

MEMORANDUM

To: Board of Selectmen
From: Richard Roedner, Town Manager
Date: January 26, 2018
Re: Budget Overview

Attached is my proposed Topsham Budget for the FY 19 budget year, which starts on July 1. This budget has been a challenge, trying to balance service needs with fiscal responsibilities. In the attached budget, you will see requests from departments that were not funded, or that have been funded only partially. As an example, what started as a request for four additional employees has been reduced in this budget to just under two full time equivalents. These partially funded positions become fully funded in next year's budget, representing two and a half new positions. This ebb and flow of needs, expectations and limitations, has resulted in a draft budget for your consideration.

Expenditures

Most department budget only have payroll and benefit changes. This is the last year of our collective bargaining contracts, which include a 3% COLA for all employees. Those at the lower end of the pay scale are receiving an 11% increase due to the change in the minimum wage.

Utilities represent another growth point in our budget. Our local districts are both implementing double digit increases – sewer by 11% and water by 20%. Electricity is up an average of 7%. Natural gas fluctuates with usage and temperature, and is difficult to put a number to. We have been under our budget in the recent past, so we are hoping that the draft budget is adequate.

Personnel changes represent a major impact to our expenditure budget. The Police Department requested a new officer, to assist with managing overtime, and to increase the Department's capacity to conduct speed patrols. I am recommending this position not be filled this year. The Fire Department, in the face of continued difficulties in securing enough per diem firefighters, has asked and increase in Per Diem/Call pay, and for two new full time firefighters. I am recommending that one be hired in September (9 months) and one in January (6 months) representing about 1 ¼ new employees for the coming year. Lastly, the Finance Office asked for a permanent assistant position. I am recommending a half time position.

We have made significant upgrades to our computer security system – a new fire wall, new security software and a new service agreement with ION to better manage our hardware. Most of these services are subscription-based, meaning monthly payments for the service. This has resulted in an increase of about \$17,000 in our Leases/Licenses line in Central Services (04).

As you will recall, we had included funding in the Assessing budget for part time help for Assessing and Finance. Justin has looked at this, and reduced this line by about \$9,000, to provide part-time assistance in the Assessing Office at different times during the year.

Parks and Recreation shows a large increase in full-time payroll. This is due to two anticipated retirements, and budgeting for payout of accrued time.

Capital shows a significant decrease this year, but that is mostly due to not including funding from Undesignated Fund Balance and our Economic Development TIF Fund. If we include these funds this year, we will see decreases in other areas, and an increase here.

The decrease in Insurance is due to smaller usage of our HRA than anticipated, requiring a smaller replenishment this year.

For Intergovernmental Assessments, I have assumed 2% increase for Sagadahoc County (4% last year) and 3% for SAD 75 (5% last year). We won't know either of these numbers for at least 6 weeks. These are based solely on expenditures, not to any shift in local obligation within the District.

We are now in a position with our Debt Service where it will continue to decline each year. From FY 18 to FY 19, it is about a \$43,000 decrease. Absent a future decision to issue additional debt, our existing bonds will be paid off in FY 27.

These municipal expenditures represent a \$28,000 increase over last year, or about .24%. SAD and Sagadahoc County estimates raise this to about \$350,000 and 1.52%.

Revenues

Our biggest changes in the revenues are in Excise Tax and Surplus. In our current budget, we utilized \$1 million from Undesignated Fund Balance (\$500,000 for revenue and \$500,000 for capital). In the proposed budget, I am recommending using \$645,709. This represents \$400,000 as revenue, and \$245,709 for capital as may be determined by the Board and Finance Committee.

Last year our Economic Development Fund was used to make capital investments totaling \$330,000, and putting \$32,000 into reserves. This year, this line is estimated at \$386,409. Whether this all goes into reserves, or some is spent on capital investments, there will be no impact on taxes raised.

Excise Taxes are once again coming in above budgeted amounts. In the coming year, we are recommending that we increase this revenue line from \$1.8 million to \$1.9 million to better reflect our pattern of Excise Tax receipts.

At the present time, I have left General Revenue Sharing at the same level as last year, \$467,450. In the previous two years, our GRS total has grown by \$11,000 and then \$21,000.

Revenues, largely due to a lower fund balance, are about \$300,000 lower than last year, or 7.8%.

For planning purposes, we have shown a .6% increase in overall valuation, representing about \$6 million in new value. There will certainly be new growth value added by April, as well as any changes brought about market forces.