FISCAL YEAR 2018 PROPOSED MUNICIPAL BUDGET NOTE:

The current Town Council Proposed Budget net increase is $486,532 (including the $200,000 proposed in Article 10).

The estimated MSAD#15 Proposed Budget net increase is $587,993.

The anticipated Town of Gray mil rate increase is around $1.05.

Article 2. Shall the Town accept $3,810,612 of revenue, which includes a $700,000 transfer from the Unassigned Fund Balance, a $3,000 transfer from the South Gray TIF, $2,000 from the Henry Pennell Municipal Complex Fund, $19,616 from the TOMCO fund, $60,000 from the Recreation Enterprise Fund and any Federal, State and other sources of revenues and appropriate the same to help fund the total Municipal Budget for FYE 2018, as detailed below, as recommended by the Town Council?

The Town estimates anticipated revenue of $3,810,612 from various sources for FY 2018. All the transfers detailed in the article, with the exception of the $2,000 from the Henry Pennell Municipal Complex Fund, are being transferred into the Capital Reserve Fund for either immediate use in the CIP or to help fund the long-term CIP. The remaining funds estimated are to come from sources such as Auto and Boat Excise, Town Permits, Rescue and Recycling Fees and Intergovernmental Entities.

This revenue budget proposal includes the following highlighted changes from the previous fiscal year’s budget:

♦ **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.

♦ **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.
Article 3. Shall the Town accept and appropriate for their designated purposes all of the various Town “enterprise account” funds (i.e., designated funds, recreation enterprise, etc.) for the FYE 2018, as recommended by the Town Council?

The Town carries balances in around 30 designated accounts which are funds that have been accepted by the Town Council at various times for particular purposes (some required by Ordinance such as Planning Board Escrow Fees, some for donations such as Parks and Recreation scholarships). The Recreation Enterprise Fund is an example of a designated account which has constant financial activity throughout the year since revenue and expenses for all Town Recreation Programs are recorded through it.

Article 4. Shall the Town approve the monies received from the disposition of town owned personal property with a value of $50,000 or less, and appropriate the same for the Capital Reserve Fund, as recommended by the Town Council?

During the year, the Town may determine to dispose of both fixed assets and smaller items belonging to the Town for various purposes such as small public safety equipment that has been replaced, but may still be useful to another Town’s Public Safety department or Town Vehicles/Equipment that have been replaced and the old item gets a better price from auction versus trade-in at a dealer. We propose the proceeds from these sales go directly into the Capital Reserve Fund to be used at a later time to purchase other Town Assets.

Article 5. Shall the Town accept any and all gifts raised through various fund raising activities and donations received by the Town’s Recreation Department, Gray Public Library Association and the Gray Fire Rescue Association and appropriate them for their intended purposes, as recommended by the Town Council?

The Town enjoys relationships with separate entities whose sole purpose is to benefit particular Town departments through fundraising efforts and donations done periodically. We propose that the Town have the ability to accept gifts and donations for specific purposes when/if they are offered to the Town.

Article 6. Shall the Town raise and appropriate $7,846,230 to fund the FYE 2018 municipal budget, as recommended by the Town Council?

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>$1,194,168</td>
</tr>
<tr>
<td>Library and Parks &amp; Recreation</td>
<td>$347,808</td>
</tr>
<tr>
<td>Public Safety</td>
<td>$1,150,739</td>
</tr>
<tr>
<td>Public Works</td>
<td>$2,078,134</td>
</tr>
<tr>
<td>Council, Boards and Committees</td>
<td>$41,535</td>
</tr>
<tr>
<td>Community Service Agencies</td>
<td>$30,050</td>
</tr>
<tr>
<td>Municipal Finances</td>
<td>$2,885,815</td>
</tr>
<tr>
<td>Law Enforcement</td>
<td>$117,981</td>
</tr>
<tr>
<td><strong>Total Budget FYE 2018</strong></td>
<td><strong>$7,846,230</strong></td>
</tr>
</tbody>
</table>
This article, combined with Articles 7 and 10 are the entire proposed expense budget for the General Fund, which is offset by the revenue proposed in Article 2 with the remainder being raised through taxes. The expenses are broken down by department and summarized into the groups that you see here.

The Administration Services is a summary for the Administration, Community Development, Assessing, Code Enforcement Offices as well as the General Assistance program required by the State, all necessities for Town Elections and the Communications & Information department.

