



# Town of Simsbury

933 HOPMEADOW STREET ~ SIMSBURY, CONNECTICUT 06070

Maria E. Capriola - Town Manager

February 28, 2022

Members of the Board of Selectmen  
Simsbury Town Hall  
933 Hopmeadow Street  
Simsbury, CT 06070

Re: FY 22/23 Manager's Proposed Operating and Capital Budgets

Dear Board of Selectmen Members:

Attached please find the Manager's proposed operating and capital budgets for the Town of Simsbury, for FY 22/23. When developing the budgets, I had the following objectives in mind:

- Maintain current services and programs while adapting to our current pandemic environment
- Advance Board of Selectmen initiatives and priorities in areas such as infrastructure, parks and recreation, public safety, professional development, and economic development
- Maintain and invest in existing assets and infrastructure with a focus on cash-to-capital for ongoing and routine capital needs. Refine capital budgeting based upon final results of the Town's Facilities Master Plan
- Strengthen our long-term financial stability by maintaining or increasing Fund Balance, maintaining our Health Insurance Fund reserve at or above twelve weeks of expected claims, maintaining our commitment to funding OPEB and pension liabilities, and smoothing the impact of debt service increases on future budget years
- Reviewing operating and capital needs that would be good candidates for use of ARPA dollars, keeping in spirit with the intended uses for pandemic recovery

The proposed operating and capital budgets including debt service, Town and Board of Education as presented, are \$110,370,057, an increase of \$4,394,140 or 4.15%. Based on revenue projections, a mill rate of 37.07 mills (excluding Fire District) would be needed to fund the proposed budgets. This reflects a mill rate decrease of 0.34 mills (from 37.41 mills), or a tax decrease of 0.91%, or \$73 for the year, for a median valued single family home.

The grand list has grown by 3.72% or \$96,046,030 in value. Real estate increased by 1.0% or \$22,114,699, primarily from apartment construction and the McLean Affiliates new addition being built. Motor vehicle increased by 27.56% or \$59,197,221, due largely in part to the standard valuation of vehicles increasing state-wide. Personal property increased by 11.83% or \$16,486,622, largely due to significant upgrades done by Connecticut Light & Power. These numbers are based on the most recent information available but are subject to change based upon the outcome of assessment appeals.

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Despite our current pandemic environment, local revenues have remained stable and strong with the exception of interest income. Reviewing historic and current revenue trends, we have made a concerted effort to review our revenue estimates for the conveyance tax, land recording fees, and building permit revenues.

We have utilized the Governor's proposed budget for estimating state revenues. Most existing state revenues for Simsbury remain flat, or increases are negligible, with the exception of ECS. Under the Governor's proposed budget our ECS revenue increases by \$466,228 from \$6,530,198 (21/22 actual) to \$6,996,426 (22/23). This year the Governor proposed capping the mill rate for motor vehicles at 29 mills, with the state making a motor vehicle reimbursement contribution to the town in the amount of \$2,006,464; the estimated net loss to Simsbury for motor vehicles due to his proposal is \$203,616.

The proposed operating budget is a \$889,014 (3.67%) increase to Town Government and does not include any service improvements. There are a number of service improvement considerations that I have prioritized for your review during budget development should the Board have a desire to enhance services. They are as follows:

- IT staffing needs, including an additional staff member and supplemental networking engineering support
- Public safety staffing needs, including a civilian accreditation specialist and sworn officer
- Two additional social workers to support the mental health and well-being of our residents
- Construction inspection services
- Pollinator initiative supplies
- Support for community events associated with the 50<sup>th</sup> anniversary of Simsbury Farms
- Professional development for division heads

If all of the above service improvements were funded, an additional 0.17 mills, or a mill rate of 37.24 mills (excluding Fire District) would be needed to fund the proposed budgets. This would then result in a tax decrease of 0.45%, or \$36 for the year for a median valued single family home (as opposed to a 0.91% tax decrease or \$73 for the year for a median valued home). It is my recommendation that the social work positions be funded as interim positions through December 31, 2026, utilizing ARPA funding; therefore, the proposed social workers would not have a financial impact on our taxpayers and would not affect the mill rate. I am also in support of the Town utilizing ARPA dollars to fund two additional social worker positions for our schools through December 31, 2026.

Some key expenditure budget drivers to the municipal budget are: anticipated general wage and step increases - \$335,428; impact of the minimum wage increase for staff - \$39,236; increases to fuel - \$43,417; increases to software programs utilized by the town - \$14,259; increases to the cost of fleet vehicles - 39,703; increases to agricultural/building/cleaning supplies and services - \$13,560; increase to legal counsel (labor) - \$25,000. Areas such as agricultural supplies, technology, and utilities are some of the operating budget expenses that are being impacted by recent inflation. We are expecting a decrease in debt service of \$177,832. The budget also reduces our interest rate assumption for our pension plan and OPEB Trust to 6.5%; the net increase is negligible at \$18,912.

After a challenging year in FY 20/21 that required the town to reset health insurance "premiums" at an appropriate level to cover expected claims and to rebuild the internal service fund balance, our Health Insurance Fund is now in a stable position. The Health Insurance Fund reserve is projected to be at \$3,990,282 or 26% of expected claims in FY 22/23.

Board of Selectmen priorities helped frame budget development, particularly infrastructure, parks and recreation, public safety, professional development, and economic development. In regards to professional

development the budget includes funding for continuing education for maintenance of certifications, professional development and the annual leadership retreat for mid and upper level managers, training dollars for larger “group” work and individualized training, and tuition reimbursement for staff. Economic Development funds are included to maintain contributions to Simsbury Main Street Partnership, the Simsbury Chamber of Commerce, and the Business and Career Center.

