



OFFICE OF THE TOWN MANAGER
(860) 742-6324

February 27, 2025

To the Coventry Town Council and Citizens of Coventry;

In accordance with the Coventry Town Charter Section 6-2, I am presenting to the Town Council the Town Manager's recommended budget for Fiscal Year 2025-26 in the amount of \$49,378,054. The Town's, Debt Service, Capital, Ambulance Fund Transfer, and School budgets have increased by \$2,788,020. This is a 5.98% spending increase compared to last fiscal year.

Our grand list grew by 41%. The proposed mil rate required to fund the proposed FY26 budget is 25.00, which is a 8.31 mil, or 24.96%, decrease in real estate and personal property. There is a State Cap at 32.46 mils for Motor Vehicle taxes, however this year we have not reached the Motor Vehicle Tax cap as we did last year, so we will have only one mill rate for FY 2026, which will also apply to our Motor Vehicle Tax. The motor vehicle income was reduced this year by 15.97%. New State laws and regulations on how depreciation for motor vehicles shall be determined by Assessors going forward will diminish taxable value further in the years ahead. This continuation of lost revenue from Motor Vehicles Taxes is causing a greater dependency on revenue from real estate and personal property in Coventry and in other municipalities statewide.

Revenues are explained in Section Two of this Budget and Expenditures in Section Three. In Sections Four through Eight, the General Fund Budget expenditures are then broken down into the local government function categories of General Administration, Public Safety, Public Works, Human Services, and Civic and Cultural. This is where the budget detail for each department will be listed. Additionally, Section Nine is Sundry, which lists the expenses the Town has regarding Worker Compensation, Social Security, health and life insurance and employee pensions. Section Ten details the debt service the Town has acquired and the funding needed to satisfy annual payments for past bond issues, loans and lease purchases. Section Eleven details the proposed 5-year Capital Improvement Plan and the FY2025-26 Capital Budget. This provides planned funding for the construction, repair or replacement of major infrastructure such as equipment, vehicles, information technology and buildings. Additionally, the Budget Appendix details the revenues

and expenditures of the Town's Special Revenue Funds: WPCA-Wastewater Treatment Plant, Solid Waste Management, and the Self-Supporting Recreation Fund.

In the last year, the Town has successfully ended its dependency to the COVID-19 era grant funds that supplemented town services. We were able to identify revenues for these programs and to in some cases regenerate limited volunteer assistance to supplement paid Town staff in carrying out departmental functions throughout the Town. This has been successful in Human Services, but most successful in our Fire/EMS Department. Though volunteerism in emergency services is still in decline, we are seeing it stabilize somewhat, with some new volunteers. We hope to grow our volunteer workforce, but if unsuccessful we hope to at least keep them on as long as we can as this will allow for a gradual transition to paid firefighter/EMT positions.

COVRRRA (Trash and Recycling) has been another major challenge we have faced in the last couple of years. Connecticut remains in a trash/recycling crisis with the closure of the largest waste to energy plant having closed two years ago in Hartford. The Governor recently called for the construction of a new plant, but such an initiative, if even started today, will be years away. The Town is entering its final year of our solid waste collection contract, which calls for an annual increase in trash tipping fees by 3.0%. The recycling charges change annually based on commodity pricing which the state average is now exceeding trash disposals costs. The Town expects a continued increase in this cost as well, given current market conditions. The Town's expenses in FY2023 took the COVRRRA fund to a negative fund balance of approximately \$250,000. With the fund operating in FY 2024 in and FY 2025 in the negative, fees were increased in both years. Though the fund remains in the negative it is recovering steadily on a schedule, that was recommended by management. As a result of this progress, it is recommended that there not be a COVRRRA fee increase in FY 2026.

The Water Pollution Control Authority (WPCA) is an Authority created by the Town. The WPCA Board has been researching and planning on how to best update its level of sewage treatment within the next couple of years in order to become compliant with State treatment standards. As a Town, this is one of our greatest challenges we have that is very near on the horizon. This much needed improvement could be accomplished by either converting the current treatment plant into a master pump station and pumping the wastewater through a newly constructed force main to the Windham Wastewater Treatment Plant or constructing improvements at the Coventry Wastewater Treatment Plant to improve sewage treatment levels. The State's recommended outcome, upon their review of an environmental study, will require much funding for design and construction. As this project will bring our treatment up to State standards, it is anticipated much Federal and State financial assistance will be awarded to supplement the costs to make these improvements over the next few years. The preferred option is to upgrade the current Wastewater Plant. The WPCA will fund the environmental study this year to determine the impact of making the upgrades to the Plant. The WPCA Board has not raised rates in recent years, until this last year. However, due to increased operations costs and anticipated plant improvements they have voted again this year to increase the annual service fees by \$1.09 per month or \$25,00 per year for FY2026. The Town will need to continue to cover outstanding sewer debt for FY25/26 in the amount of \$296,336. General Fund

property taxes will have to pay this amount this year and for the next two years until these bonds are finally paid off in FY26/27.

