

TOWN OF GRAY
TOWN MANAGER'S BUDGET MESSAGE
FY 2018 PROPOSED BUDGET (as of 4-18-17)

Dear Town Council and Citizens of Gray;

I am pleased to provide the proposed municipal budget for the Fiscal Year 2018 (July 1, 2017-June 30, 2018). A great deal of effort has been dedicated to provide a responsible budget, balancing the necessity of maintaining the long-term Capital Improvement Plan and providing for the immediate needs of a growing, thriving community. The proposed Expense Budget is \$8,056,230, which is \$957,463 more than last year's budget and represents a 13.49% increase. The proposed Revenue Budget is \$3,810,612, which is \$470,931 more than last year's budget and represents a 14.10% increase. The resulting net increase is \$486,532, a 12.94% increase.

In preparation for this Fiscal Year's proposed Budget meetings, the Council chose to consider the current CIP proposal and the transfer to the Capital Reserve Fund from the General Fund in anticipation of the purchase of a Ladder Truck which was proposed for FY 2018. The Council had many long discussions concerning this proposal as well as all other proposed items for the FY 2018 CIP and their proposed funding. The Capital Reserve Fund balance has been decreasing over the years in order to maintain a low mil rate and the long-term CIP has not been funded as necessary to allow for this type of a purchase without a significant increase overall. The Council considered the large Ladder Truck purchase as well as the recommendation from the Finance Committee to the Council to propose additional funds to the Capital Reserve Fund to have funding for the long-term CIP. The Council chose to handle the Ladder Truck proposal and the Finance Committee's recommendation by offering the following:

- A separate warrant article on the ballot, requesting the transfer of \$500,000 from the Unassigned Fund Balance into a separate account in the Capital Reserve Fund to be only for the future purchase of a Ladder Truck (also contingent on the Council-appointed ad-hoc Committee's future recommendation of the same and subsequent appropriation for the remainder of the purchase in future tax years). The Town has been advised by legal counsel, that the need to replace the Ladder Truck has been found to "meet an essential municipal need to protect the public health, safety and welfare" and can therefore, utilize the excess of the minimum two twelfths (2/12) required to be retained in the account under Section 8 of Article V of the Town Charter. The use of these funds for a Ladder Truck would bring the General Fund Unassigned Fund Balance to an amount which is below the three twelfths (3/12) required limit, but above the two twelfths (2/12) level.
- A separate warrant article requesting and additional \$200,000 to be appropriated to be transferred to the Capital Reserve Fund to remain in the balance to have

additional funding for the long-term CIP, provided that the LD1 override also would pass. When this type of article was attempted in June 2012, the article to appropriate an additional \$400,000 was passed, but the article to override LD1 for the same amount did not pass and so the funds were not appropriated.

BUDGET FY 2018 IMPACT, CHANGES AND HIGHLIGHTS

REVENUE

Excise (Auto)	125,000.00
Building Fees	59,000.00
Electric & Plumbing Permits	12,500.00
Assessing Contract Services	(48,799.00)
Recycling (Multiple items)	4,050.00
Planning Board Fees	3,000.00
GA Reimbursement	(4,760.00)
State Revenue Sharing	20,632.00
Transfers	784,616.00

EXPENSES

Municipal Operations*	350,579.00
General Assistance	(7,235.00)
Capital Projects	390,570.00
General Insurance	208,482.00

*-Detailed below but generally categorized as Town departmental functions.

Numbers in () are decreases.

BUDGET IMPACT, CHANGES AND HIGHLIGHTS ANALYSIS

Revenue

- ◆ **Excise Taxes (Auto)**

Increased to reflect the actual revenue over the past fiscal year.

- ◆ **Building Fees, Electric & Plumbing Permits**

Increased to reflect the actual revenue over the past fiscal year as well as specific significant upcoming projects at the approval stage with the Planning Board.

