



Town of Damariscotta

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Date: February 23, 2023
To: Select Board and Budget Committee Members
From: Andrew Dorr, Town Manager
Subject: FY 2024 Proposed Budget

Dear Select Board and Budget Committee Members,

The past eight months as the Town Manager has afforded me the opportunity to learn a great deal about the town and the needs of the staff. When creating a municipal budget, it is important to provide the staff the resources needed to offer the services the community desires. With our ability to provide the services, there are requirements from the federal/state government, insurance companies, and locally adopted ordinances/policies that create minimum standards that we have to adhere to. While I am still getting to know the community, it is primarily with the minimum standards and the Select Board's previous work plans in mind that I provide you with my FY 2024 municipal budget proposal.

Some of the major changes of the overall budget include:

- Operating Budget Expenditures: \$281,086.55 (9.40%) increase
- Capital Reserve Allocation: \$114,400.00 (26.97%) increase
- Revenue: -\$110,825.00 (-7.77%) decrease
- Local Assessment: Unknown, anticipated increase of base values 10-15%

Budget Review Schedule

This year, I had proposed that the initial budget presentation happen as a joint effort between the Select Board and the Budget Committee. This would allow staff to present once and for the members of both boards to receive the same information. From there, the respective board/committee is able to review in greater detail with the Town Manager before recommending a final amount. The tentative schedule for the remainder of the FY 24 review schedule is as follows:

- March 1: Budget Presentation I
- March 8: Budget Presentation II
- March 15: Select Board Review/Recommendations
- March 20: Budget Committee Review Select Board Recommendations
- March 22: Additional Select Board Budget Review Workshop (if necessary)

- March 27: Additional Budget Committee Review, if necessary
- April 5: Select Board Final Budget Review, Draft Annual Town Meeting Warrant
- April 19: Approve Annual Town Meeting Warrant

Overview

This budget reflects the programs, services, and service levels that I believe meet the expectations of our residents and staff. At the core of the increase expenditures you will find personnel expenses are up which are reflective of an economy that has seen unprecedented cost-of-living increases. You will also see my recommendations to invest in staff training, equipment maintenance, and road improvements.

Just as expenditures are a big part of understanding the budget process, so are the revenues. This year, you will see I am projecting revenues to be down \$110,825.00. This decrease in revenue is largely driven by the decrease in the utilization of the undesignated fund balance (UFB). In FY 23 we appropriated \$200,000, however, it appears that we had less than \$100,000 unspent from FY 22. As the UFB is only funded by unspent funds from the previous fiscal year, this is typically an unsustainable “revenue source” unless we are continually overbudgeting.

While my recommendation reflects what I believe we need to fund to meet the expectations I have heard, I expect the budget process to be one that moves beyond the (rightful) reaction to an increase in a dollar amount and have a conversation about the service and work products your town staff will be offering/completing for the residents of Damariscotta.

General Government

This bucket of our operations covers three major departments as well as the municipal building and the solid waste contract. The overall increase for general government is \$76,085 or 8.03%.

- Administration shows a \$17,764 increase, of which \$13,133 can be attributed to a wage increase.
- The Assessing budget projects a decrease of nearly \$30,000 and is driven almost entirely by the decrease in hours as one day per week seems to be sufficient at this time.
- The Planning/Development budget appears to be up almost \$76,000, but this is largely reflective of the full cost of the town planner. I have included offsetting revenue that would be consistent with the current inter-local agreement we have with Newcastle.
- The Solid Waste contract budget is projecting an \$8,648 increase as we estimate the increase their 2024 budget amount.
- The remainder of the general government expenses net an increase of \$3,113 as we budget for increased utility costs at the municipal building and cleaning service costs.

Police Department

The increase for the Police Department is proposed to be \$78,743 of which 72% (\$56,751) is directly related to the wage increases driven by contracts. Another \$12,000

is to account for the health insurance cost should staffing change during the year or an officer change their insurance status to more than employee-only coverage.