The Recreation Fund is a special revenue fund. The Fund is primarily self-sufficient. The Parks and Recreation Department uses program fees to pay seasonal and part-time staff (i.e. lifeguards coaches summer counselors) to conduct recreational and instructional programs. Funds pay for supplies and program materials. Additionally, excess funds are used to match State grants to make capital improvements within parks. The program does receive \$41,950 in support from the General Fund to cover general park maintenance and expenses.

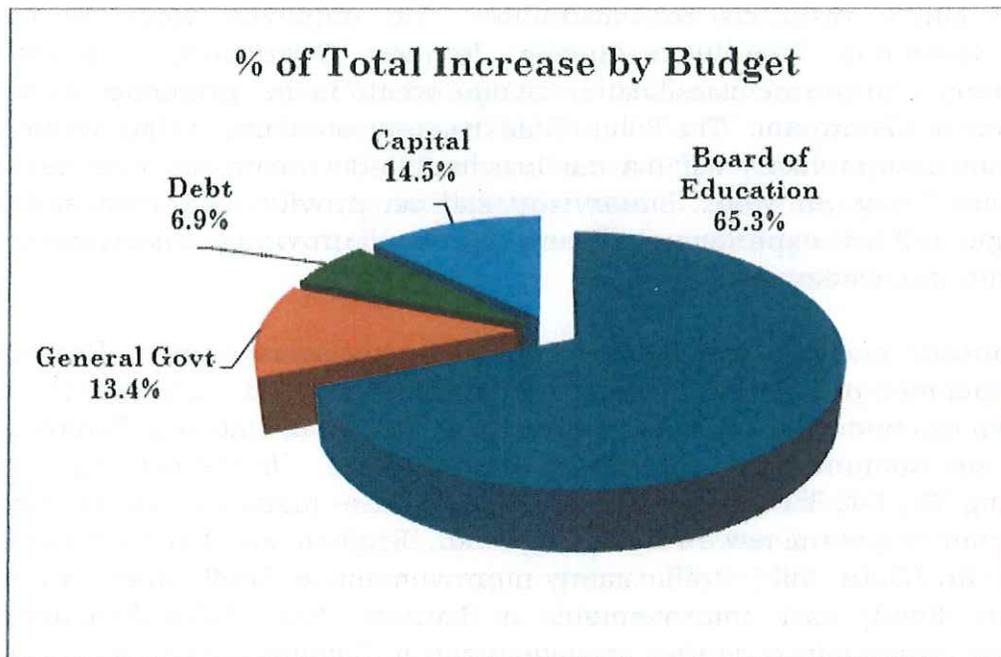
The Town Manager's proposed budget does include funding for the conversion of a temporary contracted position titled "Special Projects Coordinator" to a new regular fulltime budgeted position. The temporary position, which has been in place for two years, operates as a grant writer and project coordinator, most recently coordinating the CHS HVAC project. Additionally, the staff member has been assigned administrative projects involving personnel/safety related issues, contracts and policies. As the Town does not have a dedicated Human Resources staff member, it is intended that the Special Projects Coordinator also would be assigned mid-level to complex human resources responsibilities. The employee would be duly titled Human Resources Coordinator/Special Projects Coordinator. In the Police Department, a proposed classification change would be the promotion of one Officer to the rank of a Sergeant. The Police Chief has requested this, as this would increase the amount of supervisory staff that can be scheduled to be on duty over the time span of 24 hours, 7 days per week. Supervisory staff can provide leadership and guidance to younger and less experienced officers. This would provide a supervisor on duty on night shifts and weekends.

This proposed budget does have financial challenges as explained. However, there are also planned projects that have brought forward financial successes for Coventry. The Town has been, and remains, successful in the use of State and Federal grants to rebuild key components of our Town's infrastructure. In the coming year we are budgeting \$31,602,550 of grant funds. Use of these funds include the design and construction of several new bridges (Depot Rd., Brigham Rd., Parker Bridge Rd., and Flanders Rd./Cider Mill); traffic safety improvements to South Street, Swamp Road, and Daly Road; park improvements at Patriots' Park Miller-Richardson Park; fluoridone treatments to combat invasive plants in Coventry Lake; the construction of crosswalks and flashing beacons for Main Steet and Cross Street; the construction of a water line along South Street extension to Plains Road.; and the planning for construction of a water tower in the Village. Grant funding has been a great resource to further improve the Town's infrastructure, but grants do not exist for all the capital improvement needs a municipality has. We must also rely on regular funding through the General Fund to fund improvements, to pay for grant project engineering, and to pay debt on our bond issues and loans. The full list of projects can be viewed in the Capital Improvement Plan (CIP) within this budget.

