

Town of Coventry, CT



Town Council's Proposed Budget For Fiscal Year 2025-26

**Approved by the Town Council on
May 27, 2025**

**Adopted at Town Meeting on
June 17, 2025**



OFFICE OF THE TOWN MANAGER

(860) 742-6324

May 27, 2025

To the Coventry Town Council and Citizens of Coventry;

In accordance with the Coventry Town Charter, I am presenting to the Town Council and to the citizens of Coventry, the Town Council's second recommended budget for Fiscal Year 2025-26 in the amount of \$47,828,271. After adjustments made by Town staff to the Town Manager's proposed budget, \$24,825 was reduced. After adjustments made by Town Council on April 7, 2025, the budget was further reduced by \$1,044,706. After the May 6, 2025 Referendum failed, the budget was reduced by an additional \$505,077 for a total reduction of \$1,549,783. The Town's, Debt Service, Capital, Ambulance Fund Transfer, and School budgets have increased by \$1,238,237. This is a 2.66% spending increase compared to last fiscal year.

There is a State Cap at 32.46 mils for Motor Vehicle taxes, however this year we have not needed to reach the level of the Motor Vehicle Tax cap as we did last year, so we will have only one mill rate for FY 2026. The motor vehicle income was reduced this year by 19.3%. The Town lost over \$21 million in taxable motor vehicle value. The new State laws and regulations on how depreciation for motor vehicles shall be determined by Assessors will continue to diminish taxable value 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. Our grand list grew by 43%. The proposed mil rate required to fund the proposed FY 26 budget is 23.76, a 9.55 mil or 28.7% decrease, for real estate, personal property and motor vehicles.

In comparing our proposed mil rate (23.76) with our neighboring Towns that have also recently went through revaluation, we find that our rate remains lower than most. This is especially surprising when we see the extra services we offer as a Town, such as Police and EMS (Ambulance). Windham, which offers similar services is proposing a 28.33 mil rate and Tolland our northern neighbor with less services has proposed a proposed mil rate of 27.85.

Revenues are presented 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 Self-Supporting Recreation.

Though the COVID-19 pandemic is recent history, its impacts are still with us financially. The mass exodus of people leaving the larger cities seeking housing in suburban and rural communities has caused a rapid increase in the value of housing. It has also showed that people can work from home, resulting in vacant offices and other commercial buildings nationwide. This has caused residential properties to rapidly increase in value much beyond commercial properties. This uneven shift in values has caused a shift of the percentage of the overall tax burden to be paid by residential property owners, while commercial property owners see tax reductions. Understanding the 2024 revaluation impacts of the shifting of the property tax burden toward residential property taxpayers, the Town Council has implemented budget cuts of over \$1.5 million, which is four and a half times the dollar amount of cuts than in recent years. Agencies and departments were asked to seek efficiencies and to not budget for new programs or additional staff. This year, the budget can truly be categorized as a budget that maintains or reduces services.

During the COVID-19 pandemic the Town used fund balance reserve to balance the budget. The Town was fortunate that expenses were less and revenues greater than expected, and so reserves were not impacted. This is primarily because the Town received Federal grant funds to supplement our revenue shortages. Last fiscal year the Town was able to replace grant funds that were being relied upon for operations with sustainable revenues. This year, Town Council is proposing the use of \$205,000, an increase of \$35,000 from FY25, to balance the budget. It is important to note that while this is an increase from last year, the current year projects that the use of fund balance will not be necessary. Though this is a minor addition of revenue to the budget overall, this will reduce the mil rate used to tax property owners. The Town will continue phasing out the use of fund balance reserves next year.

In the last year, as mentioned above, the Town 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 shut down 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 and FY 2025 in the negative, fees were increased in both years to make up for these losses. The fund has been recovering steadily on a planned 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 a planned environmental study in FY26, 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 the following year 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, gate keepers, 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 \$25,573 in support from the General Fund to cover general park maintenance and expenses.

The Town Council's proposed budget does include the Town Manager's recommendation for funding 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. The employee has most recently been coordinating the CHS HVAC project. Additionally, the staff member has been assigned administrative projects involving personnel/safety related issues, contracts and policy development. 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.

