

TOWN OF WINSLOW, MAINE



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Memo to Winslow Town Council- FY2023/2024 Final Budget Proposal

Esteemed Council Members,

In this binder is a proposed municipal budget for FY2024. The proposed budget calls for a tax rate increase of \$1.52 to \$22.72/\$1000 in valuation.

The increase in the municipal budget is \$1,614,245 or 8.3% when compared to current FY. There are a myriad of factors driving this increase:

- Inflation is as big a concern as it was in the prior budget year. There have been dramatic increases in utility and fuel costs over the last 18 months. The Town entered into a cooperative procurement for heating oil, propane and diesel fuel with the Winslow Schools and the combined municipalities and school systems of Vassalboro and Waterville. We have locked in FY2024 pricing for heating oil at \$3.08/gal, propane at \$1.75/gal and diesel at \$3.11/gal. This is only a \$.11/gal increase in heating fuel and is actually a decrease of \$.22/gal in propane. This allows us to keep fuel somewhat in check.
- Inflation also impacts the CPI which drives the cost-of-living adjustment (COLA) for employees. This year's CPI is 6.5%. To keep up with market wages I have applied a 5% COLA for all full-time employees. While this is a large number, it is conservative compared to many of our surrounding communities. Across the state COLAs are ranging from a low of 3% to a high of 12%, with the average being 6.2%. Combined with a 4% increase in medical insurance premiums the cost for existing staff is up \$157,553 including benefits.
- Calls for several staff changes in response to both operational need and labor market stressors which are not easing, particularly in Public Safety and Public Works.
 - In November the Council voted to implement a Public Safety Department. This is still in the trial phase, but the budget has been prepared in anticipation of this becoming a reality after June 30. The Public Safety Director has been established at a classification which is 1 grade higher than the current Police and Fire Chief classifications. This will add \$1,200 annually to the budget as the Police and Fire Chief positions will no longer exist, there is only one incumbent remaining, and this is the difference between his current salary and the Public Safety Director salary.
 - We are implementing a second Public Works Foreman to allow Parks Maintenance to be moved under the Public Works Department. This position would also be tasked with facility

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maintenance and oversight of the sewer crew. This would allow the Parks & Recreation Director to focus solely on Youth Sports and programming and would provide sorely needed on call relief for the Public Works Director. The Parks Director is stretched thin, even if the maintenance functions are removed from her purview. This will allow both her and the Public Works Director to achieve a better work/life balance and provide much needed oversight of the Town's multiple facilities. The hope is that we will be able to find a candidate that might be able to be developed into a future Director as Mr. Fongemie plans to retire within the next 5 to 10 years. This adds \$84,694 to the budget with benefits.

- Also, to address maintenance needs we are adding 1 additional adult seasonal and 1 additional high school-age seasonal for Public Works. This will allow the Parks Department to keep the summer supervisor and one seasonal to address sports field maintenance, while still providing Public Works with adequate staff to maintain all other green-space and parks equipment. These positions work 35 hours per week for 10 weeks and receive no benefits. The wage for adult seasonals is \$16.80/hr and high school-age workers make minimum wage which increased to \$13.80/hr on January 1, 2023. The cost for these two positions is \$11,500 with FICA.
- Due to the increased responsibility of the Deputy Police and Fire Chief positions those are being upgraded from classification 25 to classification 27. This adds approximately \$8,000 to the annual budget.
- The Public Works Director is being upgraded from a classification 27 to a classification 28 to properly reflect the additional responsibility this position has above the Deputy Police and Fire Chiefs. This is particularly appropriate as the Public Works Director possesses an engineering degree, whereas neither Deputy Chief job requires a degree. This will add \$900 to the budget.
- Lauren Vensel is the cataloging librarian at the Winslow Public Library and currently works 33 hours per week putting her just under full-time status. This year Lauren has earned her BLS Degree making her more valuable and more marketable to other institutions. This budget moves her to 40 hours per week which makes her benefit eligible. The extra five hours and the benefits add \$29,000 to the Library budget (assuming she opts in to the retirement program at the maximum rate).
- This budget adds MainePERS as a retirement option for all Town employees. While the ICMA plan is good and the Town match is generous, not having MainePERS available has become an obstacle to both recruitment and promotion of union employees into non-union supervisory positions. Union employees already participate in MainePERS and stand to lose their retirement in order to take a promotion to supervision. Likewise, many other municipalities provide MainePERS as the primary retirement option, and they often will decline to apply for position in Winslow due to having to leave their retirement plan. This budget adds regular plan AC, the same plan Public Works employees currently have, which is the difference between a 9% Town contribution for the current ICMA plan and 10.2% for the MainePERS plan. Employees only have one opportunity to join MainePERS and existing employees who already don't take advantage of the 9% Town Match in ICMA are unlikely to switch as the employee contribution in MainePERS is mandated by the State. A total of 22 employees would become eligible. Of them, 4 are already retired out of MainePERS, and 9 contribute at a rate lower than

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the MainePERS requirement. This leaves 9 positions that would potentially opt for the new plan. The estimated annual increase is \$2,700.

