor