

MEMORANDUM

To: Town Council members
From: Richard Roedner, Town Manager
Date: May 9, 2024
Re: FY 25 Budget

On April 15, the Council reviewed the draft FY 25 budget. At that time, there were a couple of items that were unknown, including health insurance premiums (I had budgeted for a 10% increase) and our Wage & Compensation Study.

About April 20, we heard from our health insurance carrier that it was increasing our premiums by 35%, which would be about a \$140,000 increase over the current year. We are working to solicit quotes from other carriers at this time. Currently, we have one quote that represents a 17% increase.

On May 2, I met with PTRC, who is conducting our Grade & Classification study. There were several issues with their initial report that they are correcting (some that will increase the cost, some that will decrease the cost), but their best guess is about \$201,000 of added wages. When payroll-based expenses are added (FICA, retirement, 401K), the total to the Town would be about \$254,000.

Lastly, our Property Casualty carrier has announced that our coverage will not be renewed on July 1. They have given us a proposal to renew all but our Law Enforcement Liability coverage, with a \$30,000 increase in premiums. In addition, we would have to secure Law Enforcement Liability, which is estimated at \$12-\$15,000.

Adjustments to Budget

When we received the notice from our health insurance carrier, I asked all departments to prepare a plan to reduce overall departmental expenses by 2%, which they have done. In addition, we have more closely evaluated the time distribution of labor within the Public Works Department, to more equitably distribute labor between DPW and Water/Sewer. I have scrutinized revenues, resulting in refining solid waste revenue. I have also made some adjustments based on a couple of inconsistencies in our various wage summary documents.

Summaries of reductions

As you look at the attached budget spreadsheet, I draw your attention to two specific columns, V and W.

Column V is the Manager's recommended budget that you worked with at the Council Workshop (with some corrections in red made since the workshop). Column W is highlighted in red to show proposed reductions in the lines from Column V.

As you will see, there was a net increase in expenditures of \$316,541 after the adjustments were made (Col V, Row 334). Column W, Row 334 also totals \$314,541 of cuts/reductions, or increased revenues, resulting in a \$0 differential between revenue and expenditures.