

Town of Coventry, CT



Town Council's Proposed Budget For Fiscal Year 2016-2017

**Presented at a Special Budget Meeting on
Saturday, April 23, 2015**



OFFICE OF THE TOWN MANAGER
(860) 742-6324

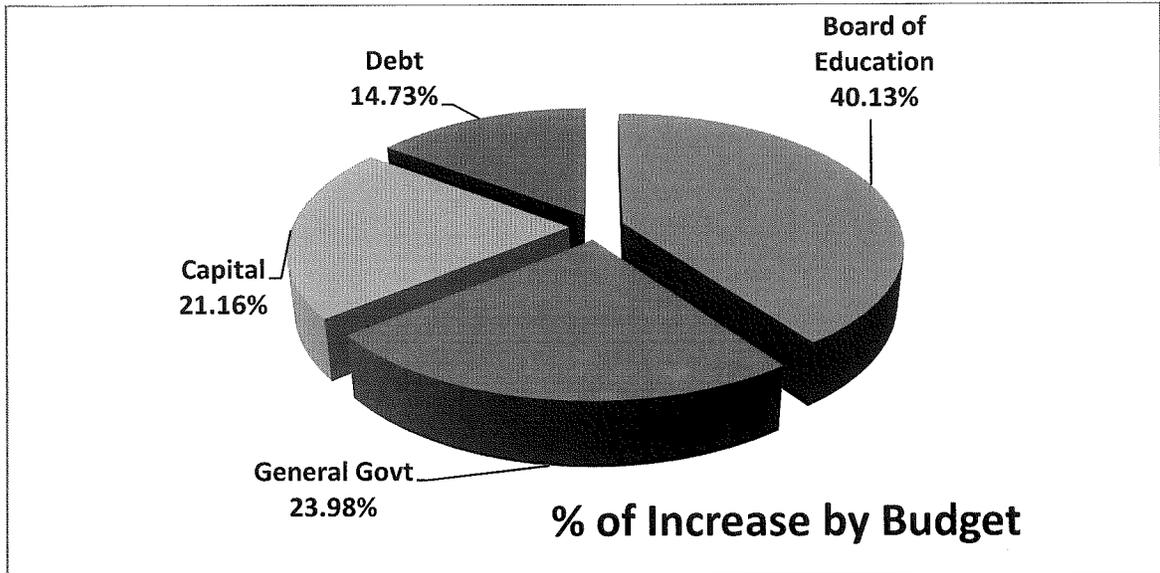
April 8, 2016

To the Coventry Town Council and Citizens of Coventry;

In accordance with the Coventry Town Charter, I am presenting the Town Council's recommended budget for Fiscal Year 2016-17. The Town, Debt Service, Capital, and School budgets have increased \$823,024 to \$40,550,802 or a 2.07% increase over the adopted budget for Fiscal Year 2015-16. The proposed mil rate required to fund the proposed FY 17 budget is 31.2 mils. This is a zero mil or 0.0% increase from this year's mil rate of 31.2.

