

TOWN OF GRAY

TO: Gray Town Council/Citizens of Gray
FROM: Town Manager
RE: Fiscal Year 2011 Proposed Budget
DATE: March 16, 2010



Submitted herewith is the proposed draft municipal budget for the Fiscal Year 2011 – July 1, 2010 to June 30, 2011. A great deal of effort has been given in providing a responsible budget and a long term capital improvement plan, increasing the overall mil rate impact of 37 cents, (excluding county tax impacts and school tax impacts).

The proposed Municipal Expense Budget for FY 2011 is \$712,331 more than last year's budget.

Personnel expenses. Given the growth of the community, we have not suggested a reduction in work hours, and will maintain the same level of services. No employees received a COLA increase last year. While a 3% COLA increase is proposed in FY 2011, we are also requiring employees to contribute 20% of their total health insurance premiums, which is a substantial increase from previous years. In the past, the Town has paid the employee's health insurance premium at 100% and any additional health insurance at 85%. The Town has chosen to offer a health insurance plan with a substantially higher deductible but has also provided the funds to pay towards the employee's required deductible. Given the new percentage of premium contributions, some employees will potentially only net a .011% salary increase from FY 2009 to FY 2011.

It is worth noting the increased expenses that could not be avoided.

1. We estimate the fuel and electricity to occupy the new Henry Pennell Municipal Complex will cost an additional **\$25,000**.
2. General assistance has increased over the past few years. The proposed budget reflects the actual usage which is an approximate **\$25,000** increase.
3. Although we made a final payment in FY 2010 on an outstanding debt, we obtained the additional debt of the financing for the Pennell Project and the Transfer Station/Public Works Garage. Last year we also entered into a 5 year lease/purchase agreement for public safety and public works vehicles. The net increase for debt service is **\$163,684**.
4. The total increase proposed for Reserves and Capital Projects is almost **\$400,000**.
5. Our general insurance, which does not include health insurance but does include Liability/Property Casualty, Workers Compensation and Unemployment premiums, is up 30.96% which is **\$45,238**.
6. All public water charges increased 40% with the exception of fire hydrants which only increased 30%. Most water expenses were absorbed in their individual Departments but the total fire hydrants increase alone is over **\$33,000**.
7. The Recycling Department on the whole has increased, due to the ecomaine assessment fees and the need for equipment repair. This amount is **\$17,000**.
8. The increase in the Buildings and Grounds Department is reflective of maintaining the new Henry Pennell Municipal Complex, as well as removing the Cemetery maintenance line item from the Community Services Department and placing it here. The total increase is almost **\$29,000**.

9. Finally, monies have been proposed in the Communications and Information Department (formerly known as the Public Communications Department) to provide for an additional 10 hours a week to maintain the Town's website. This Department's increase is almost \$7,000.

The total proposed Municipal Revenue Budget for FY 2011 increased \$406,020, resulting in a net budget increase of 13.19%. In order to maintain a mil rate increase of .37, we are suggesting that monies from our designated funds and excess undesignated funds be utilized for the proposed capital improvement plan. Additionally, an amount of \$225,000 is being proposed from the excess monies in the Crisis Fund to maintain a budget within the LD1 guidelines. These amounts total \$1,258,787. Although State Revenue Sharing is anticipated to be almost \$62,000 less than last year, we believe that the other miscellaneous revenues will increase overall by \$60,564. **This budget is within compliance of the LD 1 limit, recommended by the Maine Legislature.**

Outstanding Issues:

The School District intends to make a formal budget presentation at the next Town Council meeting, April 20, 2010. Note: the total municipal budget breakdown is approximately 70% school district, 25% municipal budget and 5% county budget.

In closing, I wish to thank the taxpayers of Gray for their input into this budget, the Town Council for their wise direction and understanding of the challenges, the Department Heads and all the staff who helped to prepare the budget. Lastly, I would be negligent if I did not recognize how much I appreciate the valuable employees who provide exceptional customer service. I am thankful for their dedication to me and the people of our community.