



OFFICE OF THE TOWN MANAGER
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February 28, 2018

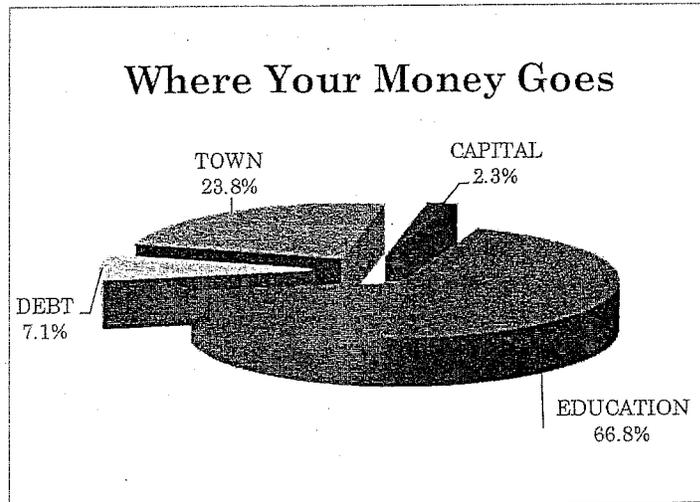
To the Coventry Town Council and Citizens of Coventry;

In accordance with the Coventry Town Charter, I am presenting to the Town the Council's recommended budget for Fiscal Year 2018-19 in the amount of \$40,812,486. The Town, Debt Service, Capital, and School budgets have increased by \$498,511 after a decreased of \$236,827 the prior year. This is a 1.24% increase after a 0.6% reduction in year over year. 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 19 budget is 32.4 which is an increase of 0.4 mils or 1.25%. Estimated State Education Aid is reduced by \$483,698 over last year's adopted budget which is equal to 0.51 mils. Combined with other State aid reduction we are down \$554,276, which is equal to about 0.58 mil in taxes. So these proposed State changes are responsible for more than the entire increase. As of this writing the State budget is not resolve so these aid estimates are a best guess. 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.

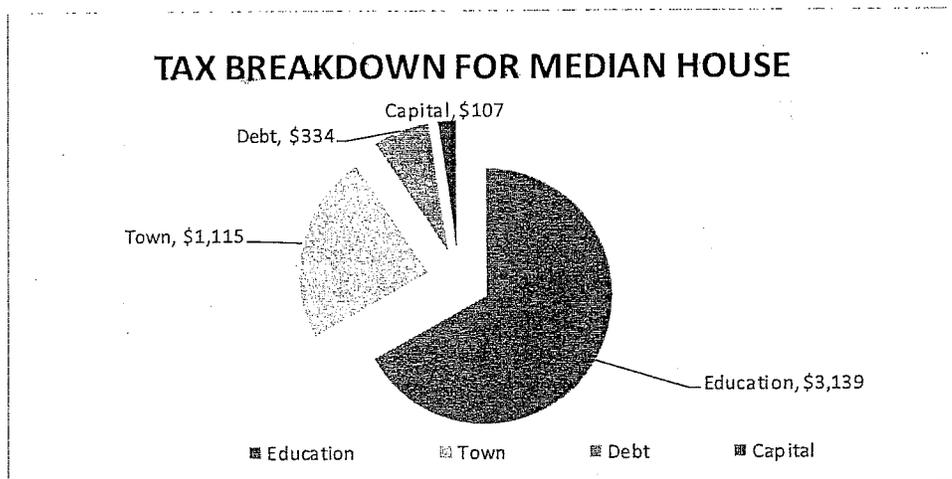
The Council and staff are very aware of the economic conditions that exist in our state and nation. While Coventry is better off than many communities, and continues to see some growth and continued real estate sales, the State economy is not predicted to come roaring back and more likely it will be 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 chart below shows where the increase is going by budget.



