



February 14, 2025

Memorandum for Town of Hermon, Town Council

From: Stephen Fields, Town Manager

Reference: Fiscal Year 2026 Municipal Operating Budget Summary Narrative

Greetings to the Honorable Council Members and Citizens of Town of Hermon. For the Fiscal Year 2026 Municipal Operating Budget, I implemented a team approach to the development of the budget with Department Heads, who received input from staff. My process started with individual department meetings in September 2024 through November 2024. The next few months consisted of final input of data into TRIO software budgetary module, working with Assistant Town Manager and Finance Director to obtain historical budgetary information. Overall, the process was efficient and streamlined.

A variety of factors were reviewed in the development of the budget. Some of the factors include historical expenditure levels, revenue sources, property valuation changes, annual financials, consumer inflation and the services provided to the town. The town has been providing services to meet the needs of the community, especially with the commercial and residential growth.

Special Note 1: The School Department and County Tax are **not** included in the calculated totals. The County Tax Assessment I am estimating is a 15% increase.

The following budget summary view looks at the current FY25 budget and the initial and manager requests. The initial requests show a significant increase in budgetary expenditures.

The increase is compiled of the following items:

- Consumer inflation of supplies and material required to operate the administrative requirements.
- Request for one full time equivalent (1 FTE) in Public Works for a total compensation/benefit of \$93,661.00. This position is requested for the assistance and safety of work for the department when completing projects in the roadway, shop, or within the facilities. Without adequate safety precautions, the town could face liability costs from our insurance, federal and state agencies for any injury, damage or accident.
- Request for four full time equivalent (4 FTE) Firefighter/EMT in Fire Department for a total compensation/benefit of \$471,550.00. The positions are requested to provide continuous 24-hour coverage for EMS and Fire response to the community. The Town has seen recent changes in operations for EMS/Ambulance services, to include the entire Penobscot County region. This request will allow the department to continue support of services.

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- Request an increase of \$500,000.00 for public work road improvement/paving and construction projects. Historically, the Town has continued to utilize a portion of reserve funds to fund these projects. A typical year to maintain and not fall behind in road maintenance would be funded between \$875,000 to \$1,000,000. Labor, aggregate material, fuel, liquid asphalt is variable depending on the market, have seen increases in costs.
- Capital Improvement funding increased \$225,000.00 from use of unassigned fund balances to allow the administration and Council to develop and implement a sound improvement funding source for capital needs to include vehicles, equipment and facilities. The Capital Improvement Plan is a separate plan document, but the costs are included within the budget calculation.
- The Penobscot County Sheriff Department agreement saw a 5% increase for year one of the three-year agreement, starting in 2025. The Sheriff and County Commissioners recognize the impact of costs to the town and were reasonable in the increase rate while still maintaining services. The Town is now contracted to have four deputies and a supervisor sergeant, totaling five (5) deputies.

The manager request shows a reduction of expenditures that potentially impact the services, quality and funding of capital improvement. Reductions can be seen in the FY26 Municipal Operating Budget Draft VI, TRIO Report, when comparing the “Manager” to “Initial” requests.

Discussion Point

We, myself and department heads, have provided two budget options for your review. The initial request outlines the changes needed to meet the town’s growing demand for services and capital improvement. The Manager’s request includes reductions in certain areas to maintain current service levels, though it may affect administrative expenses and operating costs.

Please consider the level of service, what services, quality and impact to the citizens this budget request is compiled. The Town has had growth in commercial and residential with services provided in incremental stages over the past years. To assist in this, I provided the FY2026 Council Workshop 3yr History Comparison, TRIO report, that visualizes the budget vs. actual costs for 2022, 2023, and 2024 operating years.

The following charts on the next page will show the Manager, Initial and FY2025 budget comparisons.