- While not addressed in this budget, it should be noted that Code Enforcement is becoming increasingly difficult to fill under the current level 23 classification and should be addressed in future budgets.

In the current labor market wages continue to rise and even though we performed a full wage study last year we are still falling behind as other communities recognize the need to increase their own wages to keep up. Sadly, we are all competing for the same group of employees. Going forward we need to start leveraging partnerships with the area high schools, community colleges and Mid Maine Technical Center to start growing the pool of talent for municipalities.

- Inflation and Personnel costs are not the only challenges in this budget. Many of our professional services are also increasing substantially. The most significant change is to the Kennebec Sanitary Treatment District fees. The contract was scheduled to increase \$7,000 or 2%, prior to the impacts of LD1911 and LD 1639. Together these two pieces of legislation are driving sludge disposal costs upward by both increasing landfilling fees and substantially limiting how and where sludge can be disposed of, and limiting the ability of the landfills to acquire bulky waste needed to mix with the sludge before it can be landfilled. The State of Maine does not produce enough bulky waste on its own to meet this demand, and loopholes on out-of-state waste have been closed. KSTD sludge goes to Juniper Ridge, and Casella has had to delay intake of sludge deliveries, forcing KSTD to either store the sludge (for which they have limited storage options) or look for other locations to accept the sludge. Currently that option is New Brunswick. The added cost to KSTD this year to address this catastrophe will be \$553,300, of which Winslow's share is \$58,000.
- Kennebec Water District is also anticipating another 8% increase which is needed to fund their infrastructure replacement and upgrades.
- There is a \$139,000 shortfall in Sanitation due to the exhaustion of the PERC funds in FY2023. I have been warning of this impending fiscal hit for the last two years. The good news is that I negotiated an extension with Casella for both waste hauling and disposal that decreased our annual cost by \$34,000.
- The proposed Kennebec County FY2024 budget will increase the Town's County obligation by \$45,000.
- PSAP services (911 Dispatch) are projected to increase by \$30,000 over the FY23 budget amount. This is due to Somerset County canceling contracts with all municipalities outside their jurisdiction. The most likely solution is that Waterville will once again become our regional PSAP, but they must add staff to take on Winslow and other communities, not to mention having to be their own PSAP which they were not before. Winslow's share of the additional cost would be \$30,000 based on call volume.
- The largest single contributor to the budget increase is the Capital Budget. This year's request is \$1,460,950, which is an increase of \$797,750. Last fiscal year we were fortunate to have \$700,000

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in ARPA funding to apply to our capital needs and we were able to pre-fund another \$500,000 out of unanticipated FY22 revenue. However, when you add back those amounts the actual capital request for FY23 was \$1.95 million, making this year's request approximately \$490,000 less.

- Sewer revenues are not keeping pace with operating costs, and sewer capital is falling behind even more with the major infrastructure projects at Chaffee Brook Pump Station and Sunset Heights which will be beginning in the immediate future. Council approved a \$400,000 appropriation from Sewer Fund Balance last year to fund design engineering at Chaffee Brook, leaving very little reserve with which to fund any shortfalls in the Sewer budget. This budget increases sewer fees 25%, increasing the service fee from \$31.25 to \$40.00 per quarter, and the usage fee from \$4.50 to \$5.50 per 100 gallons of water. The average increase for our residential sewer customers will be \$23.75 per quarter. The Council also directed me to add further increases of 10% annually over the next five years to fund the Chaffee Brook and Sunset Heights projects anticipated debt service.
- The School budget is up \$718,853, or 3.97%. This is a dramatic improvement over the 6% that was originally estimated as the Superintendent and his staff have worked diligently to make cuts, find alternative funding sources, and defer some expenses. The School Board has yet to give their final vote of approval, but the Municipal share of the school increase is \$374,932.

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

- The creation of the Public Safety Department means the elimination of the Fire Chief, and the addition of a Deputy Police Chief in lieu of requesting another patrol officer. The net savings to the department with this trade-off before COLA is \$49,800.
- The new Dead River fuel contract for Diesel fuel is resulting in significant savings over last year, with Public Works alone seeing a \$10,000 decrease in fuel costs.
- Police and Library will save \$5,000 in heating fuel (propane) off this same contract.
- The Fire Department is fully staffed resulting in a decrease of \$60,000 in the overtime budget.
- Overall, electricity budgets are down due to overestimating the impact of CMP increases in FY2023.
- The Workers Compensation budget is down \$28,000 from last year due to an improved experience rating and obtaining a 10% discount through the WISP program.
- The Debt Service for First Park is paid off decreasing Winslow's municipal assessment by \$18,500.
- The Town Garage Bond is paid off in FY2023, and combined with principal reduction on our other bonds the annual debt service is down \$100,465.
- State Revenue Sharing is projected to increase \$220,000 over last year.
- Ambulance transport fees are trending 20% over projections, increasing the FY2024 budget from \$300,000 to \$350,000.
- The Town has been awarded \$2.8 million in Maine Infrastructure Adaptation Plan funds which will allow us to address flooding issues on Robert Street and Cushman Road which exacerbate the issues at the Bay St/China Rd/Augusta Rd intersection.

