



# MEMORANDUM

**Date:** October 23, 2023

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

**From:** Danielle Loring, Town Administrator

**RE:** FY2023 Budget Request

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Enclosed is the FY2024 budget request for your consideration. At the meeting on September 18, 2023, the Board of Selectmen set their goals for the Department Heads to consider when making their requests. These are:

- Prioritize capital improvements and prepare solutions for potential cuts
- Continue to look for additional revenue sources to extend Town funds
- Maximize staff efficiency while continuing to provide professional development opportunities
- Evaluate department's historical spending and ensure budget proposal aligns with actual needs
- Allow for a 2.5% increase of base wages and 4% for Highway
- Strive for flat budget where possible and no more than a 13% increase across total municipal budget

Inflation is still a prevailing topic as I worked with staff to develop their proposed budgets. I know there is a lot of anxiety surrounding the RSU and their future plans, including whether that will include funding repairs or relocation of students, as well as potential increases in the County side that may include the reduction of services. Our focus is, and will continue to be, to focus on Town-level services with cost efficiency and reliability in mind.

In the past year, the Board of Selectmen has allocated American Rescue Plan Act (ARPA) funds on one-time capital improvement items that focused on increased security, safety and communications. This helped us to improve identified deficiencies as well as cover the cost of items that would have likely been requirements in the near future and helped to reduce the need to use the Undesignated Fund Balance (UFB) on capital expenditures. At this time, I am requesting that \$100,000 of the UFB be used to create a reserve to cover the potential acquisition and operation of Minot Consolidate School as well as any legal or consultant costs needed for that process. Though the School Board has not made a decision on this matter, the intention is to send a clear message to the residents that we are prepared to acquire or litigate any issues involving the RSU, as necessary.

In project updates, the FirstLight project is completed, and residents have begun enrolling in fiber services. Consolidated Communications (CCI) was supposed to roll out Fidium in the areas of Holbrook Road, Simion Road, Bailey Road and 400 block of Death Valley, but they have canceled project funding, and so we are reopening discussions with FirstLight for a potential build out, which we would use carryforward and Cable Franchise Agreement funds to do so. The Charter-Spectrum project has just completed build out and residents have started enrolling for services. It is anticipated that the project will be near completion by the end of the year.

At the Town Office, there was a realignment of positions which included eliminating the Finance Assistant position, hiring an additional Deputy Clerk and promoting the Town Clerk to a leadership position. This arrangement creates redundancy in both front and back-office positions as well as makes staff available to cross train and assist in other areas such as Planning, General Assistance and general

administrative work. The Board of Selectmen set a cost-of-living increase at 2.5%, which considered the existing salary ranges, market rates and professional development goals for individuals. Highway is being given 4% to keep them competitive with the local market.

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 13<sup>th</sup> and Budget Committee this is December 7<sup>th</sup>).

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

#### Fire Department:

- Keep in mind that this Department had a 29.9% (-\$37,894) decrease from FY2022 to FY2023 and this was considered temporary as the Board was looking to restructure the Department to ensure that the community's needs were met.
- The proposed budget looks to maintain equipment as well as train and outfit new and existing members.
- Also includes budget for new full-time Fire Chief and benefits for the position.
- This budget is an increase of \$107,538 (123%) but does not include a new forestry truck or proposed improvements to Orchard Station to create a training center.

#### Elections

- This Department has a 40.3% (\$3,450) increase over prior year due to the increase of postage and increased number of elections (primaries and presidential).
- Also budgeting for an additional RSU referendum at this time if they decide to move forward with the closure of Minot Consolidated.

#### Highway Department:

- This department has an overall increase of 11%, or \$76,350, including staffing and operational increases (fuel, supplies, materials)
- We are proposing a new \$1.5 million bond to include the following:
  - 3-year pavement program (including materials):
    - 2024: (Approximately \$400,000)
      - Shaw Hill Road
      - Center Minot Hill Road (Jackson Hill Road to Cross Road)
    - 2025: (Approximately \$400,000)
      - Marston Hill Road
    - 2026: (Approximately \$60,000)
      - Butler Hill Road
      - Lane Road
  - Dual Axle Dump Truck
    - Truck estimated at \$150,000 plus \$150,000 for equipment minus trade (estimated around \$50,000) – Benchmark of \$250-300,000
  - ¾-ton Pick Up Truck
    - Estimated cost is \$65,000 (including push plates) minus the trade (estimated at \$30,000).
    - Balance would come out of the reserve (currently \$23,500) and the bond.

- As proposed, it allowed:
  - For staff to leverage the funds and work with contractors in a real-time fashion to complete additional work
  - Potentially negotiate a lower tonnage cost over the duration of the agreement (even with escalator)
  - 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 or complete additional roads
  - Consolidate the payment for all debt service under one umbrella.
- 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 \$74,244 (about \$10,000 increase).

Town Administration:

- There are several estimated changes to the Town's insurances:
  - Workmen's Comp Coverage: 13% to cover increase in salaries and new positions.
  - Property & Casualty Insurance: +5% for budgeting purposes
  - Unemployment Insurance: Increased placeholder for the time being but anticipating flat
  - Health Insurance: +10.0% for premiums. Could change based on open enrollment and final numbers released from MMEHT on 10/31/2023.
  - Dental Insurance: +5% placeholder

Though these figures are estimates, they have been calculated to illustrate potential impact to the overall budget. Final figures will be available prior to Town Meeting for inclusion in the final warrant. There is still one position for the Highway Department and anticipating a seasonal vacancy. We are looking to negotiate with our existing plow contractor for a driver and may need to go with a company for flaggers, but it would be more cost effective to find a summer staff person. This budget represents the associated costs for 10 full-time employees, 3 part-time/per diem employees, and various paid volunteer positions.

In all, the current budget request for 2024 represents an overall increase of \$311,160 or 15.9% from prior year expenses, which does not include any revenue offsets such as LRAP. However, the bulk of these increases are related to the restructuring of the Fire Department, and the increase in the general budget is 10.9% or \$203,622. The budget presented to you is based on historical usage and hopes to maintain operational efficiency in the face of unknowns, especially with what is transpiring in the middle east.

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.