



# TOWN OF WINSLOW, MAINE

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Memo to Winslow Town Council- FY2022/2023 Final Budget Proposal

April 25, 2022

Esteemed Council Members,

In this binder is a proposed municipal budget for FY2023. The proposed budget calls for a tax rate increase of \$.90 to \$22.10/\$1000 in valuation. This is a full 2 mil reduction from the initial budget proposal. This was achieved by applying \$700,000 in ARPA funding and \$500,000 in FY2022 excess revenue to critical one-time infrastructure expenditures, and by eliminating the annual set-asides for Fire Trucks and Ambulance Replacement, instead assuming that those vehicles would be lease-to-own in the future rather than cash payments.

Overall, the proposed increase in the municipal budget (before ARPA and FY2022 revenues applied) is \$2,895,113 or 16.2% when compared to current FY (this number was reported incorrectly in my initial budget memo). There are a multitude of factors driving this increase:

- Inflation is rampant. There is a dramatic increase in utility and fuel costs. The most obvious increase is in heating fuel, unleaded gasoline and diesel fuel. We have locked in FY2023 pricing for heating oil at \$2.97/gal, and propane at \$1.97/gal, but we cannot lock in gasoline pricing.
- Likewise our service providers are passing on dramatic increases. Consolidated phone bills have increased 30%, CMP delivery charges have increased 80% (separate from the cost of electricity which is locked in by contract), Kennebec Water District has increased their charges by 8% and Kennebec Sanitary Treatment District has increased their assessment to the Town by 7%. In addition, contract services such as trash hauling, landfill fees and software agreements have increased by the standard 3 to 4% annually.
- The Kennebec County Tax budget was initially estimated to increase by 5%, but their proposed budget published after the April 13 workshop shows a 9.1% increase to the Town of Winslow, an increase of \$58,876 over FY2022.
- In summer and fall of 2021 we renegotiated the AFSCME bargaining agreement for Public Works and Fire and the Maine Association of Police contract. Both were adjusted to market wages in an effort to retain existing staff and attract new hires to fill vacancies. It is no secret that Fire and EMS are struggling to find employees around the state and throughout the country. Police are in a similar situation. Public Works advertised for a mechanic for 4 months without a single application and only found our new mechanic through an impromptu conversation between an employee and the mechanic doing his oil change. Wages had to be adjusted to fit the market more closely to retain officers, fire fighters and EMS staff and critical infrastructure employees who were leaving for more lucrative jobs. In addition to wages the MAP union negotiated a change in the MainePERS retirement plan from a 50% plan to the 2/3 plan which is in place in most law enforcement agencies in the state. This investment in our critical public safety employees totals \$290,000.

- Non-union staff were also compensated below market value in most positions. During the FY2022 budget process I promised staff that if they would forgo any raises that year, I would do a full salary study for the next budget. This was a painstaking and time-consuming process, and the primary contributor to this budget being so late in completion. But it was an exercise that needed to be undertaken in terms of both fairness to our employees, and to ensure that the Town can retain and attract staff. In addition to determining the appropriate wage for every position based on years of service and degrees or certifications, this process has also produced a new compensation structure that lists specific wage ranges from Step 1 at entry level to Step 10 which may be achieved after 9 years of service based on favorable performance evaluations. Steps will be awarded based on merit and are not automatic. This builds in a performance and longevity incentive for our employees. Longevity bonuses, which used to be only available to union employees in the form of an addition to hourly pay, have been changed across the board to an annual longevity bonus which starts after 10 years of service. This limits the Town's long-term obligations in terms of funding retirement. These increases total \$164,000.
- The largest single contributor to the budget increase is the Capital Budget. This year's request is \$1,941,053, which is an increase of \$1,264,464. The simple reason for this increase is that we have deferred equipment purchases, paving projects, and sewer and wastewater projects to the point where we are forced to catch up now. The price of catching up is an increase in the paving budget of \$500,000, in the Stormwater budget of \$145,000 and in the Public Works Equipment budget of \$425,000, in addition to other smaller increases for the other departments.

Included in this budget are new position requests for Police and Fire. Police has requested one additional officer to allow 2 positions on duty on the weekends. Fire has requested 3 additional full-time firefighters to staff each shift with 4 personnel. In the cases of both Police and Fire, full staffing relies on utilization of a shrinking pool of per diem personnel and overtime. Regionally we are all competing for the same small group of employees. The additional officer and firefighters add \$304,000 (including benefits) to our budget. This is somewhat offset by reducing the part-time and per-diem budgets to zero or near zero. Additionally, the Fire Department has requested a Deputy Chief. This request is in response to the regional need for increased coordination and mutual aid which we anticipate will largely fall on Winslow as one of only two fully staffed Fire/EMS departments in the region. The cost of this position is \$104,184 including wages and benefits.

While this summary so far paints a dismal picture, there are some bright spots in the budget. Revenues overall are up significantly.

- K-12 Revenues are up 12% or \$1,045,439
- State Revenue Sharing is projected to be \$1.5 million which is an increase of 65% over the FY22 projection.
- For the first time since its inception First Park is returning 100% of the municipal assessments to the Towns. This is a 62% increase over last year.
- Ambulance transport fees are trending 50% over projections or a 50% increase.
- The Town has been awarded \$1 million in congressional earmark funds from Senators King and Collins to be applied to the Chaffee Brook Pump Station reconstruction.

In order to decrease the FY2023 budget request \$700,000 in ARPA funds and \$500,000 in unanticipated revenue from FY2022 are being applied to Capital, along with the elimination of two other line items. These changes from the original proposed budget total \$1,290,000 and are as follows:

- ARPA Funds applied - \$700,000
  - Town Office Building rehab, completion of parking lot and Architectural Study

- \$100,000
  - Storm Drain replacements Baker and Chadwick Streets  
\$145,000
  - Public Works truck replacements (2)  
\$455,000
- Unanticipated FY2022 Revenues applied - \$500,000
  - GIS System  
\$3,500
  - Police Facility Architectural Study  
\$27,000
  - Fire Department Architectural Study  
\$22,000
  - Paving Projects  
\$427,500
  - Benton Avenue Gazebo roof and railing replacements  
\$20,000
- Utilization of TIF revenues - \$20,000
  - Lighting for trail from Benton Gazebo to the 2 Cent Bridge
- Items eliminated from Capital Budget<sup>1</sup> - \$70,000
  - Fire Truck Replacements  
\$50,000
  - Ambulance Replacement  
\$20,000

Once again, this proposed budget calls for using \$0 of our fund balance. Last year the Council approved a moratorium on the use of reserves to balance the budget. This was necessary to reestablish our bond rating from an A- to an A++. Use of reserves is still an option in the future, but one that should be carefully considered and only for one-time expenditures. Use of these funds to balance a budget for recurring expenditures will continue to diminish our bond rating, which will be extremely important in the immediate future as two large sewer projects loom on the horizon. The projected cost to upgrade Chaffee Brook Pump Station and replace the sewer line across the river is \$6 million. As noted previously we have received \$1M towards that project in congressional earmark funds, but that leaves \$5 million to be raised. The price tag for the sewer repairs for Sunset Heights is \$8 million. While we continue to apply for available state and federal funding to assist in these endeavors it is highly likely that a large portion of these costs will have to be bonded.

I would like to express my sincere appreciation for the Council in working through this budget. Your efforts have shown a commitment to maintaining Town Services, addressing infrastructure concerns, and to retaining and attracting a highly skilled work force.

Respectfully submitted by,

Erica LaCroix  
Town Manager

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<sup>1</sup> Fire Truck and Ambulance replacements are anticipated to be funded through leases in the future.

