

Town of Berwick
2018-2019 Budget Summary

To: Board of Selectmen
Date: January 25, 2018
Re: 2018-2019 Budget Summary
From: Stephen G. Eldridge, Town Manager

I would like to summarize the 2018-2019 budget. Maureen Finger, Finance Director and I used the same process that we have used in the last two budget years. The Selectmen met in December and agreed to the following goals:

1. Bring the budget in flat as possible with minimum impact to the tax rate.
2. Continue to implement our Capital Improvement Program
3. Provide support for the development of Prime Tanning Site.

Department Heads met in late December and were given direction to bring their budgets in as flat as possible but continue to provide the departments with the necessary funding and not diminish the service levels. Department Heads turned in their budget requests on January 12, 2018 and sat down with Maureen and I to review their budgets the week of January 22, 2018.

Summary of Revenues and Expenditures

Total Revenue : **\$2,270,072**, is a 4.4% increase over 2017-2018. This past year we have seen increases in the excise tax, revenue sharing, and building and plumbing permits which is in line with the growing economy we are experiencing. Our valuation increases from 2017-2018 was approximately \$10 million. With the increase in building permits we should see an increase in our valuation by tax commitment time. Last year we used \$500,000 from our undesignated fund for one-time capital items, primarily roads. This year we are only using \$100,000 which is a decrease of 80%. With the purchase of the Sober Home the undesignated fund decreased. I am a firm believer of not using the undesignated fund to offset our tax rate as it does not provide realistic costs associated with the needs of operating the town. The Net Municipal Appropriation after we subtract the revenues is a 4.4% increase of \$148,411 or an estimated tax rate increase of \$0.23 for municipal operations.

Total Expenditures: \$ 5,920,488. This reflects a decrease of (\$155,502) over last year's budget.

Healthcare - we saw an increase in our healthcare costs in January 2018 of 6% and we are anticipating another increase next January 2019. The Healthcare, Maine Municipal Health Trust operates on a calendar year.

Unemployment Insurance – decrease by 33%

Workman's Compensation – We have had several major injuries over the past three years used in determining our mod rate, which saw an increase of 16%. This has resulted in an overall increase in the workers comp premium for 2018 of 21.6%. Therefore, the FY19 budget request is anticipating a 10% increase in January 2019.

The remaining lines in our General Expense stayed flat.

Personnel

This year we have seen several changes in personnel. Since our Planner, John Stoll left this year we have decided to utilize SMP&D Planner Kathy Connor. She is providing planning assistance on a part-time basis and this has worked out well. With the addition of the PW Administrative Assistant, Carly Stella, this has freed up Robert to spend more time in the field. The Code Enforcement Officer, Joe Rousselle, has resigned to become the Fire Chief in South Berwick and will continue as their CEO. Joe continues to provide on call services until we have our own CEO.

We have advertised this position for over 8 months and have had only 3 resumes. Only one of them had any experience and he took a job in Lebanon full-time. He has agreed to work for us on his days off. Mark Arenberg is a licensed Civil Engineer and CEO. We have recruited him for a full-time position to function as Public Works Director, Engineer and CEO. This position cost will be split between Planning (CEO) and Public Works. We will maintain the cost of the CEO in the Planning Budget but shift the cost from contracted services to full-time wages. This provides a seamless transition without an increase in cost for the CEO. This position will also provide us with a certified engineer to manage the MS4 program as well as road design and inspection and be funded out of the Public Works budget.

The Police Department is still down 1 full-time patrol officer. We have advertised that position for almost a year with no good candidates. This has become a state-wide problem and it has created a very competitive atmosphere with some communities offering sign-on bonuses.

Capital Improvement Program

This year there is a limited amount of CIP expenditures. The Police Department is replacing one vehicle which will keep us on the replacement program. There are other needs of that department which include less expensive items.

Public Works had hoped to replace 2 steel dump bodies this year with stainless steel bodies which can be utilized when the truck bodies are beyond repair. The existing bodies ~~the~~ will not pass inspection. We are expecting to add the new plow truck from this past budget to the fleet later this year. Road Paving is the one cost that has ~~not~~ changed this year. We are funding road paving at \$150,000 from undesignated funds and combining these funds with existing road funds, we should have \$330,000 to do the final travel layer of 1 1/2 inches on the reconstructed roads that include Diamond Hill, Wentworth, Pond, and Beech Ridge which sat for 1 year. We will do Logan Street if funding is available. In 2019-2020 we will continue our paving program. Our long-term road budget has over \$5 million in work to be done over the next 7-10 years.

