

FY 2023 PROPOSED BUDGET PRESENTATION

Tuesday, March 15, 2022

6:00 P.M.

Presented by:

Interim Town Manager, Ryan McGee

Kayla Tierney, Finance Director

DATE: March 15, 2022

RE: First draft of Fiscal 2023 Proposed Municipal Operational Budget

Presented tonight is the first draft of the FY23 Municipal and Waste Water expense budgets for your review and consideration. The goal of this proposed budget is to take into consideration both the residents of the Town of Lisbon and the great employees that keep this community running. Covid-19 turned the world upside down in March 2020 and we continue to navigate through life as the 'new normal'. It is our hope that FY23 will be the platform for new ideas; for continued growth in this community; for a focus on employee retention; for filling vacant positions; and finally, for maintaining and exceeding the level of service to the citizens of Lisbon that they deserve.

FY22 has been a very busy and demanding year. The Town of Lisbon is a thriving community that has seen a great deal of growth over the past several years; it is the third largest community in Androscoggin County, and based on the 2020 Census has a population of 9,711, ranking us the 23rd largest community in the State of Maine. The Town of Lisbon's overall economic outlook continues to make great strides towards a strong sense of community and an attraction for businesses and families. We are thankful for all of our dedicated staff as they continue to provide quality services to our community.

The economy continues to have its ups and downs and is impacted by a myriad of external variables impacted by the world at large. As such, it has a major impact on revenue available to fund municipal services. The Town of Lisbon has been fortunate to benefit from an increase in State revenue sharing, motor vehicle excise taxes as well as other income driven services provided by the Town of Lisbon. Outside of property tax revenue, motor vehicle excise tax is another major source of revenue. The Wastewater Treatment Plant is under the umbrella of the Town but is supported by its own stream of revenue supported by rate increases for domestic sewer, industrial and septage. As of the date of this letter, the State of Maine has not produced an estimated revenue sharing projection report for FY23. However the Town will be basing this presented proposed budget off of the estimated projections from July 2021, which is a report issued after the adoption of our FY22 budget. From now until the budget adoption in June of 2022, we will have better estimates of our final revenues and expenditures for this upcoming fiscal year.

As indicated in the intro to this letter, there are a lot of goals set forward for fiscal year 2023. To set us up for success in the attainment of those goals, a lot of hard work has been poured into the presentation of this budget. The following words come to mind as we pool together to present this budget to you all tonight: longevity, big picture, growth and most importantly, community. The following summarization of the proposed fiscal year 2023 budget will highlight both the total increase, as well as a breakdown of that total into wages/benefits, debt service and other significant percentages.

The Budget Request:

The Initial Municipal Budget request for FY23 is as follows:

| Initial versus Managerial Budget Request | |
|--|------------------|
| 2023 Initial GF (Excluding County Tax & School) | \$ 9,928,255.00 |
| 2023 Managerial GF (Excluding County Tax & School) | \$ 10,690,348.00 |
| \$ Difference between initial and managerial | \$ 762,093.00 |
| % Difference between initial and managerial | 7.68% |
| | |
| | |
| 2023 County Tax Increase | \$ 33,072.00 |
| Increase over FY2022 | 4.12% |
| | |
| 2023 Initial GF, inclusive of School and County Tax | \$ 18,528,086.00 |
| 2023 Managerial GF, inclusive of School and County Tax | \$ 19,290,179.00 |
| \$ Difference between initial and managerial | \$ 762,093.00 |
| % Difference between initial and managerial | 4.11% |
| | |
| 2023 Debt Service | \$ 483,248.00 |
| 2022 Debt Service | \$ 361,343.00 |
| \$ Increase over FY22 | \$ 121,905.00 |
| | |
| % Increase over FY22 | 33.74% |
| | |
| 2023 Initial Sewer Budget Request | \$ 1,274,141.79 |
| 2023 Managerial Sewer Budget Request | \$ 1,354,094.00 |
| \$ Difference between initial and managerial | \$ 79,952.21 |
| % Difference between initial and managerial | 6.27% |

The Town's FY23 share of the County budget will increase by \$33,072, or 4.12% over the FY22 amount. In addition to the increase to the share of the County budget, we are still experiencing price increases as a result of current economic conditions. For example, the proposed budget includes a 5% increase in liability insurance across the board. We are currently experiencing an increase to oil prices and these prices remain to be unpredictable; the proposed budget is based on a 3% increase to fuel prices, but this is subject to change by May 2022 when we lock in a price for gas and diesel. It is also important to note the 5-7% increases that we are seeing on the manufacturing of goods across the nation, which is why you see an increase in the "Operating Supplies" line items, across the budget. Standard vehicles are taking 8-12 months from order date to completion date; specialty vehicles such as plow trucks and fire trucks can take up to 18 months in these current economic times.