- ◆ **Assessing Contract Services**

The agreement for shared Assessing services with Cumberland will be changed on 7/1/17.

- ◆ **Recycling**

Increased due to various factors and rates projected to be available for recyclable items. (Recyclable items are purchased from the Town by commercial vendors at various rates throughout the year.)

- ◆ **Planning Board Fees**

Increased to factor in an estimate in consideration of the actual revenue over the past fiscal year as well as known projects scheduled to come before the Planning Board in FY 2018.

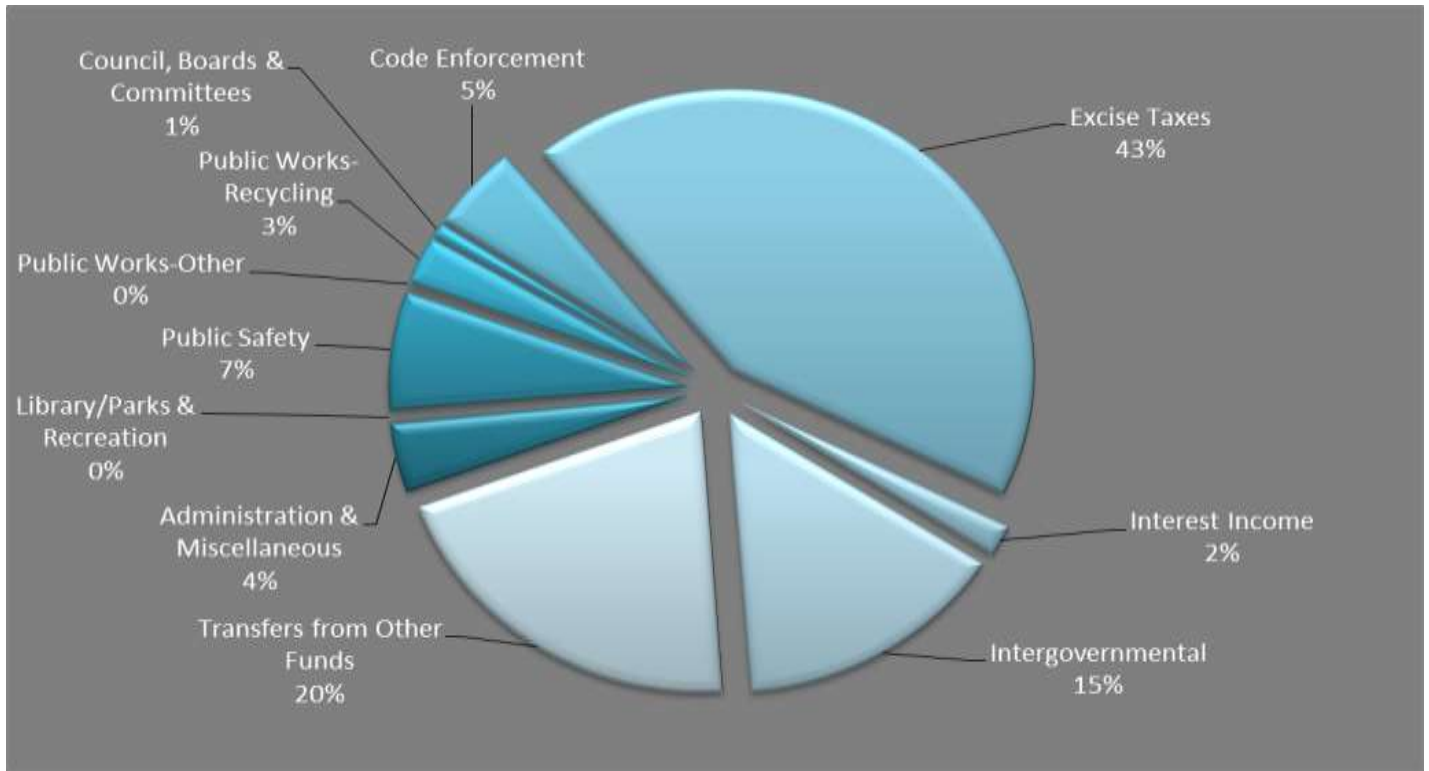
- ◆ **State Revenue Sharing**

Increased to reflect the estimated amount for Gray most recently published by the State.

