

MEMORANDUM

To: Board of Selectmen
Finance Committee
From: Richard Roedner, Town Manager
Date: February 4, 2016
Re: Budget Plan

I am pleased to present to you the proposed FY 17 Topsham Municipal Budget for your review and consideration. This budget will cover municipal operations from July 1, 2016 to June 30, 2017, and is designed to meet several goals that I have for the Town, as well as goals that the Town has established for itself.

Specifically, the major changes include:

- Additional staff capacity shared between the Assessing and Finance Offices (1/2 time position), and in the Fire Department (full time starting in January).
- We are in the 2nd year of our 25-Year Capital Plan. I have made some changes from what was approved this past year, including a smaller increase in Road Reconstruction (\$50,000 increase versus the planned \$100,000 increase, and the movement of a plow truck from the operating budget into the proposed bond, along with a changed cost for the proposed plow trucks.
- An increase of nearly \$93,000 in the Economic Development Reserve Accounts. This increase represents the increased values in our three municipal TIF districts (Interchange, Affordable and Downtown)
- A \$5,000 per unit increase in the Homestead Exemption program results in approximately an \$11 million **decrease** in the Town's overall valuation. This will be partially offset by new construction and by any town-wide value changes due to a changing real estate market.
- A proposed change in health insurance is being negotiated, that would reduce premiums, in exchange for a Health Reimbursement Account. This HRA is included in the expense budget, even though we don't anticipate the funds raised will be fully spent. Left over funds will be the starting point for next year's HRA budget, resulting in fewer new funds being raised next year.
- Year #2 of the plan to bring library employees into a more equitable wage position relative to Town employees (based on June 30, 2015 wage rates).
- Utilization of \$200,000 from our fund balance, down from \$400,000 in current budget.
- Major unknowns include:
 - State Revenue Sharing (left unchanged, should have a better idea in March)
 - Funding for SAD 75 (assumed 6%, the three year average)
 - Funding for Sagadahoc County (assumed 4%, the four year average).
- On the revenue side, we anticipate a significant increase in Excise Tax collection.

As proposed, this budget anticipates \$336,951 of increased spending, an increase of 3.73% over FY 16. It should be noted that nearly a third of this total includes funds going into Economic

Development Reserve accounts, and another portion is due the HRA funding (which we don't believe will be fully spent).

Final County and School budgets won't be known until later this spring, and the final valuation won't be known until August. Hence, we won't know the new mil rate until August. The proposed municipal budget represents an approximate 43 cent increase in the tax rate, with the assumed County and School budgets accounting for an additional 63 cents. These numbers will certainly be modified as we learn more about the other budgets over the coming weeks.

Included in your budget books is the budget schedule, the first 10 years of the 25 Year Capital Plan (it was truncated to make it legible) as well as the departmental budgets and information/slide packets.

I look forward to working with you on the proposed budget over the next several weeks.