Town of Lisbon

Town Council
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MEMO

To: Glenn Michalowski, Town Manager / Sarah Bennett, Assistant Town Manager
From: Samantha Bryant, Finance Director
Subject: Budget Changes for Electricity to Be Offset by Investment Income
Date: July 31, 2024

Per Sec 6.05 of the Town Charter ("Amendments After Adoption"):
If during the fiscal year, the Town Manager, in the case of the Town's budget, or the Superintendent of Schools, in the case of the School budget, certifies that there are available for appropriation revenues from state or federal sources or from private gifts or bequests, or from other sources, in excess of those estimated in the budget, the Town Council may make supplemental appropriations for the fiscal year up to the amount of the estimated excess. All supplemental appropriations shall be in the form of an Ordinance and approved in accordance with the provisions of Section 2.08 of this Charter.

A few years ago, the Town signed a contract with Constellation Energy for its supply of electricity at a rate of 5.85 cents per kilowatt hour. The contract was structured so that it expired for some of our accounts last November, and for the rest of our accounts this November. For the accounts that are not on the contract, we have been paying Constellation a market price each month for energy, which varies considerably each month. The Assistant Town Manager and I had conversations with staff at Constellation and our Municipal Planning Organization (MPO). Following those consultations, the Town has agreed to a new contract with Constellation where the market rate accounts are on a contract price of 9.98 cents per kilowatt-hour, and the accounts that expire on the old contract this November will also come on to this new contract, which will run through November 2025.

While this contract price of 9.98 cents per kilowatt-hour is expected to be better financially for the Town than a market rate contract, it is more expensive than the old contract of 5.85 cents per kilowatt-hour, which served as the basis for the projected electric costs in the FY25 Budget.

To accommodate these new expenses in the General Fund, I would propose increasing our proposed investment revenue for FY25. I had previously budgeted a conservative $250,000 when we made more than $388,000 in this revenue in FY24. While we will likely make less in FY25 due to a reduction of total cash and a reduction in the rates from the Federal Reserve, I do feel confident that we can increase this amount to $305k to cover these expenses in the General Fund.

For the Sewer Fund, I would recommend the use of $82,000 in fund balance to offset this expense, as there are no other revenues or expenses that can be adjusted accordingly.

On the next page is a chart with the specific changes requested.

General Fund

Department	Description	Old Amount	New Amount	Difference
Treasury	Investment Income	-$250,000.00	-$305,000.00	-$55,000.00
Buildings	Electricity	$49,343.70	$81,442.14	$32,098.44
Public Works	Street Lights	$78,000.00	$102,680.09	$24,680.09
Parks	Electricity	$3,000.00	$4,441.54	$1,441.54
Total		-$119,656.30	-$116,436.23	$3,220.07

Sewer Fund

Department	Description	Old Amount	New Amount	Difference
Sewer	Misc Revenue	-$900,923.00	-$982,923.00	-$82,000.00
Sewer	Electricity	$140,000.00	$221,234.15	$81,234.15
Total		-$760,923.00	-$761,688.85	-$765.85