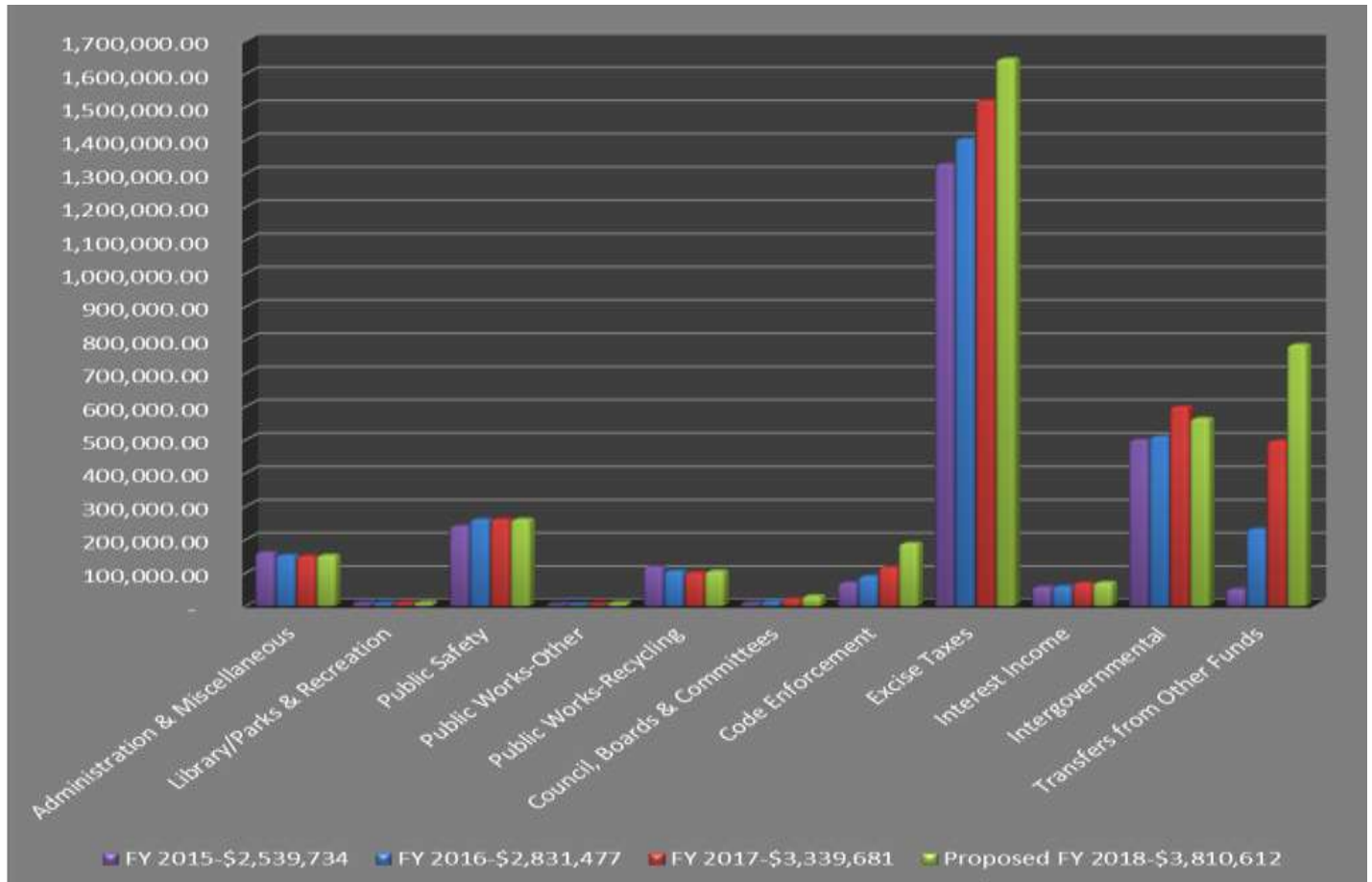
- ◆ **Transfers**

Increased for additional one-time transfers from other funds and amounts from the Unassigned General Fund Balance, into the General Fund, to then be directly transferred to the Capital Reserve Fund for use in the FY 2018 CIP as well as additional funding for the long-term CIP.

FY 2018 Proposed Revenue Breakdown by Percentage



4-year Revenue Budget Comparison



Expense

◆ **Municipal Operations**

The increase in this overall category can be highlighted by the following items:

- Personnel changes and expenses -- The following personnel changes have been proposed:
 1. Reinstatement of the Per Diem Rescue Billing Clerk position into Administration;
 2. Additional Regular Part-Time position for Code Enforcement;
 3. Change in Communications & Information of IT personnel to a new Full-Time position instead of a Per Diem position;
 4. Additional 3 full-time Firefighter/Rescue positions for Public Safety;
 5. Additional Per Call hours required to cover all shifts.
- Legal fees have increased throughout all applicable Departments due to an increased usage anticipated as well as an increased rate per contract;
- A change in the IT software utilized by Town employees/required associates for e-mail as well as Microsoft Office licensing. These items are not going to be purchased outright as they were in the past; the Town will utilize the online versions of both Microsoft Exchange and Office, which requires monthly fees instead of the licensure purchases previously done through the CIP at an average of every five years.

◆ **General Assistance**

General Assistance requirements are projected to be less based on actual expenditures.

