

Town of Coventry, CT



Town Council's Proposed Budget For Fiscal Year 2017-2018

**Presented at a Special Budget Meeting on
Friday, November 17, 2017**



OFFICE OF THE TOWN MANAGER
(860) 742-6324

November 6, 2017

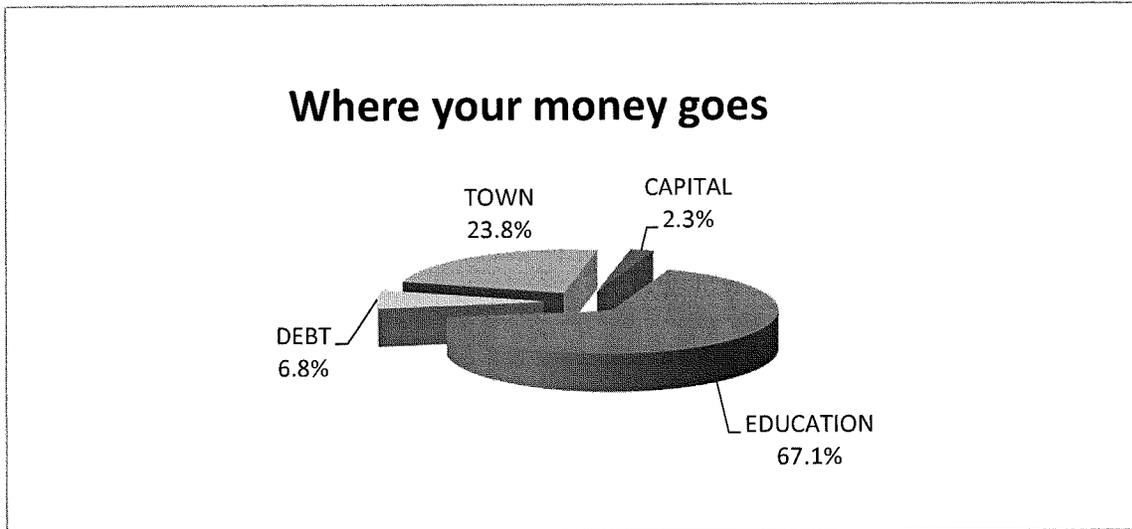
To the Coventry Town Council and Citizens of Coventry;

In accordance with the Coventry Town Charter, I am presenting to the Town the Council's recommended budget for Fiscal Year 2017-18 in the amount of \$40,313,975. The Town, Debt Service, Teacher Retirement, Capital, and School budgets have decreased \$236,827 over the adopted budget for Fiscal Year 2016-17. This is a .6% reduction in year over year. Additionally, steep reductions were made between the originally proposed spring budget of \$501,980 which includes eliminating the proposed Teacher retirement share. State aid reductions both after last year's budget adoption and this year will require local property taxes to make up the difference. The proposed mil rate required to fund the proposed FY 17 budget is 32.0 which is an increase of .8 mils or 2.6%. This is the amount billed in May and no supplemental bills or adjustments will be necessary. State Education Aid is reduced by \$615,538 over last year's adopted budget which is equal to .66 mils. Combined with other State aid reduction we are down \$921,577, which is equal to about 1 mil in taxes. So these proposed State changes are responsible for more than the entire increase. We were able to cut spending to absorb some of the aid reduction. Given the state of the State finances we fared better than we thought the final outcome would be and we need to monitor this year's budget since mid-year cuts are expected.

This budget was originally developed by the Town Manager with the goal of minimizing any tax increase but still addressing urgent community needs. Working with Staff and the Schools we were able to absorb a portion of the reduced aid and prioritized services.