During FY22, a pay study was conducted as a result of an increase in employee turnover. An RFP went out for a third party consulting firm, that specializes in this field, to compare our municipality to other similar municipalities in order to analyze the salaries and wages of the positions held at the Town of Lisbon. Market data was provided on a state average and on a peer average; MMA data was also reviewed during this process. The market data was then broken down into a 25th, 50th and 75th percentile for all Town held positions. The analysis of the data showed that the salaries and wages for a

significant percentage of positions was under a certain market valuation. To focus in on employee retention and recruitment, this proposed budget shows an increase in salaries and benefits to pull the Town of Lisbon up to a market value that is line with state averages. The adjustments to salaries and benefits is reflective in the Managerial Request Summary below; it goes into further detail in the next table specifically for Salaries and Benefits.

| FY23 Managerial Budget Request versus FY22 Adopted Budget | |
|--|------------------|
| 2022 Adopted GF (Excluding County Tax & School) | \$ 8,856,258.00 |
| 2023 Managerial GF (Excluding County Tax & School) | \$ 10,690,348.00 |
| \$ Difference between FY22 and FY23 | \$ 1,834,090.00 |
| % Difference between FY22 and FY23 | 20.71% |
| | |
| | |
| 2023 County Tax Increase | \$ 33,072.00 |
| Increase over FY2022 | 4.12% |
| | |
| 2022 Adopted GF, inclusive of School and County Tax | |
| 2023 Managerial GF, inclusive of School and County Tax | |
| \$ Difference between FY22 and FY23 | |
| % Difference between FY22 and FY23 | |
| | |
| 2023 Debt Service | \$ 483,248.00 |
| 2022 Debt Service | \$ 361,343.00 |
| \$ Increase over FY22 | \$ 121,905.00 |
| | |
| % Increase over FY22 | 33.74% |
| | |
| 2022 Adopted Sewer Budget | \$ 1,264,731.00 |
| 2023 Managerial Sewer Budget Request | \$ 1,354,094.00 |
| \$ Difference | \$ 89,363.00 |
| % Difference | 7.07% |

| Salaries and Benefits | |
|-------------------------------------|-----------------|
| 2023 GF Wage and Benefits Request | \$ 6,542,371.72 |
| 2022 GF Wage and Benefits Adopted | \$ 5,325,660.00 |
| Wage and Benefit Increase | \$ 1,216,711.72 |
| Percentage Increase | 22.85% |
| | |
| 2023 Sewer Wage and Benefit Request | \$ 590,832.00 |
| 2022 Sewer Wage and Benefit Request | \$ 510,522.00 |
| Wage and Benefit Increase | \$ 80,310.00 |
| Percentage Increase | 15.73% |
| | |
| Total Increase GF and Sewer | \$ 1,297,021.72 |
| 2/3rds of increase to be offset | \$ 864,724.38 |
| Benefits | \$ 432,297.34 |
| % net difference | 7.41% |

In an effort to offset the tax burden as a result of the requested budget increase, it is being proposed to offset the total dollar figure for the increase in salaries and benefits alone by 2/3rds with an investment cash account already retained by the Town of Lisbon on our Balance Sheet. By utilizing this account, we would like to propose a 1/3 increase in the current proposed FY23 Budget and then 1/3 thereafter for the next two fiscal years. This incremental staging will be instrumental in achieving the goals of FY23.