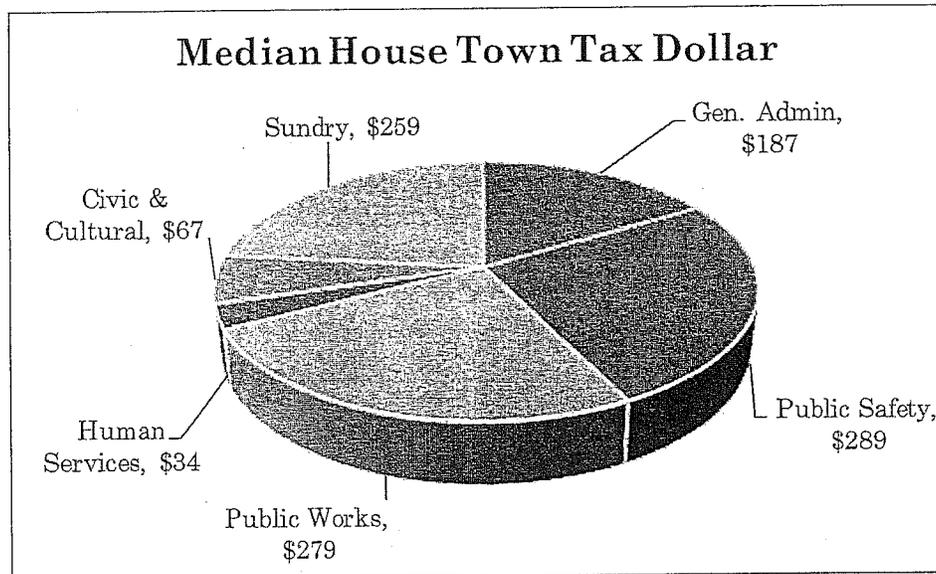
This budget should not be classified as a status quo budget. Both the Town and school district have proposed changes to move the community forward. The focus is on prioritizing services and developing the most cost effective ways to accomplish them. "Status Quo" alludes to standing still. Neither agency 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 proposed mil rate of 32.4 carries a tax impact on a median valued household of \$391.23 per month, or \$4,695 a year. This is a proposed increase of \$58 annually or \$4.83 per month. The following chart shows how the proposed taxes on a median house are allocated between the four budgets.



Town Operating Budget – a \$80,738 increase: 0.84%

The General Government is seeking an increase of \$80,738. 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 \$800 decrease: 0%

The Capital Budget is proposed to decrease by \$800 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. In fact, during FY 18 the capital budget was reduced by 1/3 to make up for mid-year budget cuts. If the revenue does not come through as promised by the State, portions of the capital budget could again be frozen or reduced to assist in balancing the budget. Town Capital projects were also shifted and reduced to attempt to make up for a reduction of State aid for roads of \$150,000.

Debt Service – a \$180,910 increase: 6.64%

Debt Service will increase by \$180,910. Debt service is only 7.1% of the annual budget. The increase is not due to any new borrowing. Instead it is caused by the scheduled increase in interest rates for some of the existing debt, the first full year payment on the road bond (\$170,000 increase) and the loss of the one-time use of bond proceeds in FY 18 in the amount of \$49,521. These increases were offset by other declines. These annual payments are carried in the debt service portion of the budget. There is a proposal to replace one dump truck using lease purchasing which is fully offset by other retiring leases (See Debt Service section of budget).

Board of Education – a \$237,663 increase: 0.88%

The Board of Education budget requested \$267,663 in additional funds for a total request of \$27,312,347, a 0.99% increase. The Council reduced the request by \$30,000 for retirement savings identified subsequent to the original budget request. Additionally, \$217,000 in education capital projects is proposed comprised of computers, classroom furniture, 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 remains an area of great uncertainty and needs to be watched carefully. The Education Cost Sharing grant, our largest grant, is a target by the Governor for a very significant reduction of the current state adopted budget for FY 19. He proposed to make carry forward the mid-year holdbacks and cut additional education aid. with other changes total intergovernmental aid is reduced by \$603,960. This is on top of post budget adoption reductions for FY 16-17 totaling a 2-year state aid loss is \$1,006,978 which is more than one mil in property taxes. This is why there was 0.8 mil increase in taxation proposed in the Manager's budget which was reduced by the Council to 0.4 mils after receiving input that the Governor's budget proposal was unlikely.

Property taxes cannot on their own produce an adequate income stream to support a quality education system. Our grand list grew by around 1.47% we continue to have the 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 \$500,000 in additional tax revenue at the current comparable tax rate.

2018 – 2019 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. Strategies with budget impacts are in italics]

GOALS:

Goal One – Community Cohesion & Collaboration: Work in collaboration with our Board of Education and other Boards/Commissions to ensure a respectful partnership in providing the efficient use of resources, financial and otherwise, to benefit our students, seniors, persons with special needs and all members of the community.

Strategy 1: Hold at least four joint Finance/Fiscal committee meetings between the Town Council and Board of Education each year.

Strategy 2: Invite Boards and Commissions in to Steering/Liaison Committee to provide updates and share problems/concerns and opportunities.

Strategy 3: Hold at least two Land Use Consortium meetings annually.

Strategy 4: Develop a program to recognize the contributions of our volunteers and actively recruit new volunteers.

Strategy 5: Continue supporting homeowners with crumbling concrete foundations by lobbying State/Federal officials for relief and promoting existing opportunities for grants and tax relief. Coordinate the CDBG testing program for regional towns, assist homeowners qualify for assessment reductions, advocate for State to start the funding for repairs.

Strategy 6: Focus on the needs of seniors and study transportation and programming needs at our Center, Orchard Hills and in the community, and consider additional inter-generational events. Resolve the senior meals issues, broaden senior programs for more recreational content, Programming funds increased by \$2,000.