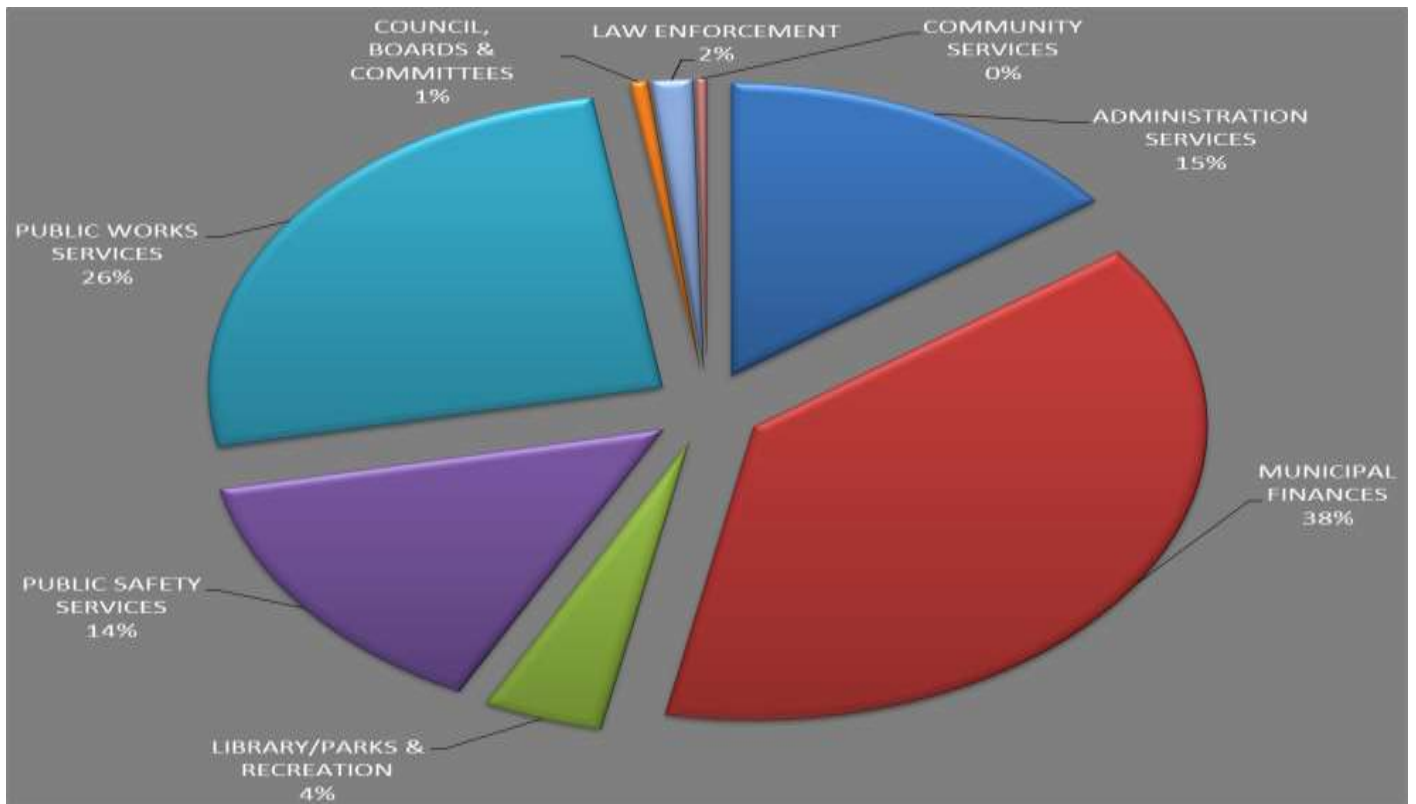
◆ **Capital Projects**

Increased for the transfer of funds into the Capital Reserve Fund for use in the FY 2018 CIP, as well as an additional \$200,000 to fund the long-term CIP only to be allowed by the passing of a required LD1 override article.