Parks and Recreation continues to be a priority. This budget includes increases to the agricultural supplies budget for Parks due to the impact of inflation. This budget also reinstates the Town’s General Fund contribution to \$181,715 from \$151,715 to support community use of Simsbury Farms and recreation programs, while improving equity for our recreation program participants so they are not unfairly paying for as many costs which are not attributable to the Fund. The Parks and Recreation Special Revenue Fund analysis indicated a municipal General Fund contribution in excess of \$300,000 would be needed to fully cover community use of the facility and programs. Reinstating the contribution to previous levels would be a step in the right direction to correcting the inequity within the Fund.

The parks and open space master plan is complete and capital project priorities for the next 6 years have been identified in the capital plan. The parks and open space master plan has identified a number of capital needs to maintain our existing infrastructure such as: playground replacements; sign replacements; renovations to Memorial Pool (possible splash pad replacement); drainage and irrigation and fencing improvements at our athletic fields. Much of our parks infrastructure is aging. The CNR plan focuses on a number of smaller dollar value parks improvements to our existing infrastructure. Examples include replacement of playscapes, replacement of rotted park entrance signs, and irrigation replacement for Memorial Park. The cost of playscapes has increased by about 30-35% since last year, and the lead time on receiving that equipment has increased by 6 - 10 months. The capital plan includes the replacement of the golf course irrigation system and supporting dam infrastructure.

Given the fact that our outdoor spaces were heavily utilized during the pandemic, I am recommending the following parks and recreation projects be funded with ARPA dollars: dredging of Town Forest Pond; funding to cover the inflation impact on the already approved Simsbury Farms playscape replacement; replacement of the tennis courts with pickleball courts at Tariffville Park; replacement of the pavilion at Tariffville Park; and dam and footbridge work. Other potential parks and open space projects that may be good candidates for the use of ARPA funds are being more fully vetted and will be recommended in the future.

The capital and capital nonrecurring (CNR) budgets focus on maintaining our existing assets and infrastructure as opposed to expansion of that infrastructure. Nearly all proposed items fund replacement items such as equipment or vehicles for the fleet, repairs to existing facilities, and repairs and maintenance of our sidewalks and roads. Since most proposed capital items are on-going or routine in nature, the proposed funding source for CNR items is cash as opposed to bonds. The CNR Fund utilizes the \$416,250 5-year payback method (General Fund cash), includes \$322,000 in cash from the General Fund for CNR, \$756,500 in cash from the General Fund for capital, utilizes \$867,512 from the capital reserve, and proposes the use of \$1,713,000 in ARPA dollars for parks and HVAC (town and schools) projects.

We continue to complete studies to better understand and quantify our baseline capital needs, most recently finalizing our Town Facilities Master Plan. This budget includes a number of recommendations from the Town Facilities Master Plan which will aid in caring for our public buildings. I continue to recommend that we do not bond for smaller value and routine capital needs. This approach is to avoid a cycle of bonding for all capital needs and not being able to pay for baseline capital needs in cash, creating more expense to the Town in the long run. For this reason, and for emergency infrastructure needs, I continue to recommend building our capital reserve with funds from capital project close-outs and year-end savings when available. This budget includes recommendations to fund a number of capital projects with cash

associated with savings from a decrease in our debt service expenditures and from revenues derived from new growth. If the Board concurs with this approach, those dollars can be reallocated in future years to help smooth the impact of future debt service increases associated with the Latimer Lane renovation as well as implementation of the Town's Facilities Master Plan. Paying for items in cash now, instead of borrowing, also helps to free up debt capacity in future years.

Bond rating agencies do not want to see transfers out of the General Fund for operating expenses or for "mill rate relief" to offset operating expenditures. However, transfers to capital, health insurance reserve, or for other purposes are more favorably looked upon than transfers for operating expenditures. Based on projections, with the transfer to capital and the anticipated contribution to fund balance, at fiscal year-end 22/23 fund balance would be about 17%, which is within the Fund Balance Policy range of 15-17%. The Fund Balance calculation is based on the difference between the budgeted tax collection rate of 98.5% and the anticipated tax collection rate of 99.5%.

During the Board's budget deliberations I have some suggested areas of further policy discussion. They are:

- Outside agency funding requests
- Service improvements
- Possible use of debt service savings and revenue growth to fund capital needs in cash, with those dollars being allocated in future budget years to help smooth debt service increases associated with the Latimer Lane renovation
- Possible use of the Capital Fund reserve to fund ongoing and routine capital needs in cash
- Possible use of ARPA dollars to support operating and capital needs related to pandemic recovery that are within the spirit of intended uses of the funding

Additionally, I have some suggested future areas of focus related to budget. They are as follows:

- Continue to monitor state budget/intergovernmental revenue
- Evaluate our routine CNR needs, versus the traditional annual contribution of \$416,250
- Gradually build up the Town's contribution to the Parks and Recreation Special Revenue Fund
- Evaluate the feasibility of implementing Engineering permit fees, with revenues funding contracted inspection services of utility work impacting our infrastructure

In summary, this budget funds current services and programs, invests in existing infrastructure and assets utilizing cash-for-capital for routine and ongoing needs, and advances Board of Selectmen initiatives such as parks and recreation, public safety, professional development, and economic development. This budget and proposed service improvements also provide for investments in our community to help recover from the pandemic, while utilizing ARPA funds which will not have a General Fund impact on our taxpayers.

I want to thank Director of Finance Amy Meriwether, Deputy Town Manager Melissa Appleby, Management Specialist Tom Fitzgerald, and the Leadership Team for their outstanding and dedicated work in assisting with budget development.

Respectfully Submitted,



Maria E. Capriola, M.P.A.  
Town Manager