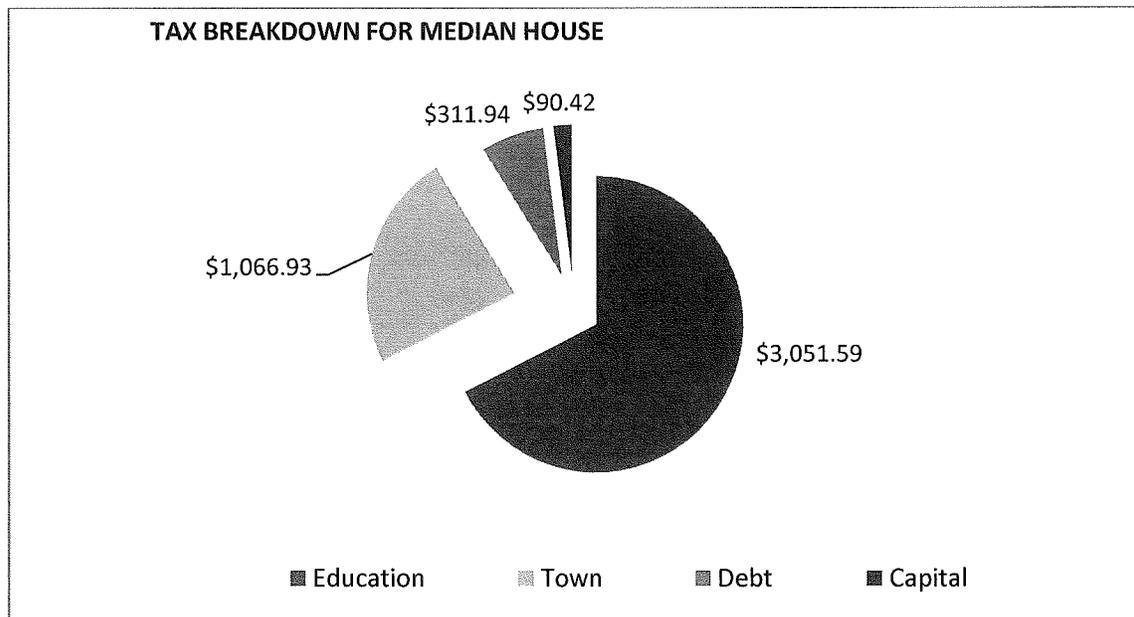
This budget was developed by the Town Manager and Town Council with the goal of minimizing any tax increase but still addressing urgent community needs. It is a relief that the Governor and Legislature recognize that cuts in State Aid ultimately cause increases in property taxes. Even with this acknowledgment the State budget has reductions of over \$96,707 in traditional grants and provides property tax relief in a new grant called MRSA funded by an last year's increase in sales taxes with Coventry's share in the amount of \$364,100. This is a net increase in State Aid of \$267,393. Given the State financial conditions whether these funds are actually distributed are of concern but this budget counts on them.

The Council and staff are very aware of the economic conditions that exist in our state and nation. While Coventry is better off than many communities, and continues to see some growth and continued real estate sales, the state economy is not predicted to come roaring back and more likely it will be a slow climb to better times. We continue to see positive signs of recovery. However, we recognize that tax increases and fee increases will not be easily absorbed by many in our community so they have been kept as small as possible. While the Council was able to hold the line on taxes they were also able to grant a \$5 reduction in the annual expense of the COVVRA trash fees. The chart below shows where the increase is going by budget.



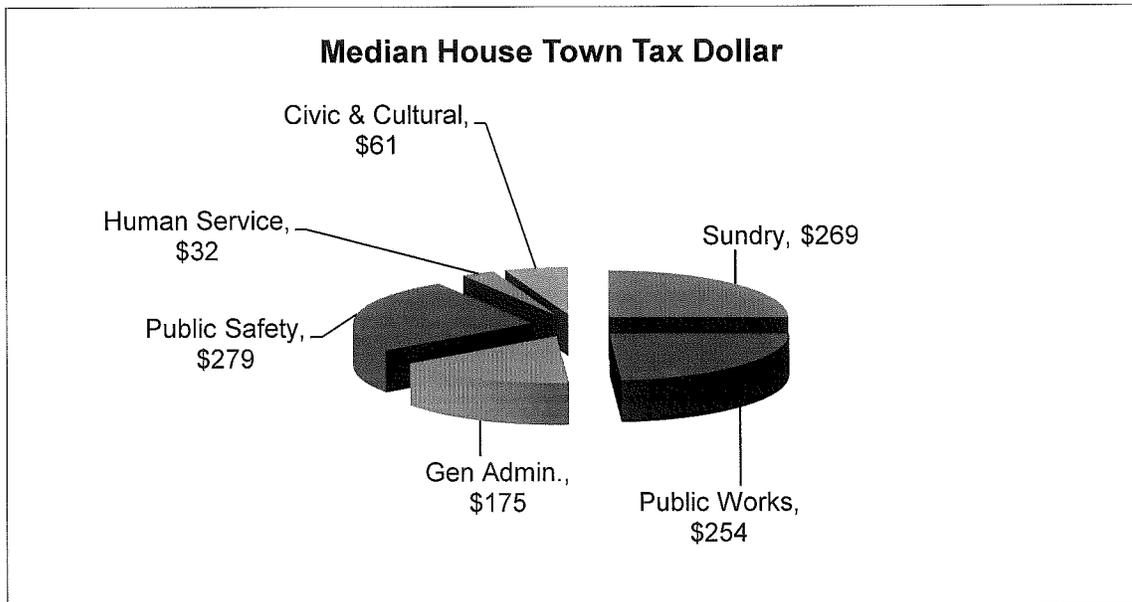
This budget should not be classified as a status quo budget. Both the Town and school district have proposed changes to move the community forward. The focus is on prioritizing services and developing the most cost effective ways to accomplish them. "Status Quo" alludes to standing still. Neither agency believes the times allow this as an alternative. Instead we are moving forward toward a goal of providing better and more cost effective services. Resources are being reallocated to areas of need. Some services may be reduced and/or curtailed. Others with demonstrated need may receive more attention.