Goal Two – Community Stewardship: Be good stewards of our environment, Town character, our parks, and be supportive of local farming.

Strategy 1: Enroll in Sustainability CT and obtain at least a Bronze Level certification.

Strategy 2: Collaborate with Coventry Lake Advisory & Monitoring Committee and continue appropriate aquatic invasive species treatments. Funds to assist in fanwort monitoring of Eagleville lake and Hydrilla treatment in Coventry Lake were increased by \$5,000.

Strategy 3: Continue improvements to our parks, athletic fields/recreational facilities and open spaces such as: connecting open spaces, park improvements, Depot Road Park and a long-term sidewalk plan. Depot road park will be in construction this summer with State grant money, will review the Hale greenway plans to develop strategies for next steps, will prioritize working with Conservation Commission to rebuild Patriots Park Woodlands trails using Locip funds. Funds are included to install a septic system in Laidlaw park and will consider building the Disc golf course there instead of Creaser. Will continue next stages of Miller Richardson including efforts to irrigate the major league field and parking enhancements.

Strategy 4: Open the Millbrook Place facility for public use for community/cultural events. Funds are included to complete enclosing the connector between buildings and to cover the utilities expense. Recreation has started listing the facility for rents and several events and rec classes are being planned.

Strategy 5: Plan for the future of the Caretaker's House at Patriots Park in conjunction with long-range planning for the park. Will work with the Rec Commission to further review plans and reach decision to either renovate or remove the caretakers house.

Strategy 6: Using Local Capital Improvement Program (LOCIP) funds, continue improvements to Miller Richardson Field. Irrigation and parking enhancements planned.

Strategy 7: Complete the update to the Plan of Conservation and Development. Funds for updated GIS mapping and printing included.

Goal Three – Public Safety: Support our police and volunteer Fire/EMS staff to address our public safety needs.

Strategy 1: Continue efforts to better coordinate/consolidate the Fire/EMS services and promote volunteer services. Efforts to standardize procedures, equipment and training are underway. Physical standards have a budget impact. A replacement R-1 medical vehicle is proposed.

Strategy 2: Enhance training for volunteer Fire/EMS personnel including joint training exercises to promote safety, collaboration and partnership. Working toward more joint cross training.

Strategy 3: Study long-term police dispatch and communication needs for public safety including use of the FirstNet network. Our Local emergency planning committee will review this new opportunity and compare to current service. Funds could come from Radio tower fund. Also will review using the state PSDN to enhance radio gaps through new tower connections using the State fiber network.

Strategy 4: Review our current ambulance service staffing, financing and response time and make adjustments for continued improvements. Will review insurance proceeds to determine whether additional temporary staffing hours are possible within current funding levels.

Strategy 5: Complete Insurance Services Office (ISO) Fire Rating study to develop a water tower plan for hydrant coverage in the Village area. Will continue to work toward finding and appropriate funding source to construct a water tower to allow hydrants in the village.

Goal 4 – Economic Development: Grow our commercial/business tax base to achieve a healthier balance of residential and commercial properties.

Strategy 1: Finalize the Bolton/Coventry Gateway Plan for commercial and sewer expansion for commercial development and consider creating a joint tax district. Seeking \$7,500 for a 4 town regional economic development study as next step for this project.

Strategy 2: Re-join the Main Street program to promote small business growth and work with the Economic Development Commission to host four small business training sessions a year. \$750 is proposed to re-join the Main Street program.

Strategy 3: Conduct a citizen preference survey and conduct market research to identify target opportunities. Will analyze results and use in the Plan of Conservation and Development and regional planning.

Strategy 4: Complete a Town sewer capacity study including water conservation and finalize a long-range sewer plan to make capacity available for commercial development.

Strategy 5: Complete a study to analyze the benefits and costs of a water tower for fire suppression to promote economic development. Seek assistance in economic review of benefits of hydrants.

Strategy 6: Promote tourism, support the Farmers' Market and enhance linkages between local businesses. Use the Ag Viability to link the Farmers market traffic to the Villages. Plan on hosting some events with the Chamber of Commerce and Arts guild.

Strategy 7: Continue to explore opportunities for growth related to UConn and review implications of the UConn traffic study. Work with CRCOG and CTDOT to develop plan to implement recommendations (as appropriate) from this upcoming study.

Goal 5 – Fiscal Accountability and Responsibility: Develop and maintain our annual and future budgets to assure that they realistically reflect the community's changing needs and revenue sources without creating undue economic financial stress.

Strategy 1: Evaluate alternative revenue opportunities such as grants, fee increases for specialized services, sale of under-utilized assets and tax sales. Right size our fleet, sell off unnecessary land and other assets.

Strategy 2: Aggressively work to advocate for fair and equitable State aid. Work through COST, CCM and CRCOG to push against further reduction in State aid.