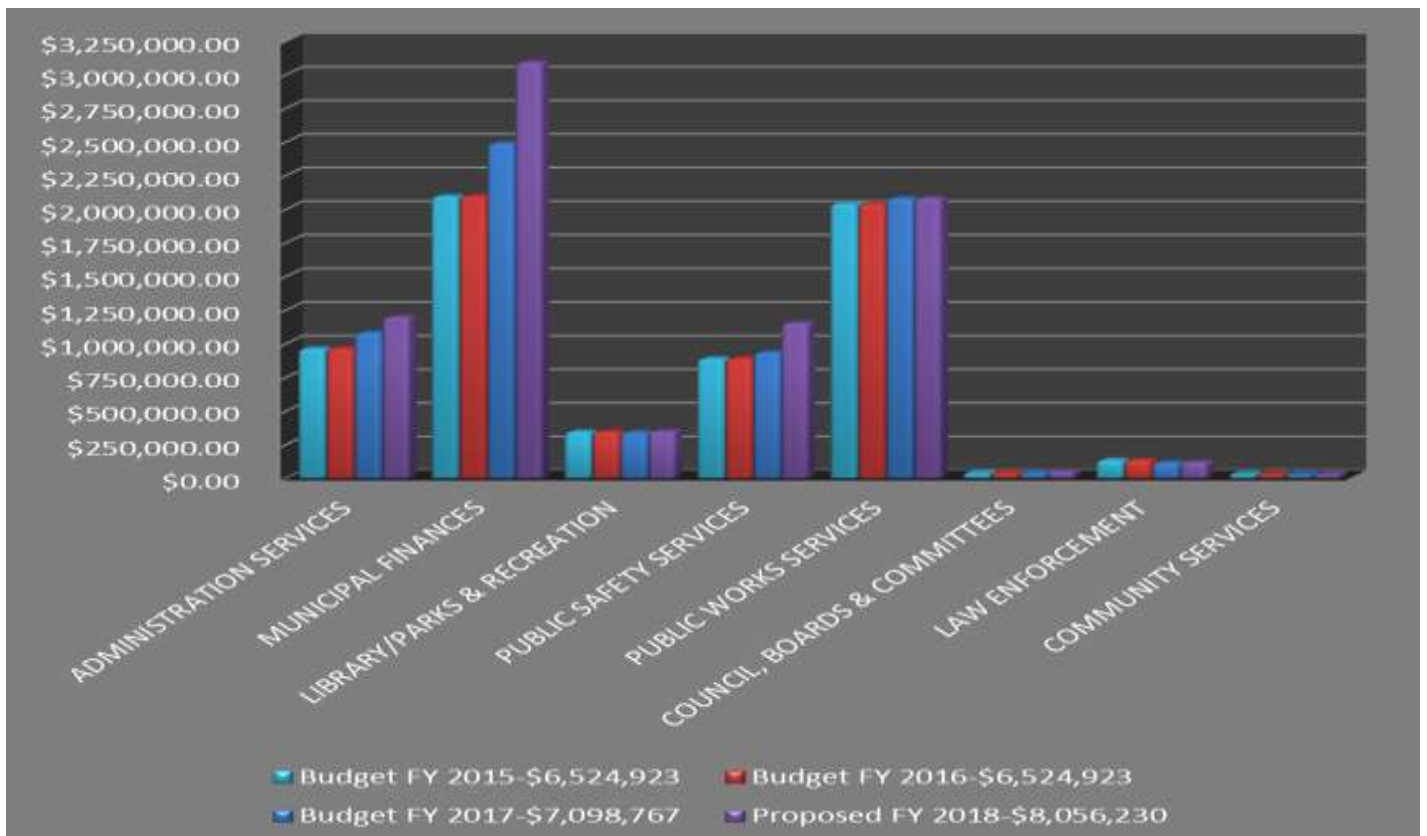
◆ **General Insurance**

Increased overall due to estimated rate adjustments for medical insurance provided to eligible Town employees.