This proposed Town Council 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 \$31,555,550 of grant funds. Use of these funds include the design and construction of several new bridges (Depot Rd., Brigham Rd., Parker Bridge Rd.); 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 and quality of life, 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.

The Town Council and staff remain aware of the economic conditions that exist in Connecticut and throughout the nation. While Coventry is better off than many communities, the overall economy for the coming year is uncertain. We recognize that many in our community will not easily absorb tax increases, especially those due to the shift of the tax burden caused by revaluation. 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. Though the Town Council has cut expenses deeply, this budget maintains our primary services with limited interruptions of the current level of service. The funding that is ultimately approved by voters will decide if the level of service of our Town programs will decrease or the level of taxes will increase to fund services need.

2025-2026 Budget Summaries

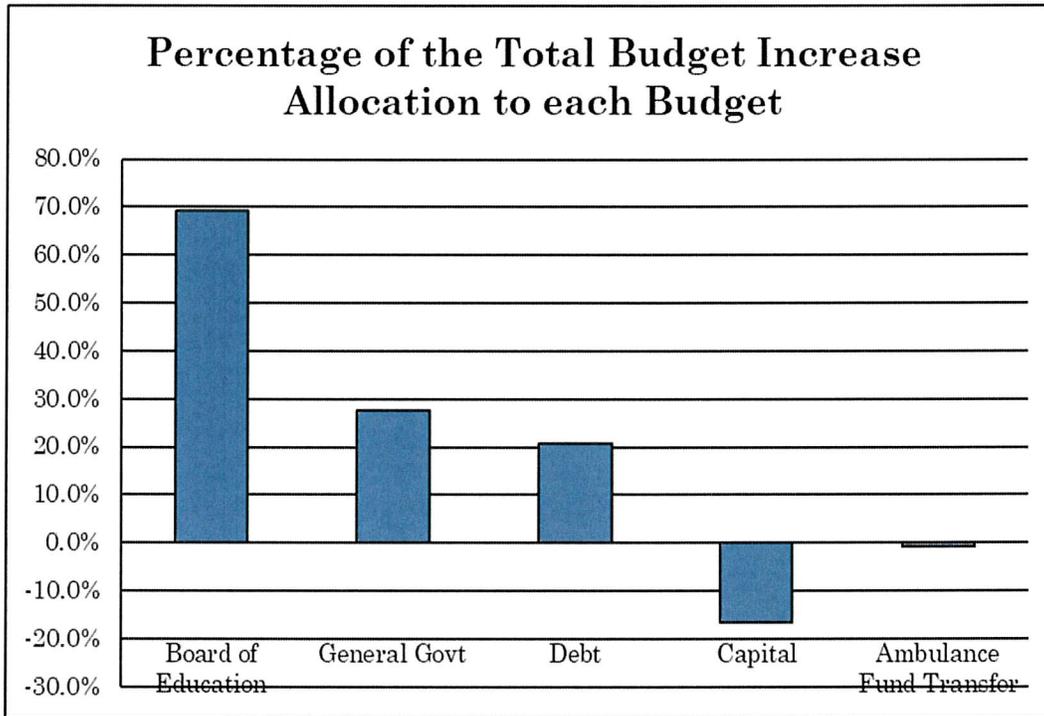
The Fiscal year 2026 Town Council proposed budget calls for an increase in spending of \$1,238,237 or 2.66% increase over the previous year. The new mil rate will be 23.76, an decrease of 9.55 mills, from the current mil rate (28.7%).

