



## *Town of Damariscotta*

*Administrative Offices  
21 School Street  
Damariscotta, ME 04543  
Telephone – 207-563-5168  
Fax – 207-563-6862*

*Office Hours  
9 am - 5 pm  
except  
Wed. – 1 pm - 6 pm*

February 28, 2022

Board of Selectmen  
Budget Committee  
Town of Damariscotta

RE: Transmittal Message for Town Manager's FY 2023 Recommended Budget

Selectmen and Budget Committee Members:

Attached for your review is the Town Manager's recommended Town Budget for Fiscal Year 2023 (July 1, 2022 to June 30, 2023). Town Treasurer Cheryl Pinkham and I along with the Town department heads have worked to present a budget that provides a continuation of current service levels. In FY 2022, 33.1 percent of the property tax goes to fund Town services, 57.7 percent is spent on primary and secondary education and 9.2 percent pays for Damariscotta's share of County assessments. The total property tax mil rate for FY 22 is 15.9 (\$15.9 per one thousand dollars in valuation).

The only portion of the education budget included in this budget is the amount that is requested for adult education. School District administration, secondary and primary school budgets are submitted to the Town Meeting legislative body separately. The recommended budget does not include the FY 2023 overlay that the Board of Assessors will determine as part of the Tax Commitment in late July or early August.

You will see that the overall recommended increase in budget expenditures is 15.82 percent over the FY 2022 budgeted expenditures. Many of the increases were decided prior to the preparation of this recommended budget by virtue of commitments made earlier this year. As examples, the Ambulance Services Board of Directors approved budget increases that result in a 100 percent increase for the Town, the Board of Selectmen approved a request from the Police Officers' Union to amend their 2022-24 contract one year into the contract to increase their compensation by approximately \$35,000 annually, the County Budget Committee has recommended an increase of 9 % or approximately \$45,000 and, earlier this month voters at a special town meeting approved a \$2,255,000 bond issue that will result in \$191,000 in debt service payments in each of the next 15 years. This represents an \$80,000 or 67.4 percent increase in the amount of debt service in the current budget. In addition, the Board has

agreed to an increase of up to \$30,000 in the Town Manager's compensation package in order to compensate the new manager as a full-time employee.

In addition to the budget increases listed above, as previously requested by the Selectmen, I am requesting that the seasonal position in the Public Works Department be replaced with a full-time benefitted position. Moreover, the Fire Department Budget includes a \$9,500 increase for a firefighter cancer policy that was previously requested by the Budget Committee. I am also asking that a half time clerical employee be added to the Town Hall staff to address workload demands.

Under the revenue section of the budget, revenue sharing has been budgeted at \$289,000 based on a projection of revenues by the State Treasurer's Office. Also under the revenue section, I am recommending that the Town continue to utilize funds from the undesignated reserves to reduce the amount of a property tax increase for the coming year. The amount carried over from the undesignated fund balance this year is \$100,000. For FY 2023, I am recommending that \$150,000 be carried over from this fund balance. Town staff have yet to receive the final draft of the FY 2021 financial audit, however, I am estimating that the unallocated fund balance will be no less than \$1,200,000.

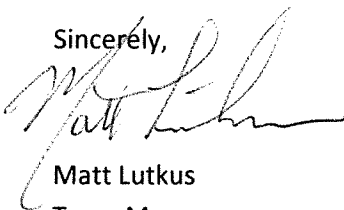
The line-item descriptions provided in the budget document itself will give the Board and the Committee the detail that makes up our recommended budget.

For the coming year, I am recommending a reduction in public works projects funded through capital reserves due to the large bond issue that has been previously approved for road projects. The recommended capital budget does however include the funding for a revaluation of property values and continuation of the Town's past practice of pre-funding major capital equipment purchases.

The Town Charter requires that the Town Manager provide a report of the Town's current indebtedness in this transmittal message. The current debt stands at \$46,456.79 which is the balance on the Town's five-year loan for street light conversions. With the bond issue approved at February 16 Special Town Meeting, the Town debt will increase by \$2,255,000 to \$2,301,456.79 when the Town closes on the bond in March.

Unfortunately, in this budget cycle, we are looking at significant budget increases that are only partially offset by the increase in revenue sharing and savings that we are seeing in a few line items. Cheryl, the department heads and I will be prepared to respond to any questions you have during our meetings with you in the coming weeks.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matt Lutkus', written over a horizontal line.

Matt Lutkus  
Town Manager