MS4

This year we will continue funding the MS4 program. We will renew our contract for the required consultant for this program and also fund for the design of the remainder of Moulton St. That project will go out to bid in 2019-2020. We will still be monitoring all aspects of the storm water system with other locations needing corrections in the next several years.

Miscellaneous Requests/Public Agencies

In efforts to keep the budget to a minimum increase I suggest we keep all outside funding requests flat except the Sewer Department. The Berwick Sewer Department has had a lot of changes over the last year. They have been able to increase their revenue by increasing their septage intake. From what the Sewer Board has informed me they are now operating in the black. They operate on a calendar year budget and will receive the current year request in April. This will provide them an additional year to build their undesignated fund and they should be able to function without the town funding their request.

The Berwick Public Library is asking for an additional 5% over last years budget. Since we are trying to keep the budget flat this year I suggest we do the same with their request and flat fund them. If the Library continues to need more funding and is not able to fund raise the difference we should be discussing this with them and see what we can do.

Economic Development

The Envision Berwick Committee is requesting \$39,500. We are recommending to flat fund them at \$15,000. The funding from this group carries forward any unexpended funds. There is still a healthy fund balance and we can accomplish most all of their requests. This budget will have

matching funds for 2 grants one from SMP&D and the other MDOT so we can do a more complete traffic study on the downtown village region and how the changes at the Prime site will be impacted with a new road and possible changes to the flow of traffic crossing the bridge. There is also funding for work on the PSNH property. Some of the funding will come from Impact fees.

This is the second year where we have held the budget as flat as possible. It does not reduce the level of service and does provide some funding for Capital Improvement Program. We are still behind on our roads and several bridges. We will continue to maintain the level of funding for paving with hopes that we can increase the funding and do more each year. I am hopeful the RSU 60 budget recognizes the funding crunch we are all in and can keep their budget flat.

Estimated Impact to the Municipal Tax Rate: 4.4 % or 0.23

<u>Municipal:</u>	\$5,920,448
<u>Revenues:</u>	2,270,695
<u>Surplus:</u>	<u>100,000</u>
Net Appropriation:	\$3, 549,753

**BUDGET SUMMARY OF ACCOUNTS
MANAGER'S BUDGET
FY 2018 - 2019**

Dept	FY2017 - 2018	FY2018 - 2019	Change	%
General Expense	267,690.00	314,805.00	47,115.00	17.6%
Town Administration	340,463.00	351,975.00	11,512.00	3.4%
Town Clerk	261,836.00	262,017.00	181.00	0.1%
Planning	151,289.00	116,823.00	(34,466.00)	-22.8%
Assessing	77,000.00	76,550.00	(450.00)	-0.6%
Town Hall	112,627.00	118,140.00	5,513.00	4.9%
General Assistance	10,000.00	10,000.00	-	0.0%
Police Department	1,625,942.00	1,660,718.00	34,776.00	2.1%
Fire Department	760,842.00	813,925.00	53,083.00	7.0%
Public Works	755,060.00	880,635.00	125,575.00	16.6%
Refuse	457,835.00	440,159.00	(17,676.00)	-3.9%
Recreation	111,865.00	114,851.00	2,986.00	2.7%
Debt Service	40,000.00	92,855.00	52,855.00	n/a
Public Agencies	14,036.00	15,536.00	1,500.00	10.7%
Transfers	942,265.00	508,022.00	(434,243.00)	-46.1%
Miscellaneous	147,200.00	145,900.00	(1,300.00)	-0.9%
Municipal Subtotal	6,075,950.00	5,922,911.00	(153,039.00)	-2.5%
Less Revenues	2,174,608.00	2,270,695.00	96,087.00	4.4%
Use of Surplus	500,000.00	100,000.00	(400,000.00)	-80.0%
Net Municipal Appropriation	3,401,342.00	3,552,216.00	150,874.00	4.4%
Valuation	646,976,541	646,976,541	-	0.0%
Estimated Tax Rate for 2018/2019				
Town	\$5.26	\$5.49	\$0.23	4.4%
Net Town Appropriation:	3,401,342.00	3,552,216.00	150,874.00	
<i>Estimated Municipal Limit</i>	3,588,911.00	3,716,317.00	127,406.00	
variance	187,569.00	164,101.00	(over)/under limit	

Excludes Overlay, Homestead Exemption Reimbursement and BETE Reimbursement