Strategy 3: Develop a long-term plan for required bonding to minimize annual cost impacts while addressing infrastructure needs. Fine tune long term projects list to address community needs in a structured fashion to avoid spikes in debt service.

Strategy 4: Consider methods for alternative service provision both between the Town and Board of Education and within the region. Continue and advance efforts for collaboration and coordination of services to improve quality and lower expense.

Strategy 5: Develop cost reduction alternative strategies for providing services. This budget calls to eliminate the courtesy copy of tax bills for homes which escrow payments through their bank saving \$2,000. Information is available on line.

Goal 6 – Infrastructure and Services: Continually look to future costs and savings to make critical infrastructure investments at the appropriate time, and provide necessary and cost-effective services to our citizens.

Strategy 1: Prioritize pending bonding projects and conduct financial modeling to time projects to minimize increasing debt service payments. These include but are not limited to code/energy projects; school roofs and walls; bridges (Jones Crossing) and the Booth & Dimock Memorial Library. A spring referendum for school, code/energy (including oil tanks and HVAC) and fall referendum for a revised library plan for fall are contemplated.

Strategy 2: Develop plans and timing for a second road improvement bond. Plans call for considering another road bond of \$3,000,000 for FY20 since the roads continue to decline.

Strategy 3: Work with the Capitol Region Council of Governments (CRCOG) and neighboring communities to develop opportunities to share in the provision of municipal services at lower cost and for the efficient use of resources. Continue efforts started by the Town of Tolland to focus on practical solutions to sharing.

Strategy 4: Explore the use of additional technology to enhance electronic government services such as better permit services, updated web presence, advanced OpenGov programs, etc. Update web page to be more user and mobile device friendly and consider enhanced OpenGov and PermitView options for following fiscal year.

Strategy 5: Develop strategies to address the Digital Divide issue of providing high-speed Internet access to economically-challenged citizens. Work with CCM and Broadband office to attempt to get discounts for families qualified for school lunch discounts, create hotspot homework locations.

Strategy 6: Evaluate the microgrid proposal and implement if advantageous. Schedule of pending grant calls for an April decision on the pending Micro-grid proposal. The Town, Schools and Orchard Hills will then need to decide whether to proceed.

2018-19 Budget Summaries

The 2018-2019 budget request calls for an increase in spending of \$498,511 or 1.24% increase over the previous year. It will require an increase of approximately 0.4 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 2017/2018 and 2018/2019.

COMPARISON OF FY 2017/2018 and FY 2018/2019 BUDGETS

REVENUES

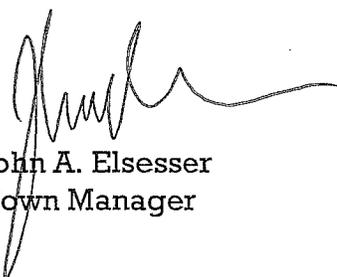
	Adopted FY 18	Requested FY19	Inc/Dec	%
Property Tax	\$30,665,263	\$31,646,479	\$981,216	3.20%
Intergovernmental	\$9,021,711	\$8,551,557	(\$470,154)	(5.21%)
Reserves	0	0	0	0
Other Local	\$627,001	\$614,450	(\$12,551)	(2.00%)
Total	\$40,313,975	\$40,812,486	\$498,511	1.24%

EXPENDITURES

Gen. Government	\$9,612,418	\$9,693,156	\$80,738	0.84%
Bd. of Education	\$27,044,684	\$27,282,347	\$237,663	0.88%
Debt Service	\$2,724,073	\$2,904,983	\$180,910	6.64%
Capital	\$932,800	\$932,000	(\$800)	(0.09%)
Total	\$40,313,975	\$40,812,486	\$498,511	1.24%

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 will have an opportunity to comment at the Annual Town Meeting on Saturday April 28th at 10:00 A.M. in the Veterans Auditorium of Coventry High School. The budget coming from that meeting will be sent to a vote in a town-wide referendum on Tuesday May 8, 2018. 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 2018-19**

Appropriations:

General Government	\$	9,693,156
Board of Education		27,282,347
Debt Service		2,904,983
Capital Expenditures		932,000
TOTAL APPROPRIATIONS	\$	40,812,486

Revenues:

Local Property Tax:		
Current Taxes	\$	30,896,479
Delinquent Taxes		260,000
Int. & Penalties		190,000
Supplemental M V		300,000
Intergovernmental Revenues:		
Sewer Assessment		519,844
State of CT - Education		7,845,503
State of CT - Gen. Gov't.		186,210
Local Revenues		614,450
TOTAL REVENUES	\$	40,812,486

Mil Rate Computation:

Grand List Taxable Levy	\$	30,896,479
1 mil (at 98.71% collection)		953,453
Mil Rate		32.40