The following chart shows how the proposed taxes on a median house are allocated between the four budgets.



Town Operating Budget – a 2.08% increase

The General Government is seeking an increase of \$197,331 or 2.08%. We have tried to make adjustments without creating too many negative impacts on service to the citizens. We have evaluated many options to reduce expenses and to bring in additional revenues. The budget is presented to show how some of the proposed budget initiatives are designed to address the adopted Goals of the Town Council. Please review that section found later in this budget letter. The following chart shows how the tax dollars on the median house are divided by service delivery area.



Capital Budget – a 21.92% increase

The Capital Budget is proposed to increase by \$174,167 above current levels. The proposed amount makes significant progress toward the sustainability level of \$1,000,000 per year. The largest change is the Council's increase in the annual contribution to the Capital Non-recurring Expenditures Fund (CNREF) of \$150,000. This fund is a reserve for future purchases and allows larger purchases without having to pay interest costs on borrowing. Even with this increase the Capital budget still does not reach spending levels of the mid 90's when adjusted for inflation. Historically many proposals were delayed until more funds were available. The long backlog of essential projects and equipment replacement continues to grow. Many of these projects increase in costs over time and the Town ends up borrowing to "catch up". If we could, we should be paying cash now to reduce the long term costs to the community, but ability and willingness to pay are real factors which always must be considered. The CNREF contribution will go a long way toward this goal. We continued the practice of limiting lease purchases to equipment costing at least \$50,000. Please see the Capital section of the budget for a list of proposed projects and purchases. The Capital program

can also be used as a hedge against receiving less than expected State Aid. If the revenue does not come through as promised by the State, portions of the capital budget could be frozen to assist in balancing the budget.

Debt Service – a 4.59 % increase

Debt Service will increase by \$121,206, or 4.59%. Debt service is only 6.8% of the annual budget. The annual payments are carried in the debt service portion of the budget. The increase this year's budget is for the first interest payment on the Road Bond and the Pucker Street Bridge Bond. Lease purchases are proposed for two fire apparatus; a large water tanker (10 year lease for \$32,500), and a used Quint totaling \$650,000 (5 year lease for \$76,000 annually). Also proposed is a replacement 4 x 4 Backhoe (\$123,000 over 10 years or \$13,500 annually). These new lease/purchases will cost \$122,000 annually including interest (See debt service section of budget). One lease purchase for a dump truck was paid off freeing up \$33,475 so the net increase for lease purchasing is \$88,525.

Board of Education – a 1.23% increase

The Board of Education budget requested \$530,320 in additional funds for a total request of \$27,341,365, a 1.98% increase. The Town Council reduced this request by \$200,000; leaving a recommendation to the Town Meeting of \$27,141,365; an increase of \$330,320 or 1.23%. This makes up 40.15 of the request increase. Additionally \$235,000 in education capital projects is proposed comprised of computers, classroom furniture, and gym floor refinishing. Please refer to the separate Board of Education budget document for a more in-depth discussion of their spending proposal.

Revenues: State Revenue- A Hopeful increase

The State budget proposes no significant mandate relief but has promised tax relief from a sales tax sharing program called MRSA. The Governor's proposed budget cut several traditional grants including Casino Funds, Payment in Lieu of Taxes, Student Transportation, Adult Education and Youth Services. With the new MSRA funds this provides a net increase is \$267,393. The Education Cost Sharing grant, our largest grant, remains relatively unchanged.

Property taxes cannot on their own produce an adequate income stream to support a quality education system. Our grand list grew by around 2% but turmoil with the Department of Motor Vehicles has forced us to make a precautionary adjustment of several million in assessed value due to cars and trucks registration issues. Investment income continues to be very low while development-based revenues have started to increase but remain lower than in past years. This year new growth in our grand list will produce \$525,393 in additional tax revenue at the current comparable tax rate.

