

**FY 2022 PROPOSED BUDGET PRESENTATION**  
**Tuesday, March 16, 2021**  
**7:00 P.M.**

TO: Town Council  
FROM: Diane Barnes, Town Manager  
DATE: March 16, 2021

RE: First draft of fiscal 2022 Proposed Municipal Operational Budget

Presented tonight is the first draft of the FY 2022 Municipal and Waste Water expenditure budgets for your review and consideration. We propose a budget for municipal services with the goal to fund our operational needs and begin a capital improvement reserve for future expenditures. This budget maintains the level of service currently provided to the citizens of Lisbon. I want to thank the Department Heads and Staff for their assistance in preparing the proposal before you.

The FY 2022 estimated revenues are not part of the budget document but will be presented at a later date. (The FY 21 expenditures listed are as of 3/1/2021.)

FY 2021 was an extremely demanding and busy year. Covid-19 swept across the country in the spring of 2020. The Town of Lisbon closely monitored and adhered to all State mandates issued from the Governor's Office. The Town Council and Department Heads worked diligently together ensuring the smooth operation of municipal government and assisting me with valuable advice and guidance. These efforts in turn enabled us to see that services were still to be provided to the best of our ability, within the restrictions set upon us for the safety of our employees and our community. Department Heads and staff worked hard and were creative to provide services to our community; these included but are not limited to: Library services for adults and children, the Parks & Recreation department maintaining sports camps and before/after school programs and the Economic Development office assisting in Moxie Plaza; all of these were at the most reasonable cost to the taxpayers. With so many uncertainties in the future direction of the economy at the State and National levels, we will continue to find ways to be more resourceful in delivering quality services to our community. Although our municipal services are used to their maximum, non-controllable costs, some goods and services continue to escalate, causing our budget requests to react in-kind. Increases are proposed only if absolutely necessary to keep pace with those non-controllable cost items that are critical to our service delivery.

At the end of FY20, the Town of Lisbon re-evaluated where we were and where we needed to be in the midst of this pandemic. Therefore, the Town of Lisbon found it prudent to issue an expense freeze for all departments, albeit emergency expenditures. This expense freeze carried into the new fiscal year, FY21. In addition, open positions were re-evaluated and in some cases postponed until a point in time when we could recover these positions. This budget includes additional personnel, as well as the recovery of personnel that are critical to the needs of certain

departments. It further includes capital items that were deferred under the expense freeze during FY21.

The economy has a major impact on revenue available to fund municipal services. Considering the growing economy of the area, Lisbon has been fortunate to benefit from a steady increase in motor vehicle excise taxes; a trend that I see continuing through FY 2022. Excise tax is our major revenue source after property tax revenue. The State has not produced an estimated revenue sharing report for FY 2022 as of the date of this letter; however it is expected to remain the same, if not slightly decrease as a result of the economic impacts of Covid-19. During the FY 2021 budget season, revenue sharing was budgeted conservatively as there were a lot of unknowns due to Covid-19. During FY21, the Town received more revenue sharing than was expected at the time. Because of all these outside factors and impacts, it is too soon to tell if there will be a continuing growth in excise taxes past 2021. By our June budget meetings, I will have better estimates of our final revenues and expenditures for this fiscal year, as well as, a more refined estimate of next year's revenue.

## **The Budget-Initial Request**

The Municipal Budget Initial FY 2022 department requests total \$9,924,769 for an increase of \$1,000,484, or 11.2%, over the current FY 2021 budget of approximately \$8,923,285. Of this increase, 38.4% is comprised of wages and benefits. These budgetary numbers exclude the County Tax, the local contribution to the School Department.

The Town's FY 2022 share of the County budget will increase \$34,970.00, or 4.6%, over the FY 2021 amount.

Wages and benefits for FY 2022 total \$5,482,351, comprising 55.2% of the budget. This represents a wage and benefit increase of \$384,566, or 7.5%. The total wage increase is \$283,721 and total benefit increase is \$100,845. Proposed personnel restructure, recovery and addition requests make up \$297,506. The remaining wage and benefit increase of \$87,060, 1.7% over the FY 2021 wage and benefits budget, includes a cost of living adjustment, contracted longevity and step increases, and various insurance and retirement rate changes. No cost increase was factored into the health insurance premiums for January 1, 2022, due to a rate hold instituted by the health trust for this year.

Initial Budget Requests	
2022 Initial Not Including County Tax	\$ 9,924,769.00
2021 Final Not Including County	\$ 8,923,285.00
Total Increase	\$ 1,001,484.00
Percentage Increase	11.2%
2022 County Tax Increase	\$ 34,970.00
Increase over FY 2021	4.6%
2022 Wage and Benefits Request	\$ 5,482,351.00
2021 Wage and Benefits Adopted	\$ 5,097,785.00
Wage and Benefits Increase	\$ 384,566.00
Percentage Increase	7.5%
Percent of Total Increase	38.4%
Percent of Total Budget	55.2%
Wage and Benefits Increase	\$ 384,566.00
Position Change Requests	\$ 297,506.78
Remaining Wage and Benefit	\$ 87,059.22
Remaining Wage and Benefit Increase %	1.7%

Included in this year's budget are capital requests for operational needs and planning for the future by funding capital improvement reserve accounts. This will enable Council to see what the budget would entail if we raised through taxation the needs of all the departments.

## **The Budget-Manager Request**

The Municipal Budget FY 2022 Manager requests total \$9,600,809 for an increase of \$677,524 or 7.1% over the current budget. These amounts again exclude the County Tax and the local contribution to the School Department.

Wages and benefits total \$5,482,351, comprising 57.1% of the budget.

