

To: Cape Elizabeth Planning Board

From: Michael K. McGovern

Re: Financial Capability for Fort Williams Park Projects

Date: August 15, 2012

In lieu of the customary brief certification of financial capacity to complete improvements that are the subject of a planning board application, I have instead prepared a broader overview of the finances for Fort Williams Park. The town manager's role in reviewing financial capacity was developed in order to keep private finances private. As the applicant before you is the town, the complete finances should be transparent.

**Fort Williams Park Finances  
August 15, 2012**

The Town of Cape Elizabeth manages the finances of Fort Williams Park through its general fund and through a capital project fund.

The maintenance and operation expense of Fort Williams Park is paid for through the general fund with income from property taxes and other miscellaneous revenues. The general fund budget for this year for the Fort Williams Park account is \$250,317. With other expenses such as employee benefits being assigned to other departments, the total cost for operations and maintenance is estimated at \$280,000.

The Fort Williams Park capital fund receives all revenues generated within Fort Williams Park. These are from building rentals, use fees, concessions and the small donation boxes. The town council working with the Fort Williams Advisory Commission has in recent years developed new strategies to increase revenues such as from bus fees and increased user fees such as \$25,000 for five days use of multiple spaces by the Beach to Beacon road race. In addition, the rules have been adjusted for the rental of the buildings at Officers Row so that compatible for profit entities may rent the space. In FY 2011, revenues were \$55,385. In FY 2012, they doubled to \$111,792 and this year revenues are estimated at \$147,695.

In 2011, the master plan for Fort Williams Park was approved. Park needs were evaluated by the Fort Williams Advisory Commission and the plan was approved by the town council after being reviewed by the planning board. The plan contains a list of priorities which the Fort Williams Advisory Commission is utilizing as its primary guideline in making annual budget recommendations to the town council.

On June 30, 2012, the capital fund had a balance of \$178,909. With \$147,695 anticipated this year in new revenue, there is \$326,604 available for improvement projects within the park. The town council has approved, upon the recommendation of the Fort Williams Advisory Commission, \$214,961 in expenses in the current fiscal year which began on July 1, 2012. Included within this amount is \$16,000 for cliff walk safety improvements, \$75,000 for the beach parking lot, \$35,000 for the concrete slab just southerly of the beach parking lot and \$62,000 for the intersection of the beach parking lot and the adjacent road. This is a total of \$188,000 or 87% of the authorized budget and 58% of the fund balance. These projects are priorities 1, 2, 4 and 5 within the master plan.

### **Other Support**

Fort Williams Park also benefits from generous private support from the Fort Williams Park Charitable Foundation. The FWCF is an independent 501 c (3) with its own board of directors. It raises money for the park and works closely with the Fort Williams Advisory Commission in coordinating projects. The primary ongoing project of the FWCF is the Fort Williams Park Arboretum. The town council, the Fort Williams Advisory Commission and the planning board have approved the FWCF's master plan for the arboretum pods and specific plans for the pods along the oceanfront from just south of the beach to Portland Head Light. In the last year, the first major pod of the arboretum was substantially completed with well over \$500,000 in cash expenses and volunteer in kind donations. No municipal funds from either the capital fund or the general fund were utilized. The FWCF is now raising funds to continue with additional pods.

### **Museum at Portland Head Light**

The Portland Head Light property is separate from Fort Williams Park and was acquired in 1994 from the federal government after having been leased for three years. PHL has its own 501 c (3) not for profit corporation and all finances relating to the lighthouse property are separate from Fort Williams Park. The board of the PHL corporation consists of the members of the Cape Elizabeth Town Council, and when they sit as the PHL board, their sole interest needs to be what is for the benefit of PHL. After paying for operations, maintenance, improvements and cost of goods sold, PHL increased its fund balance in FY 2012 by \$63,763 to a total balance of \$518,081. The PHL board has supported a number of projects in Fort Williams Park over the years which enhance the lighthouse experience. These include landscaping beds, an expansion of the cliff walk towards Delano Park, parking and pedestrian improvements and the new fencing and stonework at the shared Shore Road entrance to Fort Williams Park and Portland Head Light.

The PHL budget contributes \$20,000 towards portable toilets, \$10,000 for an external landscaping maintenance contract and just over \$30,000 for rangers, park maintenance personnel and greeters.

The fund balance policy of the Museum at Portland Head Light provides that the unassigned fund balance shall be between 25% and 100% of the annual operating expenses. Any excess is to be used for projects within the Portland Head Light property or the board could identify a project within Fort Williams Park that has a direct benefit to Portland Head Light. The fund balance is now at 95% of the annual operating expenses.

### **The Town of Cape Elizabeth's Finances**

The finances of Fort Williams Park and Portland Head Light are only good to the extent that the parent entity is also healthy. On June 30, 2012, the governmental funds of the town had a total fund balance of \$10,397,320. Of this amount, \$3,550,332 was unassigned or "surplus" with just over \$600,000 of this unassigned within the school department. Total revenues for the year were \$38,273,949. Thus, while a surplus of \$3.5 million may be seen as high, it represents less than five weeks of average cash flow. Municipal debt is \$10 million less than in 2006 and the ratio of bonded debt to assessed valuation has declined since 2006 from 2.2% to 1.1%. Only one city on Maine has a higher bond rating than Cape Elizabeth.