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

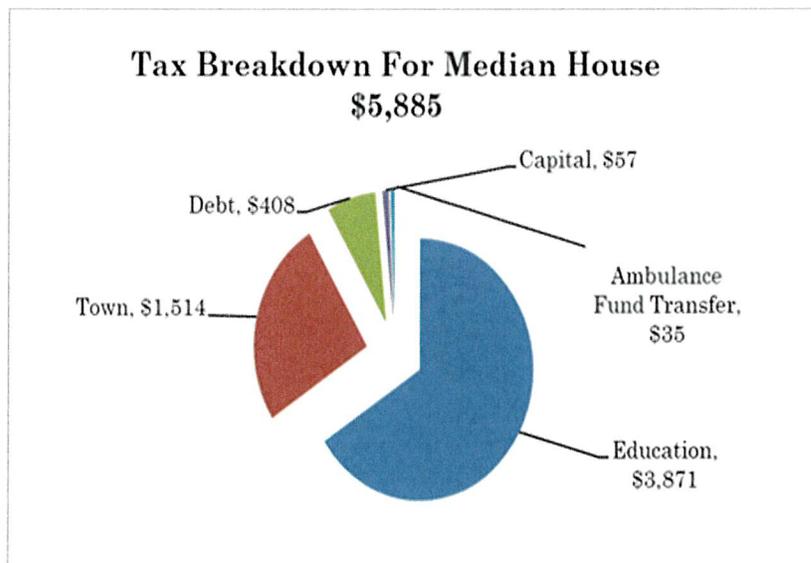
COMPARISON OF FY 2024/2025 and FY 2025/2026 BUDGETS

	Adopted Budget FY24/25	Requested Budget FY25/26	\$ Inc/Dec	% Change
<u>REVENUES</u>				
Property tax	\$ 37,113,081	\$ 38,160,841	\$ 1,047,760	2.82%
Intergovernmental	8,592,353	8,537,928	(54,425)	-0.63%
Reserves	170,000	205,000	35,000	20.59%
Other Local	714,600	924,502	209,902	29.37%
Total	<u>\$ 46,590,034</u>	<u>\$ 47,828,271</u>	<u>1,238,237</u>	<u>2.66%</u>
<u>EXPENDITURES</u>				
General Government	\$ 12,050,160	\$ 12,305,630	\$ 255,470	2.12%
Board of Education	30,599,700	31,457,874	858,174	2.80%
Debt Service	2,972,506	3,314,306	341,800	11.50%
Capital	668,748	462,315	(206,433)	-30.87%
Ambulance Fund Transfer	298,920	288,146	(10,774)	-3.60%
Total	<u>\$ 46,590,034</u>	<u>\$ 47,828,271</u>	<u>\$ 1,238,237</u>	<u>2.66%</u>

The chart below shows the percentage of the allocation of the total proposed increase (\$1,238,237) by each budget.



The following chart shows how the proposed taxes on a median house assessed at \$247,900 are allocated between the five budgets.

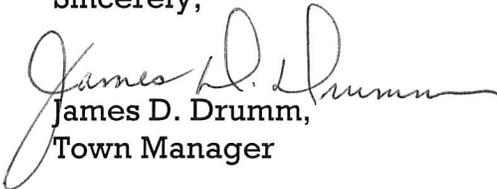


The Town and Board of Education have proposed budgets to only maintain current services. The focus is on prioritizing services and developing the most cost-effective ways to accomplish them. This proposed budget will be presented and reviewed at Town Meeting and considered for passage by the registered and qualified voters of the Town.

This year's proposed Budget was compiled with research and input from all the departments and agencies within the Town of Coventry. Over the last thirteen weeks the Town Council attended several meetings, including with the Board of Education and department directors present, to examine the details of the budget and to make meaningful amendments to maintain vital programs, while reducing expenses. Town Council also debated options that would have phased in new property assessments and another option which would have adopted a higher percentage depreciation schedule on motor vehicles. These options were rejected, so to minimize the tax burden on the majority of taxpayers. With the impacts of revaluation, State changes in how to assess motor vehicles and the Governor's proposed budget reducing significant funding for schools, it was not an easy task to put forward this Town Council proposed Budget. It was additionally difficult operationally as we lost our Finance Director in the middle of this process. I would like to thank everyone involved for their efforts and participation in the development of the Town Council's proposed Budget.

I now ask the voters of the Town to join us in examining the details of this second Town Council recommended budget and to understand the level of funding being proposed and the impacts this funding has on providing municipal services for our citizens. Though somewhat reduced, I believe the services funded in this budget are still what the people of Coventry have come to expect in their schools and with their Town government.

Sincerely,


James D. Drumm,
Town Manager

Organization Chart
Town of Coventry, Connecticut
 FY 2025-2026