You may note that there have been some changes to these figures since my preliminary budget was

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submitted. These are changes that the Council requested during the Budget Workshops, as well as the filling of three vacant positions which changed personnel projections, and firming up some costs that were estimates in the original submission. These changes include:

EXPENDITURES

- An increase of \$9,000 to the Audit budget to fund a new Municipal Audit firm.
- Increasing the Part-time Librarian from the original request of 37 hours per week to 40 hours per week adds \$3,760 to the library budget.
- The Police Dispatcher position was filled at a higher step than originally anticipated due to the candidate's qualifications adding \$6,400 to Police Personnel.
- PSAP services added \$19,700 to Police and \$9,900 to Fire.
- The Public Works and Fire Admin Assistant was granted a two-step bump in pay to Step 5 of her classification. This is a \$1/hr raise and adds \$2,640 to Fire Personnel and \$1,320 to both Public Works and Sewer Personnel.
- The vacant Code Enforcement Officer position was filled at the top of the scale adding \$4,100 to Code Enforcement Personnel.
- The first submission failed to split the second Public Works Foreman evenly between Public Works and Sewer. This added to the Public Works budget and decreased the Sewer budget.
- The Public Works Foreman vacancy that was approved to provide overlap between the outgoing foreman and his replacement was filled by promoting from within. This resulted in cascading vacancies in Senior Equipment Operator, Equipment Operator and Truck Driver. The Equipment Operator positions were filled with internal promotions leaving the one vacancy in the Truck Driver classification which is budgeted at the bottom of the classification. These staff moves reallocated salaries between Public Works and Sewer, but ultimately decreased personnel costs due to the incumbent having been at a higher step than the new employee.
- The new Public Works Foreman declined health coverage decreasing the Sewer Group Insurance line by \$13,440.
- The preliminary budget had a placeholder of 3% for the School Budget. The final budget has replaced those numbers with the actual figures supplied by the Superintendent. That impact was detailed above.
- The staff changes detailed in the previous bullet points altered benefits accordingly in both the Sewer budget and the Insurance budget.
- The Work Comp line item was increased \$17,970 to accommodate an anticipated increase for higher salaries and two new positions. The budget still decreased by 16% from FY23.
- The Council added \$1,500 to the Organization Support budget to fund the Winslow Community Cupboard.
- Capital shows a decrease of \$159,000 due to:
 - Using FY23 Fund Balance to pay for the overage on the Orion Ropeworks corridor removal project, two Police cruisers and the additional funds needed for the new plow truck. (\$212,500)
 - Reducing Junior High Utilities. (\$6,000)

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- Reducing Sports Track resurfacing using alternating funding sources (\$15,000)
- Reducing Junior High building maintenance and adding funding for demolition. \$49,250
- Adding project to replace support beam in Council Chambers at the Library. \$15,000
- Increasing the annual set-aside for Parks Equipment. \$7,750
- Adding an annual set-aside for the 1804 Schoolhouse roof. \$2,500.

REVENUES

- Added BETE and Homestead reimbursements to Tax Commitment line. \$1,148,110*ⁱ
- Decreased Sewer revenue due to decreased Sewer expense. (\$35,560)
- School Revenue came in higher than predicted. \$57,000

The result of these adjustments is that the net appropriation request was reduced from \$15.8 million to \$15.3 million, and the projected mil rate decreased from \$22.71/\$1000 to \$22.58/\$1000.

Once again, this proposed budget calls for the use of \$0 of our fund balance. Two years ago, 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, 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.

As always, I will continue to search for efficiencies in the operating budget, continue to apply for any grants for which the Town qualifies, and continue to work with the Central Maine Growth Council and the Mid Maine Chamber of Commerce to attract new businesses and grow our existing ones to bolster the tax base. So far, I have been successful in bringing over \$4 million in grant funding to the Town. While my hope is that this budget represents the final “catching up” that was needed to bring the tax rate to where it needs to be to support the many services the Town offers, we don’t know exactly what lies ahead. It is important that the Town works to attract larger taxpayers to infuse more revenue into the coffers and take the burden off the backs of the residential taxpayers.

Respectfully,



Erica LaCroix
Town Manager

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ⁱ This does not have any effect on the proposed mil rate as the Tax Commitment is not used in that calculation. It merely reflects the amount that was received the prior fiscal year.