

**Fiscal Year 2016-2017 Budget Message**  
**Board of Selectmen**  
**February 29, 2016**

To the Board of Selectmen and Taxpayers of Simsbury:

I am pleased to present the First Selectman's proposed 2016-17 budget for your review.

Today, thanks to the hard work of many volunteers, elected officials and dedicated town staff, Simsbury is listed as a *top ten* 'Best Place to Live in America' by Money Magazine. Others are noticing what Simsbury residents have known for many years – Simsbury is a great place to live, learn, retire and do business. Together, we celebrate our outstanding schools, our river to ridge trails and parks, Simsbury Farms, the Senior Center, our Public Library and the Performing Arts Center - summer home to the Hartford Symphony. We have invested in keeping Simsbury a safe and beautiful place to live with our commitment to Community Policing, well maintained roads and stewardship of our natural resources. Additionally and equally important, all that our residents enjoy about Simsbury is also crucial to economic development and attracting new families and businesses.

This budget request totals \$19,679,268 which is a modest increase of 3.75% over last year's budget. This budget increase is offset by positive revenue growth. With grand list growth of 1.04%, we can responsibly preserve Simsbury as the beautiful place we call home and enjoy every day with limited financial impact to residents. For the Town budget, we can maintain our current level of service plus increase public safety for an average of \$3.38 a month for the typical household.

In crafting this budget my goal was to limit the financial impact to residents while preserving outstanding quality. Careful consideration was given to what residents can afford to spend and the budget was set within the context of local, state, and national economic conditions. Increased grand list growth of 1.04%, a reduction in the mill rate for cars, and increased State aid will allow the Board of Finance to keep the mill rate conservative and reasonable, while delivering quality services in the most cost effective manner.

**Budget Objectives:**

This budget effectively supports core town services that preserve Simsbury's quality of life in the most cost effective manner during challenging economic times in the State of Connecticut. The four primary objectives of this year's budget are:

- (1) Maintaining fiscal responsibility by delivering quality services as efficiently as possible;
- (2) Ensuring responsible stewardship of our natural resources and Town assets to keep Simsbury a vibrant, beautiful, safe and desirable place to raise a family and do business;
- (3) Developing and planning for long-term economic sustainability; and
- (4) Modernizing technology to provide transparency, increase efficiencies and meet the current and future needs of our residents.

### **Awards and Recognitions:**

Through the hard work of volunteers who serve on Boards or Commissions, those who volunteer in the community, and town staff, Simsbury has had many accomplishments this last year that the community can take pride in.

- Simsbury is ranked as a 2015 *top ten* Money Magazine ‘Best Places in America to Live’
- Clean Energy Communities Award
- Niche.com ranked Simsbury as the 6<sup>th</sup> ‘Best Suburb in Connecticut to Raise a Family’—*top in the Farmington Valley*
- For the first time, Simsbury has inventoried and categorized 2,500 acres of open space to better steward our natural resources
- The Ethel Walker Woods stewardship plan received the Connecticut Chapter of the American Society of Landscape Architects award for Landscape Planning and Analysis
- Simsbury completed a Town-wide resident opinion survey to evaluate and better respond to the needs and concerns of our residents
- With the help of the Economic Development Commission and Task Force, Main Street Partnership, and volunteers, Town staff updated the Town website to make it more accessible, transparent and user friendly for residents
- The First Selectman’s office and Main Street Partnership have initiated the Town’s first Business Visitation Program to ensure support for existing businesses
- The Town has applied for numerous grants totaling \$4,623,341 to reduce the property tax burden on residents
- Building permits are at \$840,000 for the last seven months
- The Finance Department received a Certificate of Achievement for Excellence in Financial Reporting

### **Economic and other Considerations:**

In crafting this budget, careful consideration was given to existing economic conditions locally, in Connecticut and at the Federal level, including:

- The Social Security Cost of Living Adjustments, "COLA" level of 0.0%
- Grand list growth of growth of 1.04%. An increase of \$23,519,279 in value
- Simsbury’s unemployment rate is 3.4% compared with a state rate of 5.0%
- Building permit revenues have exceeded the budgeted amount over the last seven months and are at \$840,000 (budgeted at \$600,000)
- Stagnant State aid grants
- Uncertainty with the State budget which is subject to change *after* municipal budgets have passed

### **State Legislation that Will Impact Simsbury**

This year, the State has made some legislative changes that may impact Simsbury. The legislature has mandated that the mill rate for cars be reduced to 32 mills. The State has

committed to “*making whole*” those communities like Simsbury that will have a loss of revenue with the mandated change.

The State has committed to giving municipalities a share of the revenue generated from the State sales tax. Simsbury’s allocation is projected to be \$775,000 or 0.84% additional revenue. If the State honors its commitments to Simsbury, the increased budgets of the Board of Selectmen and the Board of Education will enable the Board of Finance to accommodate those budgets with a conservative mill rate.