Public Safety

This major departments/expense items within the public safety services includes the Fire Department, CLC Ambulance service costs, and Fire Hydrants. The budget for Public Safety in FY 24 is projecting a decrease of \$58,000+ which is almost entirely attributed to the change in assessment formula for the CLC Ambulance service. With the change, Damariscotta's assessment decreases by \$62,165 and with a \$,4500+ increase in the Fire Department expenditures the net impact is \$58,096.

Public Works

Responsible for the largest percentage of the \$281,000+ increase to this year's operating budget is the Public Works Services. My recommendation for the Highway Department would include a \$178,000+ increase with the Cemetery budget increasing by \$6,700, mostly for the new mowing contract. Summarizing the increases my recommendation for the Highway Department, I was focusing on what is needed to complete routine tasks and road improvements safely and efficiently. With a two-person crew, there are many tasks that we are not staffed or equipped to complete. Key increases include:

- Highway Equipment – as the equipment ages, more parts are needed to maintain these in working order. This also includes accounts for an increase in sweeper parts as I anticipate we will be using those attachments more. Sweeping includes the downtown area, fall fog line/shoulder clean-up, and the usual spring clean-up around town.
- Vehicle Repairs are also recommended to increase. Based on the hours of use on the wheel loader, we should be completing two annual services and we have only been allowing for one. We need to keep this machine in good working order as it is our only workhorse.
- The General Maintenance line is up \$6,000 to account for necessary highway maintenance, like shoulder stabilization, drainage repairs/improvements, and the replacement of benches/tables.
- Line striping is over \$8,000 more as I plan to contract out the majority of the line work. We can take care of some of the special stencils in the parking lot, like for boater parking and the crosswalk stencils (“Stop, Wait, Wave”). This is based on the unit prices from last year's invoice, but I am waiting for a regional bid result and am hoping it will be comparable.
- Over \$5,000 would be invested in the Heater Road facility for necessary lighting upgrades as well as building maintenance.
- By far the largest share of the increase is attributed to the contracted services.
 - Nearly \$60,000 estimated to replace culverts, complete ditch work, as well as some of the routine maintenance tasks that require specialized services.
 - Over \$65,000 is attributed to an increase in the snow removal contracts per the updated agreement approved in November. This does include fuel and salt escalator/de-escalators with I estimated \$10,000. This is only triggered if diesel fuel is over \$5.90 a gallon and if the per ton cost of salt increases. Any decreases in those two items from this year's base amount will net a credit for the contracted services.

- Another \$6,500 is estimated to replace a catch basin on Water St that is not included in the parking lot project. Staff have identified deficiencies with the basin and believe it may be failing.
- Finally, I am proposing an increase to the tree work budget to allow for work to be completed on various town ways. I am proposing that we look to perform the work on Lessner Road, Rocky Run, and Standpipe Rd.

Community Betterment/Services

There is a minor decrease proposed in my budget recommendation, however, this is largely driven by community/non-profit funding requests. The date to submit these available into April. Should the board and committee determine that they'd like to establish a limit to what may be available, we can look to update the policy and give a notice for next year's budget process.

Debt Services

There are no changes to the debt service payments for FY 24. We are still working to pay off the loans for the streetlight upgrades and the bond for road improvements.

Capital Reserve

I have included the summary overview for the Capital Reserve request. This will be accompanied by a more detailed explanation at a later date as I finalize the document. The increase of \$114,000 is what I believe we should increase our contributions to IF we are going to get ahead of some of our known expenses without taking out loans. Some reserve accounts have been better planned than others and I anticipate completing a Capital Improvement Plan for the board this summer that takes a longer and more comprehensive look at our major capital needs.

With this overview, I encourage you to dive deeper into the proposed expenses and share your thoughts about the services and work products we can or want to complete. I know this is a big increase being proposed, but again, this is meant to encourage a discussion around priorities and acknowledging what we can accomplish and what will have to wait. I look forward to embarking on this process with you and will also make notes on any improvements we can make to next year's process.

Thank you!