2015 – 2017 COUNCIL GOALS

The Town Council provides the oversight and leadership required to establish policies that guide the direction of the Town and ensure the optimum delivery of services to residents in the most cost-effective manner possible. Members of the Town Council serve without compensation and elect their own chairperson and vice chairperson. The policies that are established by the Town Council are delegated to the Office of the Town Manager for execution. [Note: The Council goals are in bold and the strategy to work toward these goals follows each in italics]

- Fiscal responsibility and allow individuals to keep more of the money they earn. To seek innovative and sustainable solutions for lower taxes.
** Strategy: We have undertaken a review of long standing relationships and changed Labor Counsels to a more affordable firm, and negotiated a multi-year agreement with auditors including a year 1 fee freeze. Our health insurance consortium has allowed a zero rate increase. We locked in fuel and gasoline prices at low rates for the full fiscal year and bid out electrical rates for a 4 year contract at 8% less. We continue to obtain grants to help offset the costs of local priorities such as reconstructing Lake and Cross Street. We are stretching the life of some of our rolling stock and have delayed one year the purchasing of a Police cruiser and a large dump truck by carefully examining the condition of current equipment.*
- Present realistic and affordable budgets.
** Proposed Strategy: The budget presented allows continued progress toward essential community needs. It continues to fund capital needs to avoid future borrowing and interest costs. It targets funding priorities toward Council goals. It does not add additional personnel.*
- Promote economic development.
** Proposed Strategy: Funding is requested for several planning charrettes to show developers the possibilities for development of key parcels. Efforts are underway to expand sewers to several commercial properties on Lake Street and to tie into the Bolton/Vernon sewer system on Route 44 at the Town line. We continue to seek grants for regional economic development work through Regional Performance Incentive Program grant process and have a grant request pending. The long awaited Main Street curve project is starting construction which will transform the Village area with hopes of creating a more vibrant and attractive business climate. We are also working with water and natural gas companies to evaluate expansions which will help the marketability of certain sites. Finally the Economic Development Commission continues to host several small business forums.*
- Assist senior citizens.
** Proposed Strategy: The Capital budget calls for a new gas furnace in the older section of the Senior Center and a grant match to replace the*

smaller Coventry Rides van. A significant increase in Dial a Ride funding is also included. The Town stepped aside in our traditional Housing rehabilitation grant cycle to support an application for Orchard Hills Senior Housing for re-roofing, sidewalks and if funds allow the start of kitchen upgrades. Staff continues to assist the Council in looking into a senior tax freeze option.

- Insure proper funding to our schools.

** Proposed Strategy: The Charter does not grant authority to the Manager on the Board of Education's operating budget. Funds were recommended for the Capital budget including continuing the program of computer and furniture replacement and gym floor refinishing. A comprehensive study of school building energy and other building needs including ADA and security was funded last year and an architectural firm has been hired to work with the building committee. It is envisioned that this project will be ready for consideration for a bonding question in a year. Staff continues to work cooperatively with the school system on many projects including insurance, maintenance, computers and more. A modern network based phone system replacement is underway.*

- Address the needs of public safety.

** Proposed Strategy: One of the most significant budget issues this year is the Town taking over the responsibilities for managing the EMS (ambulance) service in town. The budget calls for having a five day a week (day shift) of a staffing agency to be available to respond to ambulance calls. Volunteers will be called upon for nights and weekends. This will require a \$65,000 subsidy beyond what insurance proceeds can provide for. The aging fire apparatus fleet will get attention through the lease purchase of a water tanker and used Quint to replace old Engine Tankers. A compressor to refill firefighter air tanks is also in the Capital budget. Additional funds are included for mileage reimbursement and training for volunteer firefighters per the CRCOG Fire Study report's recommendation. The Police budget is absorbing the full year salary of the additional officer added in January.*

- To protect the provision of essential services.

** Proposed Strategy: Most current services have been maintained. Weekday lifeguard services at Patriots Park will be eliminated due to the low volume of use and increase of minimum wages.*

- To oversee the protection of the Town's investments by maintaining all Town equipment, buildings, and infrastructure.

** Proposed Strategy: A combination of grants, road bond funds and tax dollars will push our Public Works Department hard to accomplish the aggressive summer road program. Projects are planned for both Miller Richardson baseball complex and Laidlaw soccer complex including starting to work on irrigation to improve grass growth. Furnaces are planned for replacement at the Patriot's Park Lodge. Funds are proposed to complete the adaptive re-use of the Tracy Shoddy Mill into a multi-purpose use building which is being evaluated for a potential commercial*

kitchen. Heat tape is proposed for several firehouses which have experienced water damage due to ice dams. We received several grants which will allow improvements to the new pocket park on Depot Road and additional tree planting on Main Street. We also are hoping for grant funds to allow a Town Hall addition and repair of the Hop River Road Bridge. A decision will also need to be made on whether to renovate the Booth Dimock Library or undertake a more comprehensive addition and renovation project. Funds are also included in the Capital budget to match a grant to continue to address Fanwort treatment in Eagleville Lake and the new Hydrilla threat to Coventry Lake and study of potential Flyboard impacts.