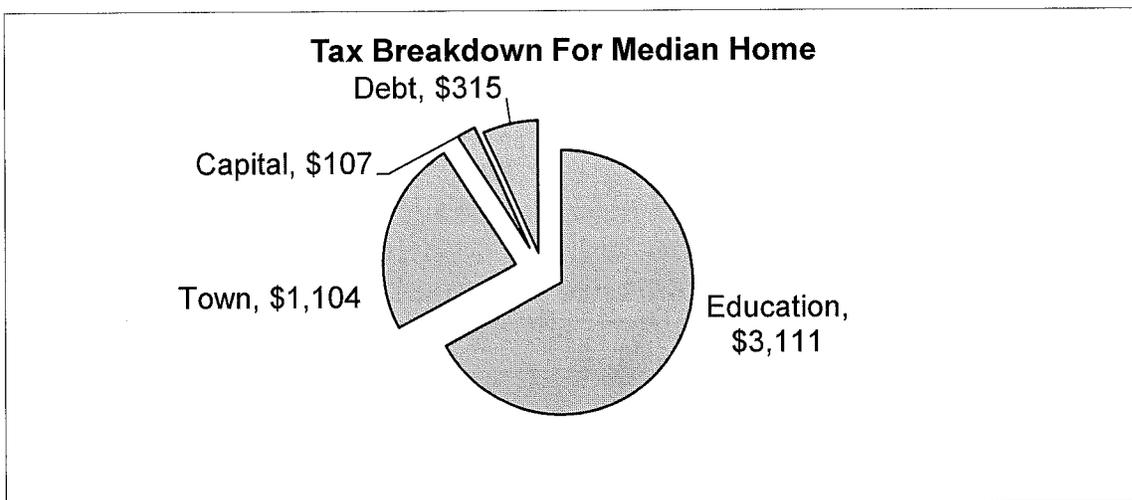
The Council and staff are very aware of the economic conditions that exist in our state and nation. While Coventry is better off than many communities, and continues to see some growth and continued real estate sales, the state economy is not predicted to come roaring back and more likely it will be a slow climb to better times. This is compounded by the new emerging issue of crumbling concrete foundations. We already have lost almost a million in grand list value and believe it will get much worse before the crumbling concrete foundation issue is resolved. We continue to see positive signs of

economic 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. The Council will be able to continue to grant the \$5 reduction in the annual expense of the COVVRA trash fees. The chart below shows where the increase is going by budget.



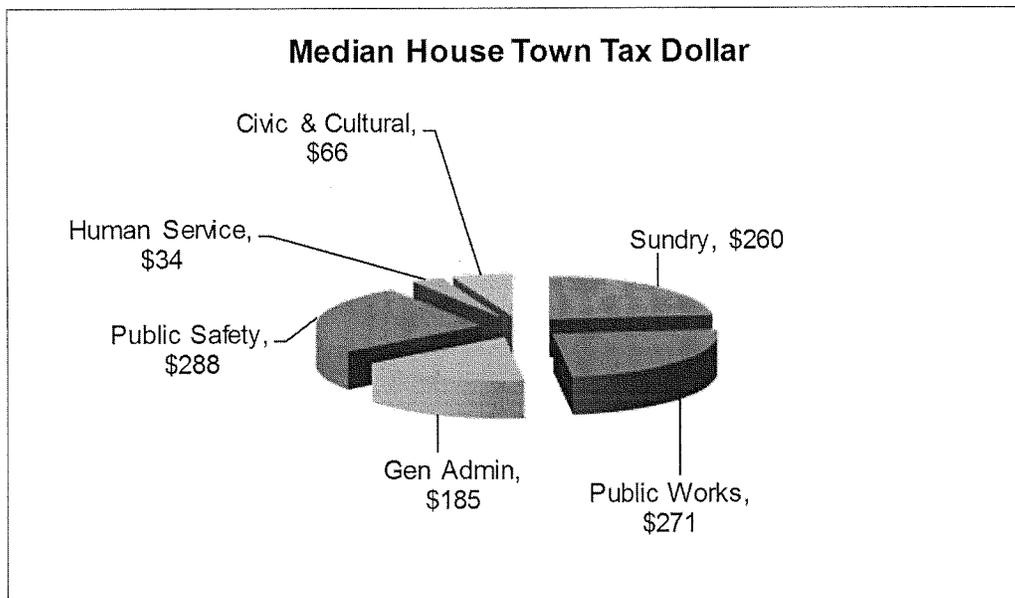
This budget should not be classified as a status quo budget. Both the Town and school district have proposed changes to move the community forward. The focus is on prioritizing services and developing the most cost effective ways to accomplish them. "Status Quo" alludes to standing still. Neither agency 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 \$68,126 decrease