The Public Safety Services include the Fire and Rescue services as well as Utilities such as traffic lights and fire hydrants.

The Public Works Services include both Winter and Summer Road operations, the contracts for Additional Roadwork for private roads, Garage operations, the Transfer Station/Recycling Center and the Buildings & Grounds department.

The Council, Boards and Committees include Town Council, Zoning Board of Appeals, Planning Board and Economic Development Committee expenses for legal and other professional services as required, transcription services, office supplies and volunteer recognition event.

The Municipal Finances mostly consist of the annual transfer into the Capital Reserve Fund to implement the Capital Improvement Plan (see Article 8). The remaining funds are for Town liability insurance as well as those insurances related to employment, i.e. unemployment, workers compensation and employee health benefits.

This expense budget proposal includes the following highlighted changes from the previous fiscal year’s budget:

- **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.

**Article 7.** Shall the Town raise and appropriate $10,000 for Town Council compensation for the FYE 2018, to be raised by assessment, as recommended by the Town Council?

Reference Note: This appropriation must be voted on separately, pursuant to Sec. 6, Art. II of the Town Charter.

This article is to compensate each Councilor $2,000 annually for their service as elected officials.

**Article 8.** Shall the Town appropriate $2,028,012 from the Capital Reserve Fund for FYE 2018 for the following Capital Projects, as recommended by the Town Council?

<table>
<thead>
<tr>
<th>Project</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road Resurfacing</td>
<td>$630,597</td>
</tr>
<tr>
<td>Fire &amp; Public Safety</td>
<td>$27,000</td>
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<tr>
<td>Public Works, Town Vehicles &amp; Equipment</td>
<td>$35,000</td>
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<tr>
<td>Sidewalks</td>
<td>$11,914</td>
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<tr>
<td>Technology</td>
<td>$53,800</td>
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<tr>
<td>Public Buildings</td>
<td>$166,000</td>
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<tr>
<td>Debt Service</td>
<td>$1,078,701</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$25,000</td>
</tr>
<tr>
<td><strong>Total Capital Projects FYE 2018</strong></td>
<td><strong>$2,028,012</strong></td>
</tr>
</tbody>
</table>

This article is the entire proposed expense budget for the Capital Reserve Fund to implement the Capital Improvement Plan for FY 2018. The expenses are summarized by category.

The Road Resurfacing projects proposed are Center Road, Town Farm Road, George Perley Road, Lyons Point Road, Charlonate Drive, Gore Road (reconstruction), Dutton Hill Road project completion (from FY 2017), Mayberry Road (drainage) and the update of the Pavement Management Report.
The Fire & Public Safety projects are radio and SCBA bottle replacements and to install a generator at the GWD Water Tower where the Public Safety repeater is mounted (this last item is utilizing funds budgeted to be transferred from the South Gray TIF).

The Public Works, Town Vehicles & Equipment is scheduled to replace the Code Enforcement Office vehicle.

The Sidewalk project proposed is the completion of the Yarmouth Road project (from FY 2017).

The Technology projects are primarily computer and equipment replacement primarily based on scheduling and security needs.

All Public Building projects are to maintain the current building systems as well as enhancing the energy efficiency or overall safety based on professional recommendations.

Debt Service is primarily broken into two sections, Lease Purchase payments and General Obligation Bond payments.

The Lease Purchase Agreement payments are broken down as follows:
- Lease Purchase-Vehicles (FY 2017-FY 2019) $ 257,955.00
- Lease Purchase-Used Grader (FY 2017-FY 2019) $ 67,096.00

The General Obligation Bond payments are broken down as follows:
- Bridges/Roads projects (FY 2015-FY 2024) $ 170,080.00
- Library expansion project (FY 2015-FY 2024) $ 174,770.00
- Public Works & Transfer Station improvements (FY 2010-FY 2030) $ 233,600.00
- Pennell building renovation (FY 2010-FY 2030) $ 175,200.00

The Miscellaneous project is the finalization of the Town-wide Revaluation Project.

Article 9. Shall the Town establish a non-lapsing, Public Safety Ladder Truck Reserve Account in the Capital Reserve Fund and transfer $500,000 from the General Fund Unassigned Fund balance to such new reserve account to help fund a new ladder truck for Public Safety, provided, that if this article passes, the Town Council shall appoint a citizens ad hoc committee to hold one or more public hearings this coming fall and winter to study whether the Public Safety needs of the Town require the replacement of the current ladder truck and to make its final recommendation on the issue in time to be included on next year’s annual Town meeting warrant when the remaining amount required will be before the voters, but only if this article passes this year?