Included in the above salary information are the following new positions that will enhance the services provided to the Town of Lisbon as we continue to grow:

- Assistant Town Manager (to be put out to ad in FY22)
- Administrative Assistant to the Town Manager (an ad was placed in FY22)
- Sewer Billing/Administrative Assistant (an ad was placed in FY22)
- FT Firefighter
- Public Works Driver/Operator
- Assistant Director – Library
- Assistant Director – Parks & Rec

| Salaries and Benefits | |
|--|-----------------|
| 2023 GF Wage and Benefits - New Positions | \$ 536,468.00 |
| 2023 Total GF Wage and Benefits Requested | \$ 6,542,371.72 |
| % that is attributable to new positions | 8.2% |
| | |
| | |
| 2023 Sewer Wage & Benefit Request - New Position | \$ 86,134.00 |
| 2023 Total Sewer Wage and Benefit Request | \$ 590,832.00 |
| % that is attributable to new position | 14.6% |
| | |
| | |
| 2023 GF Wage and Benefits for Personnel Changes | \$ 145,563.00 |
| 2023 Total GF Wage and Benefits Requested | \$ 6,542,371.72 |
| % that is attributable to personnel changes | 2.2% |
| | |
| | |
| 2023 Sewer Wage and Benefits for Personnel Changes | \$ 12,256.00 |
| 2023 Total Sewer Wage and Benefits Requested | \$ 590,832.00 |
| % that is attributable to personnel changes | 2.07% |

| FY23 Managerial Budget Request versus FY22 Adopted Budget | |
|--|------------------|
| Bottom Line: | |
| Total General Fund including School and County | \$ 19,290,179.00 |
| Plus Debt Service | \$ 483,248.00 |
| Total | \$ 19,773,427.00 |
| FY22 Adopted GF including School, County & Debt | \$ 17,811,397.00 |
| \$ Increase | \$ 1,962,030.00 |
| % increase | 11.02% |
| | |
| \$ increase | \$ 1,962,030.00 |
| Less 2/3rds increase to salaries/wages | \$ (811,181.71) |
| difference net of offset | \$ 1,150,848.29 |
| % increase | 6.46% |
| | |
| | |
| 2023 Total General Fund excluding School and County | \$ 10,690,348.00 |
| Plus Debt Service | \$ 483,248.00 |
| Total | \$ 11,173,596.00 |
| FY22 Adopted GF plus debt service excluding School and County | \$ 9,217,601.00 |
| \$ increase | \$ 1,955,995.00 |
| % increase | 21.22% |
| | |
| \$ increase | \$ 1,955,995.00 |
| less 2/3rds increase to salaries/wages | \$ (811,181.71) |
| difference net of offset | \$ 1,144,813.29 |
| % increase | 12.42% |

| Sewer Fund | |
|--|-----------------|
| 2023 Total Sewer budget request | \$ 1,354,094.00 |
| Less 2/3rds increase to salaries/wages | \$ (53,542.68) |
| difference net of offset | \$ 1,300,551.32 |
| 2022 Total Sewer adopted budget | \$ 1,264,731.00 |
| \$ difference net of offset | \$ 35,820.32 |
| % increase | 2.83% |

Fund Balance

Lisbon's Unassigned Fund Balance per the FY2021 audited financial statements is \$3,463,099.00. Per Town Charter, 12% of the fund balance is to be retained; use of fund balance leaving 12% unassigned is set to be \$1,331,335.48. As the above unassigned fund balance dollar figure is as of 6/30/2021, the amount designated from the FY2022 budget process is to be subtracted out. After subtracting out the amount approved to be designated from fund balance during the FY2022 Budget process, it leaves

\$659,999.62; of this amount, the following capital assets are being requested to be funded through unassigned fund balance during fiscal year 2023:

- \$145,000 for a dump trailer for the Solid Waste department
- \$50,000 for a 1 ton truck for the Parks & Recreation department
- \$14,127 for the ongoing clerk book restoration project
- \$450,000 for the salt shed to be redesignated from unassigned fund balance in FY22 to FY23

Acknowledgment

The FY2023 Budget continues to focus on financial stability as well as sustainable solutions. This budget will be the platform for new ideas for the community as we begin to develop discussions around financial planning to align with our capital improvement plan and a first of its kind “tax rate reduction plan” for our senior citizens. This budget will also create a pay scale for the employees of the Town of Lisbon and bring wages to a market value to be competitive with surrounding Towns of the same size and nature. Lastly, it will keep the big picture in sight as we continue to discuss prospects of growth and development in our community.

We look forward to working with the Council to meet the goals and needs of the Town of Lisbon’s citizens and employees. We would like to express our sincerest appreciation for all involved in the development of this initial budget and for the continued involvement as we work towards fine-tuning it during this budget process. Finally, we would like to thank all Lisbon department heads and staff for all of their hard work.

Respectfully,

Ryan McGee, Interim Town Manager and Chief of Police
Kayla Tierney, Finance Director, Tax Collector and Treasurer