Managerial Budget Requests	
2022 Managerial Not Including County	\$ 9,600,809.00
2021 Final Not Including County	\$ 8,923,285.00
Total Increase	\$ 677,524.00
Percentage Increase	7.1%
2022 County Tax Increase	\$ 34,970.00
Increase over FY 2021	4.6%
2022 Wage and Benefits Request	\$ 5,482,351.00
2021 Wage and Benefits Adopted	\$ 5,097,785.00
Wage and Benefits Increase	\$ 384,566.00
Percentage Increase	7.5%
Percent of Total Increase	56.8%
Percent of Total Budget	57.1%

This budget includes calculations for a 1.5% COLA. Below is the impact for different COLA scenarios.

COLA INCREASE CALCULATION					
Change in General Fund Budget	0.00% COLA	1.00% COLA	1.25% COLA	1.5% COLA	3.0 % COLA
Total FY 2022 Wage and Benefit Manager's Budget	\$ 5,425,162.36	\$ 5,458,522.07	\$ 5,473,010.59	\$ 5,482,556.85	\$ 5,533,129.05
Total FY 2021 Wage and Benefit Final Budget	\$ 5,097,785.00	\$ 5,097,785.00	\$ 5,097,785.00	\$ 5,097,785.00	\$ 5,097,785.00
Total FY 2022 Increase	\$ 327,377.36	\$ 360,737.07	\$ 375,225.59	\$ 384,771.85	\$ 435,344.05
Total Increase over 0.00% COLA		\$ 33,359.72	\$ 47,848.23	\$ 57,394.49	\$ 107,966.70

## **Personnel Changes:**

Proposed wage and benefits increases make up 56.8% of the total budget increase proposed in the Manager's requests. There are multiple personnel changes and restructured positions included in this year's budget request. Two positions that we postponed filling in FY 2021 to help decrease the budget in response to the pandemic are recovered in this request. Three additional position requests are also included in this proposal.

The addition of one Patrol Officer brings the total number of Patrol Officers on staff to 8, allowing for 24/7 coverage with two officers on each shift. The addition of regular per diem staff will add much needed day time coverage to the Fire Department. The addition of a full-

time Technology Manager is included in this proposal partially offset by a decrease to contracted services. More research is being done on contracted IT services options.

### **Non-Personnel Changes:**

**Please refer to the FY 2022 Summary of Proposed Budget – Increases and Decreases from FY21 to highlight all the non-wage significant increases or decreases.**

There are a few unknown cost drivers we are working on to bring to resolution. We have estimated a 5% increase to the Town general insurance accounts as a placeholder. I will make the necessary adjustments to those line items once I hear back from the underwriter.

Lisbon's unassigned fund balance is estimated to be lower than the previous year that is due to a portion being designated for capital projects and higher Municipal, County, and School budgets. It is essential that the Town maintain adequate levels of unassigned fund balance to mitigate financial risks that can occur from unforeseen revenue fluctuations and unanticipated expenditures. The fund balance also provides cash flow for the Town's general operations which will reduce the Town's need for a Tax Anticipation Note and the interest and borrowing costs associated with the note. The Council strives to maintain an appropriate level of unassigned fund balance. However, if the Council chooses to use a portion of the unassigned, I would recommend its use for non-recurring capital costs, which were deferred in FY21 as a result of Covid-19.

The Unassigned Fund Balance as of FY20 is estimated at \$2,360,000. After taking the 12% of GF Operating Budget (\$) of \$289,986.80 and subtracting out the Use of Fund Balance during FY21 (\$62,538 Office Generator and \$55,000 Public Works vehicle = \$117,538) it leaves a balance of \$172,448.80. In addition, there is an approximate \$180,000 and \$33,180 received for training expenses. The grand total would be  $\$172,448.80 + \$180,000 + \$33,180 = \$385,628.80$ .

The differences between the Initial requests and Manager's requests are the following: These items may be funded through the current budget, overlay, TIF or undesignated fund balance.

Town Clerk Budget \$13,750 – Professional Services (Clerk Book Restoration)  
Technology Budget \$35,800 – Minor Equipment Expense (server and hardware upgrades)  
Technology Budget \$32,000 – Minor Equipment Expense (Police Dept. cruiser laptops)  
Buildings Department \$15,000- Buildings Expense (Generator for the Lisbon Falls Fire Station)  
Buildings Department \$15,000 – Buildings Expenses (Generator for the ET Smith Fire Station)  
Buildings Department \$26,780 – Buildings Expense (Boiler Lisbon Falls Fire Station)  
Buildings Department \$14,000 – Buildings Expense (Electrical work at the Lisbon Falls Fire Station)  
Buildings Department \$17,200 – Buildings Expense (2 Heating/Cooling pumps at the Library)  
Buildings Department \$55,000 – Buildings Expense (Re-pitch Roof at the Transfer Station)  
Buildings Department \$40,000 – Buildings Expense (Generator at the Public Works garage)  
Police Department \$14,000 – Equipment Expense (Bulletproof vests)  
Police Department \$13,500 – Equipment Expense (Portable radios)  
Fire Department \$30,000 – Contracted Professional Services Expense (Fires Station Case Study)  
Solid Waste Department \$35,000 – Capital Improvements Expense (Forklift)

Other Public Works Department \$40,000 – R&M Equipment Expense (2 Street light cameras)  
Parks & Recreation Department \$8,000 – R&M Equipment Expense (mower)  
Parks & Recreation Department \$8,000 – R&M Equipment Expense (used snowmobile)  
Parks & Recreation Department \$10,000 – River Trail Maint and Repair (Miller Trail Fence)

The total of all of the above equal: \$423,030.00; if we were to take out \$40,000 for the two street light cameras and to fund this through TIF, it would then total \$383,030.00 for capital items. With the funding balance on the previous page totaling \$385,628.80, this would leave \$2,598.80.