[Explanatory Note: Public Safety’s current ladder truck is almost 25 years old and maintenance is becoming a substantial issue; however, a new ladder truck will cost approximately $1,000,000. The purpose of this article is to start a two year funding process and to establish a citizen advisory committee to study the issue and report back to next year’s annual Town meeting with its recommendation. If this article
passes, the $500,000 requested here will be put into a reserve account in the Capital Reserve Fund for that sole purpose. Then, next year, if the ad hoc committee recommends going forward, the voters will be asked for the remainder of the funds to be raised or transferred and the full amount to be appropriated for that purpose. If the voters agree that the replacement of the ladder truck meets the definition of an “essential municipal need to protect the public health, safety and welfare,” then they may vote in favor of this article. If not, they must vote against it.

The Council chose to focus a lot of effort and budget workshop time on the proposed Public Safety Ladder Truck replacement which was scheduled for the FY 2018 CIP appropriation proposal. The Council analyzed many facets of this particular proposal during their workshops, including the Town’s overall need for the vehicle, alternative options to the vehicle replacement as well as the estimated price and specifications for the vehicle proposed. The Council also discussed many options considering payment for the proposed vehicle and evaluated the impact each option could have on the mil rate. The determination of the Council was that the Ladder Truck replacement was a larger issue than what could be determined by the Council only, and during one budget year, considering the amount of the vehicle and the questions surrounding its necessity, even after presentations at budget workshops. In order to keep the proposal moving forward into subsequent budget years, the Council has chosen to propose that a portion of the proposed funds be transferred into a reserve account in the Capital Reserve Fund from the Unassigned Fund Balance. The amount from the Unassigned Fund Balance being proposed for this transfer is from an amount that is specially regulated in the Town Charter (Article V Section 8) as available for only an “essential municipal need to protect the public health, safety and welfare”. The Town’s legal counsel has determined that this vehicle was eligible to be considered as applicable for the purpose as stated. In consideration of all those facts, and the willingness of the Council to prepare for a potential future expense for this vehicle, this article is provided along with a required explanatory note. The passing of this article does NOT approve the purchase of the proposed vehicle in any amount. In order to purchase the vehicle proposed, the recommendation from the ad hoc committee would have to be favorable AND the voters would have to approve the appropriation in a subsequent budget year, with the use of these funds as a source to offset any other amount required to complete the purchase. The failure of this article to pass does not mean that the vehicle would not be proposed to be purchased in a subsequent budget year. However, if the ad hoc committee does not recommend the purchase of the vehicle, the funds transferred would be required to return to the Unassigned Fund Balance and could not be used for any other purpose without further voter approval.

Article 10. Shall the Town raise and appropriate $200,000 to transfer to the Capital Reserve Fund for the purposes of the long-term Capital Improvement Plan.

[*** Important Note: The funding for this item is contingent upon the approval of the Article 11; if either Article 10 or 11 fails, then Article 10 fails as well.***]
Article 11. Shall the Town increase the FYE 2018 LD 1 property tax levy limit, otherwise imposed by Maine law, by $200,000?

[*** Important Note: If this Article should fail to pass, then Article 10 above regarding transfer of $200,000 into the Capital Reserve Fund shall automatically be defeated, as well.***]

Another issue that the Council considered during their budget workshops was the need for increased funding in the Capital Reserve Fund for the long-term CIP. In accordance with the Town of Gray Capital Improvement Plan Policy/Procedure, the Town’s first method of funding for necessary expenditures is to invest in long-term saving and use its own funds at the time of appropriation. Over the years, the Town has not been as aggressive at funding the long-term in the interest of keeping the mil rate lower. The FY 2013 budget proposed had two warrant articles on the ballot in order to start addressing this issue. One article requested an additional $400,000 for the long-term CIP and one article requested the necessary LD1 override for that funding. At that time, the article for the additional $400,000 passed, but the LD1 override did not, so both articles failed. These new articles are the attempt of the Council to realize more funding for the long-term CIP based on the recommendation of the Finance Committee and in recognition of the larger purchases the Town has scheduled in the CIP for upcoming years. As it was in FY 2013, Articles 10 and 11 are completely dependent upon one another. Both must pass or both will fail.