The State has also passed legislation that will place a 2.5% budget increase cap on municipal budgets beginning in Fiscal Year 2018. The cap will be based on this year’s budget numbers so careful attention must be paid to setting the appropriate *budget base* to sustain Simsbury over the next decade. The State mandated cap will be especially challenging for communities like Simsbury that are experiencing economic and business growth. Increased growth requires increased service like roads and public safety, so we must be especially mindful of how we will manage services within this restrictive limit.

**Budget Drivers and Savings:**

As part of the budget process, Department Heads requested a 6.81% increase over last year’s budget. None of the requests were unreasonable and the current proposal was finalized only after making difficult reductions. Although the current recommended budget does not contain all that our Department Heads requested, it does capture and address essential needs.

Drivers:

The primary drivers of this year’s budget are:

Contractual Salary Increases	\$435,695	2.30%
Health, Pension & Social Security Required Increases	\$181,602	0.96%
Second ½ Funding of 2 Police Officers & Project Administrator from FY16	\$91,079	0.48%
Increased Electric Utility Costs	\$52,795	0.28%
Increased Staffing Hours in Building Dept. to Meet Demand	\$20,389	0.11%
<b>Total</b>	<b>\$781,560</b>	<b>4.12%</b>

Savings:

To reduce costs to residents, over the past several years Town Department Heads have worked and are working diligently to reduce costs through:

- Building energy upgrades with a two to four year ROI and potential savings of \$30,000 per year
- Voice Over Internet Protocol (VOIP)
- Use of Cloud technology to reduce hardware costs
- Evaluating the purchase of street lamps and conversion to LED lighting
- Exploring solar technology and upgrades
- Applying for grants totaling \$4,623,341

- Exploring Municipal Captive Insurance for Stop-Loss to reduce costs
- Evaluating shared technology with Board of Education through a Blum Shapiro needs analysis
- Making additional payments to pension and other post-employment benefit (OPEB) funds to reduce the Annually Required Contribution (ARC) payment in the operating budgets
- Health care consolidations
- Refinancing of capital bonds
- Lower gasoline prices
- Re-negotiated telephone contracts
- Participation in regional bids
- Equipment upgrades at Public Works for electricity savings and for controls on salt spreaders for more uniform salt coverage to reduce waste
- Evaluation of sale of sand for increased Town revenues
- Reduction of the First Selectman's salary
- Through the Town's collective bargaining process Town employees have helped offset increased costs by agreeing to increased pension and OPEB fund contributions and increased healthcare co-payments. *I would like to thank Town staff publicly for this and for all they do for the people of Simsbury*
- Coordination with the Board of Education
  - Shared Resource Officers
  - Town maintenance of school athletic fields
  - Shared technology network and fiber infrastructure
  - Shared employee participation in Wellness programs
  - Energy management and procurement
  - Shared financial management system (SunGard Finance Plus System)

**Capital Budget:**

In addition to the General Fund budget, I have included a Capital Budget for your review which addresses essential needs and enhancements to key assets of the Town. The Capital budget includes bicycle and trail expansion and improvements, open space stewardship, a spend-to-save street light purchase and LED conversion, gap funding for the Veterans Memorial, road pavement management, funding the required 10 year Plan of Conservation and Development, and building and emergency generator infrastructure improvements.

**Five Year General Fund Projection:**

The Finance Department has developed the following five-year projection for the General Fund budget:

*Revenue Assumptions:*

- Revenue from grants will remain stagnant and may decrease given the current State budget projections
- Investment income will be roughly \$180,000 on our bank deposits starting in fiscal year 2018

- Property and personal tax revenues will increase by a modest amount, given projected development projects
- Mill rate for cars will decrease to 29.5 mills in 2018 which may or may not be reimbursed by the State
- Questionable whether the State will sustain its commitment to give municipalities share of revenues from the State sales tax

*Expenditure Assumptions:*

- Most categories of expenditures will increase 1-2%
- Salaries are expected to increase
- Certain fringe benefits (payroll taxes, workers' compensation, life insurance) are indexed according to salary increases
- The Town will continue to make its Annually Required Contribution (ARC)
- Health insurance will increase 6-10%
- Capital budget debt service will not exceed 7% of total budget and may be reduced to 5% based on Board of Finance policy considerations
- High cost Excise Tax. Pursuant to the Affordable Care Act (ACA), starting in 2020 there may be as much as a 40% excise tax on medical benefit costs in excess of certain thresholds. It is likely that the Town of Simsbury plans may be subject to this tax. Staff is following these developments and has contract reopeners to address concerns as they may arise
- Uncertainty as to whether the State cap of 2.5% of municipal budgets will remain

**Conclusion:**

Finally, I would like to thank everyone who helped to prepare the First Selectman's budget for the people of Simsbury, including the Director of Finance, Department Heads, and Town staff.

The Town of Simsbury budget can be found online at [www.simsbury-ct.gov](http://www.simsbury-ct.gov) .

I look forward to discussing this budget request with the Board of Selectmen, the Board of Finance and the taxpayers of Simsbury.

Sincerely,

Lisa L. Heavner