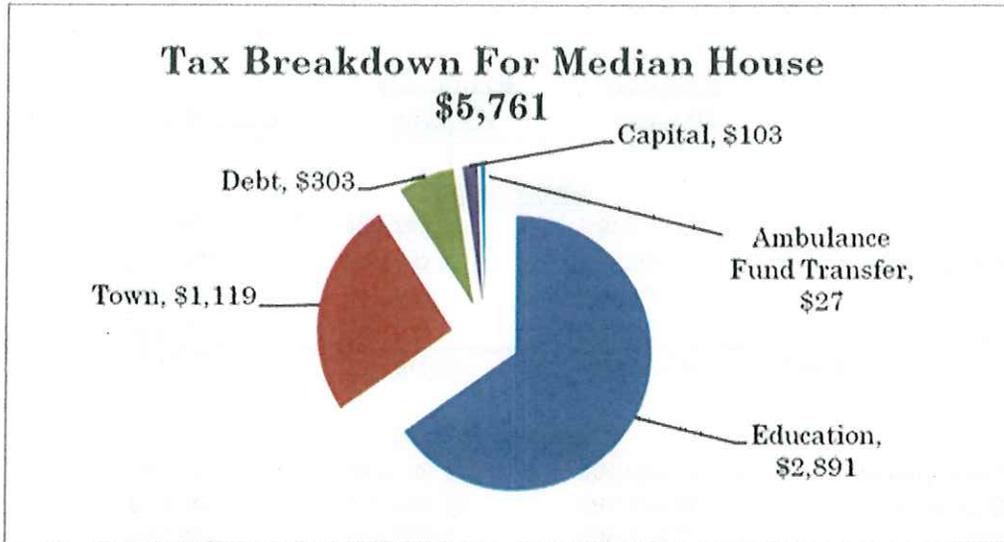
Every five years in Connecticut town and cities are required to reassess the properties within their boundaries and to set them at 70% of fair market value. This year was the year for Coventry. As a result of this process, the mill rate will go down, but that does

not guarantee your taxes will go down. In this year of Revaluation there may actually be several taxpayers that see a decrease in taxes and several that see a tax increase. This will all depend on how their property was classified and if there were improvements made to their property over the years. As was pointed out above, it is very likely residents will see their Motor Vehicle Tax decrease, due to new State laws. As there was a wide range in the change of property values, there is no way the Town could change the tax mill rate to equally cause everyone to have the same tax bill as last year. Everyone's tax experience will certainly be different this year than last. There is a balance we as local government try to achieve between the desired level of service the residents want versus what residents can afford. That is what we have as staff hoped to have achieved in this proposed Town Manager's budget.

The chart below shows the percentage of the total proposed increase allocated by the budget.



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



2025-2026 Budget Summaries

The 2025-2026 budget request calls for an increase in spending of \$2,788,020. This is a 5.98% increase over the previous year. The new mil rate will be 25.00 mills, which is (24.96%) less than the current mil rate, however this new lower mil rate will be applied to the new higher property values that will take effect in this new tax cycle. The previous charts illustrate how the proposed increase in spending is allocated between the various budgets.

The following chart compares major revenues and expenditures for Fiscal Years 2024/2025 and 2025/2026.

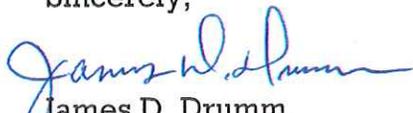
COMPARISON OF FY 2024/2025 and FY 2025/2026 BUDGETS

	<u>Adopted FY24/25</u>	<u>Requested FY25/26</u>	<u>\$ Inc/Dec</u>	<u>% Change</u>
<u>REVENUES</u>				
Property tax	\$ 37,113,081	\$ 40,102,624	\$ 2,989,543	8.06%
Intergovernmental	8,592,353	8,425,380	(166,973)	-1.94%
Reserves	170,000	120,000	(50,000)	-29.41%
Other Local	714,600	730,050	15,450	2.16%
Total	\$ 46,590,034	\$ 49,378,054	2,788,020	5.98%
<u>EXPENDITURES</u>				
General Government	\$ 12,050,160	\$ 12,497,640	\$ 447,480	3.71%
Board of Education	30,599,700	32,285,374	1,685,674	5.51%
Debt Service	2,972,506	3,382,806	410,300	13.80%
Capital	668,748	913,314	244,566	36.57%
Ambulance Fund Transfer	298,920	298,920	-	0.00%
Total	\$ 46,590,034	\$ 49,378,054	\$ 2,788,020	5.98%

The Town and Board of Education have proposed responsible budgets to the community. The focus is on prioritizing a quality level of service and developing the most cost-effective ways to accomplish this level of service. This proposed budget, now having been presented to Town Council, will be reviewed and amended as the Town Council may deem necessary for the good of the Town, the Board of Education, and our residents.

This proposed Budget was compiled with research and input from all the departments and agencies within the Town of Coventry. I would like to thank everyone involved for their participation in the development of the Budget, including our department heads, and especially Finance Director Julie Chapman who helped bring this all together.

Sincerely,


James D. Drumm,
Town Manager