FY 2018 Proposed Expense Warrant Breakdown by Percentage



4-year Expense Budget Comparison



Expense Budget Summaries Warrant Comparison

BUDGET FY 2017			PROPOSED BUDGET FY 2018		
ADMINISTRATION SERVICES			ADMINISTRATION SERVICES		
Department		Total Warrant	Department		Total Warrant
Administration	\$505,305.00		Administration	\$536,249.00	
Community Development	\$201,685.00		Community Development	\$200,014.00	
Assessing	\$141,548.00		Assessing	\$150,302.00	
Code Enforcement	\$104,789.00		Code Enforcement	\$144,703.00	
General Assistance	\$33,184.00		General Assistance	\$25,949.00	
Communications & Information	\$82,388.00		Communications & Information	\$126,694.00	
Elections	\$10,210.00		Elections	\$10,257.00	
TOTAL ADMINISTRATION SERVICES		\$1,079,109.00	TOTAL ADMINISTRATION SERVICES		\$1,194,168.00
MUNICIPAL FINANCES			MUNICIPAL FINANCES		
Department		Total Warrant	Department		Total Warrant
Capital Projects	\$1,857,058.00		Capital Projects	\$2,247,628.00	
General Insurance	\$629,705.00		General Insurance	\$838,187.00	
TOTAL MUNICIPAL FINANCES		\$2,486,763.00	TOTAL MUNICIPAL FINANCES		\$3,085,815.00
LIBRARY/PARKS & RECREATION			LIBRARY/PARKS & RECREATION		
Department		Total Warrant	Department		Total Warrant
Library	\$284,866.00		Library	\$293,393.00	
Parks & Recreation	\$54,310.00		Parks & Recreation	\$54,415.00	
TOTAL LIBRARY/PARKS & RECREATION		\$339,176.00	TOTAL LIBRARY/PARKS & RECREATION		\$347,808.00
PUBLIC SAFETY SERVICES			PUBLIC SAFETY SERVICES		
Department		Total Warrant	Department		Total Warrant
Public Safety	\$758,180.00		Public Safety	\$977,985.00	
Utilities	\$173,684.00		Utilities	\$172,754.00	
TOTAL PUBLIC SAFETY SERVICES		\$931,864.00	TOTAL PUBLIC SAFETY SERVICES		\$1,150,739.00
PUBLIC WORKS SERVICES			PUBLIC WORKS SERVICES		
Department		Total Warrant	Department		Total Warrant
Winter Roads	\$449,058.00		Winter Roads	\$449,246.00	
Summer Roads	\$373,551.00		Summer Roads	\$367,959.00	
Additional Roadwork	\$119,225.00		Additional Roadwork	\$125,530.00	
Garage	\$274,606.00		Garage	\$259,785.00	
Recycling	\$609,289.00		Recycling	\$613,758.00	
Buildings & Grounds	\$252,570.00		Buildings & Grounds	\$261,856.00	
