



# MEMORANDUM

**Date:** October 24, 2022

**To:** Board of Selectmen & Budget Committee

**From:** Danielle Loring, Town Administrator

**RE:** FY2023 Budget Request

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Enclosed is the 2023 budget requests for your consideration. At the meeting on September 19, 2022, the Board of Selectmen set their goals for the Department Heads to consider when making their requests. These are:

- Investigate potential budget reductions and eliminate lower priority expenses that can be held off for another year
- Evaluate and propose manageable priority infrastructure improvements
- Evaluate staffing needs and maximize professional development opportunities
- Evaluate department's historical spending and ensure budget proposal aligns with actual needs
- Allow for a 4% increase of base wages
- Strive for flat budget where possible and no more than a 9% increase across total municipal budget

This year, we know that the number one concern is the ongoing inflation that has created rising costs for both the municipality and its inhabitants. This, coupled with the recent revaluation, was taken heavily into consideration when evaluating the Town's needs, as we wanted to be mindful of the potential impact on taxes, especially if there is a revenue shortfall. Unfortunately, these efforts can only go so far if there are County and School increases.

In respect to capital reserves, the Town Department Heads will continue to monitor accounts and work to avoid additional or low priority carry forward requests. The primary reason for doing so is to maximize the deposit into the Undesignated Fund Balance to help replenish the Town's cash levels. There are no large requests for UFB monies. As mentioned previously, the Revaluation was completed this year and there will be no additional costs or need to carry forward funding, but the Fire Department is waiting on SCBAs to arrive before negotiating a purchase of used equipment with Auburn for additional compatible units.

In terms of the broadband projects, the FirstLight project is wrapping up, and we are waiting on potential costs to connect outlying customers in abutting service areas but those funds will come out of the American Rescue Plan Act (ARPA) funds. The Charter-Spectrum project is still on-going, but the Town was able to get funding from the County in the amount of \$188,000 in order to cover contract obligations and will hopefully have no additional cost needs.

Inflation has also impacted cost of living, and the Board considered and approved a wage adjustment of 4% across all departments. There are a couple adjustments based on professional development and potential staffing shifts that are being discussed and decided upon.

Tonight, you will hear from the Fire Department, Elections, and Highway Department Heads as well as a general overview of the Town operations from myself. Tomorrow, you will hear about the Committee requests. We hope that you will use this time as an opportunity to get clarification on items as they

pertain to the budget. If we do not have the information readily available, we will get the information and return it to the group as soon as possible before you vote on the final budget recommendations (Selectmen this is November 14<sup>th</sup> and Budget Committee this is December 8<sup>th</sup>).

In reviewing the information in the coming weeks, here are a few items I ask you to consider:

#### Fire Department:

- This Department has a 29.9% (-\$37,894) decrease as a reflection of actual costs for the Department.
- New SCBA units are due in November and the Town will purchase additional used units from Auburn FD in order secure the proper number needed for the number of apparatuses in service. If this does not occur by yearend, there will be a request to carryforward funds.
- Attention will be paid toward recruiting additional members and the Board will approve additional funds midyear if payroll funding is an issue.
- Engine 8 Fire truck was paid off a year early and is no longer included in Debt Service.

#### Elections

- This Department has a 20.6% (\$1,445) increase over prior year due to the increase of postage and vendor services.
- There is also the potential that the RSU will no longer be reimbursing for their election costs, and they are looking to hold their referendum vote separate from the State's election in June, which will result in additional staffing costs.

#### Highway Department:

- This department has an overall increase of 9.6%, or \$66,325.
- This budget includes an updated figure for the new plow truck payment. The truck is quoted at \$187,447 fully outfitted and \$156,947 with trade. The Town collected \$60,341 last year as it was anticipated that we may take delivery this fall but the updated projection is April 2023. These funds were kept in reserve in order to collect interest versus entering into a payment agreement with the bank as there were many unknowns at the time.
  - The updated financing schedule is as follows:
    - Use the funds in reserve to bring the financed amount to \$99,999 to save on a legal opinion letter required for lease purchase agreement above that amount. This amount would be financed for two years at 4.89%.
    - Raise and appropriate the previous amount (\$60,341) to cover the first payment at closing (\$51,192) and give allowance in the event that there are increases in equipment or the value of the Sterling (trade in) decreases.
    - Any remaining funds in the reserve will be used to decrease the principal amount of the final payment (2024)
- The Town implemented a paving program in 2021 by obtaining a three-year \$1,000,000 bond to cover costs.
  - As proposed, it allowed:
    - For staff to leverage the funds and work with contractors in a real-time fashion to complete additional work
    - For the Town to take advantage of historically low interest rates and lock in at 1.68%
    - Keep the paving budget consistent over the next three years to cover the bond payments
    - Depending on what was left, we could potentially engage in additional programs such as crack sealing the third year of the program

- The paving work schedule is:
  - 2021:
    - Brighton Hill Road (1): Old Buckfield Road to through Hebron Townline.
      - This includes grinding and rehabbing three (3) sections, base pavement and shim/overlay (2")
    - Brighton Hill Road (2): Brighton Hill Road to Auburn Townline (Was schedule for 2022)
      - This includes grinding and rehabbing two (2) sections, base pavement, and shim/overlay.
    - Death Valley: Marston Hill Road to Harris Hill Road
      - Shim/Overlay (2")
    - Orchard Station Parking Lot
    - These projects were estimated at \$627,064 but actual was \$484,709, which is a 22.7% savings (\$142,355).
  - 2022:
    - Holbrook Road:
      - This includes grinding and rehabbing two (2) sections, base pavement and shim/overlay.
    - Hersey Hill School Road (Was scheduled for FY2023):
      - Shim/Overlay
    - This project was estimated at \$335,843 and the actual cost was \$345,469, which was an increase of 2.9% (\$9,626). However, we were using \$80/ton to estimate and starting bids this year were \$90+/ton but the Town's multi-year agreement allowed the Town to remain in the mid-\$80s even with escalator.
  - 2023:
    - Pottle Hill Road (3): Verrill Road toward Woodman Hill Road (1 mile)
      - Shim/Overlay
    - There is approximately \$130,000 in the paving bond for this road. The length that will be completed will be dependent on next year's bid pricing as we are no longer locked in.
- The Town will still leverage the Local Roads Assistance Program (LRAP) to lower the amount of tax revenues needed to make the bond payment. The LRAP payment to be applied to 2023 is anticipated to be \$64,380.

#### Town Administration:

- There are several estimated changes to the Town's insurances:
  - Workmen's Comp Coverage: 0% increase but could change based on rating
  - Property & Casualty Insurance: +5% for budgeting purposes
  - Unemployment Insurance: flat to prior year
  - Health Insurance: +10.0% for premiums. Could change based on open enrollment and final numbers released from MMEHT on 10/31/2022.
  - Dental Insurance: 0% but could change based on final numbers

Though these figures are estimates, they have been calculated in to illustrate potential impact to the overall budget. Final figures should be available prior to Town Meeting for inclusion in the final warrant. There is one position for the Highway Department that will likely be filled in the coming weeks. This budget represents the associated costs for 9 full-time employees, 3 part-time/per diem employees, and various paid volunteer positions.

In all, the current budget request for 2023 represents an overall decrease of \$49,059 or 2.5% from prior year expenses, which does not include any revenue offsets such as LRAP. The staff certainly scrutinized their costs to ensure that they were reasonable to historical numbers, but it is still unknown as to whether there will be additional increases between now and December that should be taken into consideration.

As always, please feel free to ask me any questions about the budget, and I will work with staff to promptly get you answers. I look forward to working with you in the coming months.