The General Government is seeking a decrease of \$68,126. 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 \$35,987 decrease

The Capital Budget is proposed to decrease by \$35,987 below current levels. The proposed amount freezes progress toward the sustainability level of \$1,000,000 per year. With this decrease the Capital budget does not even 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. 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 \$36,033 decrease

Debt Service will decrease by \$36,033. Debt service is only 6.8% of the annual budget. The annual payments are carried in the debt service portion of the budget. There is a proposal to replace a dump truck and Engine Tanker, which is offset by retiring debt and leases (See Debt Service section of budget).

Board of Education – a \$136,681 decrease from Amended FY17 Budget

The Board of Education budget requested \$1,273,860 in additional funds for a total request of \$28,415,225, a 4.69% increase under the Governor's proposal which proposed to eliminate the Excess Cost grants offset so those expenses must be fully shown in the budget. The Council elected to assume that this change would not be adopted and kept current practice of having an excess cost offset to expenses. Which is in fact what happened. This Excess cost fund expense allowed a reduction of \$766,588 which reduced the Board to an increase 1.86% or \$504,627. To this the Council reduced around \$250,000 in post budget savings of around \$250,000 for Health insurance, pension and oil/diesel. The Council then charged the Board to find additional savings in their budget in the range of \$215,000 to bring them to a \$40,000 increase. As the budget process waned on the Board was able to offer additional savings of \$136,681. This is the budget presented to you. Additionally, \$250,000 in education capital projects is proposed comprised of computers, classroom furniture, and gym floor refinishing, parking lot repairs, and kitchen equipment. Please refer to the separate Board of Education budget document for a more in-depth discussion of their spending proposal.

Revenues: State Revenue - Uncertainty and Chaos.

The State budget, 121 days late, reduced State aid but to a much lesser degree than feared. It did include some mandate relief. The Education Cost Sharing grant, our largest grant, was reduced by \$437,808. Combined with other changes total intergovernmental aid is reduced by \$603,960. This is on top of post budget adoption reductions for FY 16-17 the 2-year state aid loss is \$1,006,978 which is more than one mil in property taxes. This is why there is a .8 Mil increase in taxation proposed.

Property taxes cannot on their own produce an adequate income stream to support a quality education system. Our grand list grew by around .1% but turmoil within the Department of Motor Vehicles continues and we have the first reductions due to crumbling concrete foundations. 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 around \$37,668 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: Changing Labor Counsels to a more affordable firm continues to save money. Our health insurance consortium has allowed a 7.1% reduction in rates which will allow adjustment to the Board of Education budget which put in a zero rate increase due to timing. 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 which will start this spring. We are stretching the life of some of our rolling stock 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 full time personnel.*

- **Promote economic development.**

** Proposed Strategy: Funding is requested in the FY 17 budget 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. The long awaited Main Street Curve project will finish construction which will transform the Village area with hopes of creating a more vibrant and attractive business climate. We are also working with CT Water and have natural gas for the first time which will assist in the marketability of certain sites. Finally, the Economic Development Commission continues to host several small business forums based on a business survey.*

- **Assist senior citizens.**

** Proposed Strategy: The budget calls a part time clerk to help with clerical efforts and events. A significant decrease in Dial a Ride funding*

based on usage will help fund these. A study of senior transit is underway and a new van has been approved and is awaiting a regional bid. The Town once again stepped aside in our traditional Housing Rehabilitation grant cycle to support an application for Orchard Hills Senior Housing for re-roofing, sidewalks. Staff will assist in the implementation of the new Council initiative senior tax relief 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, parking lots repairs, kitchen equipment, 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 either this year or next. 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 was just installed.