TOTAL PUBLIC WORKS SERVICES		\$2,078,299.00	TOTAL PUBLIC WORKS SERVICES		\$2,078,134.00
COUNCIL, BOARDS & COMMITTEES			COUNCIL, BOARDS & COMMITTEES		
Department		Total Warrant	Department		Total Warrant
Council, Boards, Committees	\$31,065.00		Council, Boards, Committees	\$41,410.00	
Zoning Board of Appeals	\$1,600.00		Zoning Board of Appeals	\$3,600.00	
Planning Board	\$5,150.00		Planning Board	\$5,525.00	
Economic Development	\$1,000.00		Economic Development	\$1,000.00	
TOTAL COUNCIL, BOARDS & COMMITTEES		\$38,815.00	TOTAL COUNCIL, BOARDS & COMMITTEES		\$51,535.00
LAW ENFORCEMENT			LAW ENFORCEMENT		
Department		Total Warrant	Department		Total Warrant
Law Enforcement	\$115,023.00		Law Enforcement	\$117,981.00	
TOTAL LAW ENFORCEMENT		\$115,023.00	TOTAL LAW ENFORCEMENT		\$117,981.00
COMMUNITY SERVICES			COMMUNITY SERVICES		
Department		Total Warrant	Department		Total Warrant
Community Services	\$29,718.00		Community Services	\$30,050.00	
TOTAL COMMUNITY SERVICES		\$29,718.00	TOTAL COMMUNITY SERVICES		\$30,050.00
TOTAL ALL WARRANTS		\$7,098,767.00	TOTAL ALL WARRANTS		\$8,056,230.00

STATE REQUIREMENTS

LD1 Compliance

In 2004, the Maine legislature passed the municipal “expenditure cap” statute known as “LD1”. Under this statute, the annual percent increase in the municipal (non-school and non-county) property tax levy is subject to a maximum cap based on both a statistical income growth percentage established by the state, as well as a property growth limit calculated using the municipality’s valuation information provided by the Town’s Assessor. The estimated LD1 limit for FY 2018 is calculated as follows:

Actual FY 2017 limit	\$ 3,656,225
State Growth Factor-2.84%	\$ 103,837
Estimated Gray Property Growth Factor-.87%	\$ 31,809
State Revenue Sharing Adjustment	\$ (7,959)
Projected FY 2017 limit	\$ 3,783,912
Proposed FY 2018 Expenses	\$ 8,056,230
Proposed FY 2018 Revenue	\$ (3,810,612)
Estimated Homestead & BETE Reimbursement	\$ (300,000)
Proposed FY 2017 Net Budget	\$ 3,945,618
Estimated LD1 Limit Over/(Under)	\$ 161,706

OUTSTANDING ISSUES & FINAL COMMENTS

MSAD 15 intends to make a formal budget presentation at the May 2, 2017 Town Council meeting.

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