Fiscal Year 2025-2026 Municipal Operating Expenditure

	FY26 Manager Request	FY26 Initial Request	FY2025 Budget
Dept: 10 GENERAL GOVERNMENT	\$1,682,218.00	\$1,768,718.00	\$1,524,974.00
Dept: 11 ECONOMIC DEVELOPMENT	\$724,989.00	\$724,989.00	\$618,926.00
Dept: 12 PUBLIC SAFETY	\$2,406,533.00	\$2,496,033.00	\$1,933,197.00
Dept: 13 PUBLIC WORKS	\$1,795,863.00	\$2,341,220.00	\$1,583,213.00
Dept: 14 SOLID WASTE/RECYCLING	\$766,875.00	\$776,875.00	\$665,555.00
Dept: 15 RECREATION & SOCIAL SERVICES	\$141,085.00	\$141,085.00	\$170,815.00
Dept: 16 DEBT SERVICE	\$459,800.00	\$459,800.00	\$460,710.00
Dept: 17 CAPITAL IMPROVEMENTS	\$725,000.00	\$725,000.00	\$440,000.00
Dept: 19 SPECIAL ASSESSMENTS	\$125,000.00	\$145,000.00	\$1,304,000.00
Dept: 20 SCHOOL DEPARTMENT	\$0.00	\$0.00	\$6,005,865.00
Dept: 25 GENERAL ASSISTANCE	\$5,000.00	\$5,000.00	\$5,000.00
Dept: 30 RESERVES	\$0.00	\$0.00	\$0.00
Dept: 35 RECREATION ENTERPRISE	\$642,800.00	\$642,800.00	\$519,320.00
Dept: 50 OVERLAY - ABATEMENTS	\$0.00	\$0.00	\$0.00
Expense Totals	\$9,475,163.00	\$10,226,520.00	\$15,231,575.00
Modified Expense, offset by specific revenue			
Dept: 11 ECONOMIC DEVELOPMENT	\$724,989.00	\$724,989.00	\$618,926.00
Dept: 35 RECREATION ENTERPRISE	\$642,800.00	\$642,800.00	\$519,320.00
Removal of Dept: 20 SCHOOL DEPARTMENT	\$0.00	\$0.00	\$6,005,865.00
Removal of Dept: 19 SPECIAL ASSESSMENTS/COUNTY TAX	\$0.00	\$0.00	\$1,179,000.00
NEW EXPENSE TOTAL	\$8,107,374.00	\$8,858,731.00	\$6,908,464.00

Fiscal Year 2025-2026 Municipal Operating Revenues

The Revenue projection does reflect State Revenue Sharing being estimated at the statutory level of 50% because of the potential State budget deficit that may impact the distribution.

	FY26 Manager Request	FY26 Initial Request	FY2025 Budget
Dept: 10 GENERAL GOVERNMENT	\$5,247,000.00	\$5,247,000.00	\$5,567,850.00
Dept: 11 ECONOMIC DEVELOPMENT	\$0.00	\$0.00	\$0.00
Dept: 12 PUBLIC SAFETY	\$200.00	\$200.00	\$1,000.00
Dept: 13 PUBLIC WORKS	\$0.00	\$0.00	\$0.00
Dept: 14 SOLID WASTE/RECYCLING	\$10,000.00	\$10,000.00	\$11,000.00
Dept: 15 RECREATION & SOCIAL SERVICES	\$0.00	\$0.00	\$0.00
Dept: 16 DEBT SERVICE	\$0.00	\$0.00	\$0.00
Dept: 17 CAPITAL IMPROVEMENTS	\$0.00	\$0.00	\$0.00
Dept: 20 SCHOOL DEPARTMENT	\$0.00	\$0.00	\$0.00
Dept: 25 GENERAL ASSISTANCE	\$1,000.00	\$1,000.00	\$5,000.00
Dept: 35 RECREATION ENTERPRISE	\$642,800.00	\$642,800.00	\$521,500.00
Revenue Totals	\$5,901,000.00	\$5,901,000.00	\$6,106,350.00