- **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. This license was just granted and the formal transfer completed. The budget continues to fund five days a week (day shift) of a staffing agency to be available to respond to ambulance calls. Volunteers from both departments will be called upon for nights and weekends. This requires a \$65,000 subsidy beyond what insurance proceeds can provide. The aging fire apparatus fleet will get attention through the lease purchase of a water tanker and used Quint aerial apparatus to replace the old Engine Tankers. A compressor to refill firefighter air tanks was just installed. The Quint has been delivered and modifications underway. Additional funds for training for volunteer firefighters were included due to State reductions at regional fire schools. One replacement Police SUV is included after being cut last year. Replacement of in-car video is also required due to aged technology.

- **To protect the provision of essential services.**

** Proposed Strategy:* Most current services have been maintained. New recreation software is under consideration which may be linked to our website. Summer camp and after school programs had record attendance last year.

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

** Proposed Strategy:* A combination of grants and tax dollars will push our Public Works Department hard to accomplish the aggressive summer roads program. Projects are planned for both Miller Richardson baseball

complexes including starting to work on irrigation to improve grass growth. Funds are proposed to complete the adaptive re-use of the Tracy Shoddy Mill into a multi-purpose use building. We received several grants which will allow improvements to the new pocket park on Depot Road and additional tree planting on Main Street and South Street. 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. This is being left to the citizens in a bonding vote. 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.

- **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 completed a joint VOIP phone system project with our schools. We are planning on a jointly priced propane and HVAC project 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. Our regional health district has completed a community health study to assist community planning with a wellness employee hired to assist in 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 went 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 graphs and charts.

2017-18 Budget Summaries

The 2017-2018 budget request calls for a decrease in spending of \$276,827 or .6% decrease over the previous year. It will require an increase .8 mils 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 2016/2017 and 2017/2018.

COMPARISON OF FY 2016/2017 and FY 2017/2018 BUDGETS

REVENUES

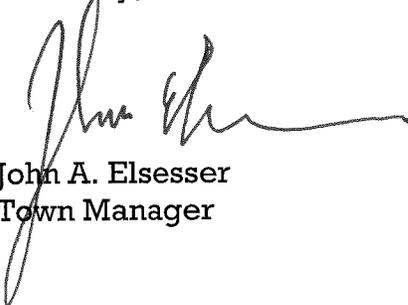
	Adopted FY 17	Requested FY18	Inc/Dec	%
Property Tax	\$29,866,751	\$30,665,263	\$798,512	2.7%
Intergovernmental	\$10,133,501	\$9,021,711	(\$1,111,790)	(11.0)
Reserves	0	0	0	0
Other Local	550,550	\$627,001	\$76,451	13.9%
Total	\$40,550,802	\$40,313,975	(\$236,827)	(.6%)

EXPENDITURES

Gen. Government	\$9,680,544	\$9,612,418	(\$68,126)	(.7%)
Bd. of Education	\$27,141,365	\$27,044,684	(\$96,681)	(.4 %)
Debt Service	\$2,760,106	\$2,724,073	(\$36,033)	(1.3%)
Capital	\$968,787	\$932,800	(\$35,987)	(3.7%)
Total	\$40,550,802	\$40,313,975	(\$236,827)	(.6%)

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 Town Council has forwarded their recommended budget to the Annual Town Meeting on November 17, 2017 at 7:00 P.M. in the Large Lecture Hall in Coventry High and it will be sent to a vote in a town-wide referendum on November 28, 2017. 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

**Town of Coventry
Summary of Proposed Budget 2017-18**

Appropriations:

General Government	\$ 9,612,418
Board of Education	27,044,684
Debt Service	2,724,073
Capital Expenditures	932,800
TOTAL APPROPRIATIONS	\$40,313,975

Revenues:

Local Property Tax:	
Current Taxes	\$ 29,965,263
Delinquent Taxes	250,000
Int. & Penalties	200,000
Supplemental M V	250,000
Intergovernmental Revenues:	
Sewer Assessment	435,722
State of CT - Education	8,329,201
State of CT - Gen. Gov't.	256,788
Housing Auth. PILOT	18,800
Local Revenues	608,201
TOTAL REVENUES	\$ 40,313,975

Mil Rate Computation:

Grand List Taxable Levy	\$ 29,965,263
1 mil (at 98.71% collection)	937,758
Mil Rate	32.00

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