- Explore opportunities to consolidate resources with the goal of improving efficiency.

**Proposed Strategy:* We continue to look for opportunities for collaboration which enhances quality and efficiency. We are currently working on a substantial evaluation of a joint VOIP phone system project with our schools. We are planning on a joint bid for propane and HVAC with the School District. We want to partner with Bolton/Vernon for sewer services on Route 44. We have also shared with the School District some long range ideas for further collaboration as conditions allow. We continue to work with the Capitol Region Council of Governments on regional initiatives and have a major multi-town transportation study underway and an economic development grant pending. Our regional health district is completing a community health study to assist community planning and has been hired to assist promoting employee wellness to reduce long term health risks.

- Increase transparency in government.

** Proposed Strategy:* Using grant funds we have installed equipment to allow our Council meetings to now stream live on the Internet; our license would allow the Board of Education to also use this approach if they elect to purchase the required hardware. This allows us to reach people who have cut the cable cord and will be a useful tool in emergency situations when cable is down but smart phones are still available. We are going live with Open Gov software which will allow full access to our Town's payables so people can see how their money is spent and prepare their own graphics and charts.

2016-17 Budget Summary

The 2016-2017 Budget request calls for an increase in spending of \$823,024 or 2.07% over the previous year. It will not require an increase over the current mil rate to fund it. The previous charts illustrate how the proposed increase in spending and the tax rate are allocated between the various budgets.

The following chart compares major revenues and expenditures for Fiscal Years 2015/2016 and 2016/2017.

COMPARISON OF FY 2015/2016 and FY 2016/2017 BUDGETS

REVENUES

	Adopted FY 16	Requested FY 17	Inc/Dec	%
Property Tax	\$29,305,320	\$29,866,751	\$561,431	1.92%
Intergovernmental	\$9,884,108	\$10,151,501	\$267,393	2.70%
Reserves	0	0	0	0
Other Local	\$538,350	532,550	(\$5,800)	(1.1%)
	<u>\$39,727,778</u>	<u>\$40,550,802</u>	<u>\$823,024</u>	<u>2.07%</u>

EXPENDITURES

Gen. Government	\$9,483,213	\$9,680,544	\$197,331	2.08%
Bd. of Education	\$26,811,045	\$27,141,365	\$330,320	1.23%
Debt Service	\$2,638,900	\$2,760,106	\$121,206	4.59%
Capital	\$794,620	\$968,787	\$174,167	21.92%
Total	<u>\$39,727,778</u>	<u>\$40,550,802</u>	<u>\$823,024</u>	<u>2.07%</u>

Public participation in the budget process is critical to determine how the proposed budget fits with the community's desire for service and willingness to pay. The public is invited to attend and participate in the Annual Town Meeting on Saturday April 23, 2016 in Veterans Auditorium of Coventry High at 10:00 A.M. The Town Meeting budget will be sent to a vote in a town-wide referendum on May 3, 2016. The budget process is always one of difficult decisions and balancing conflicting priorities. It is also a time each year for town residents to decide what type of community we wish to live in.

Sincerely,

John A. Elsesser
Town Manager

Appropriations:

General Government	9,680,544
Board of Education	27,141,365
Debt Service	2,760,106
Capital Expenditures	968,787
TOTAL APPROPRIATIONS	40,550,802

Revenues:

Local Property Tax:	
Current Taxes	29,066,751
Delinquent Taxes	350,000
Int. & Penalties	200,000
Supplemental M V	250,000
Intergovernmental Revenues:	
Sewer Assessment	555,834
State of CT - Education	9,058,892
State of CT - Gen. Gov't.	518,775
Housing Auth. PILOT	18,000
Local Revenues	532,550
TOTAL REVENUES	40,550,802

Mil Rate Computation:

Grand List	
98.28% Collection Rate	931,510=1 Mil
31.2 Mil Rate	0.30% increase
	0.00 increase

This page intentionally left blank.