



# Town of Simsbury

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FY 2020/2021 MANAGER'S PROPOSED BUDGET

FEBRUARY 24, 2020

# Budget Objectives

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1. Maintain current services and programs
2. Advance Board of Selectmen initiatives and priorities
  - Economic Development
  - Professional Development
  - Parks and Recreation
  - Infrastructure
3. Maintain and invest in existing assets and infrastructure
  - Focus on cash-to-capital for ongoing and routine capital needs
  - Build upon our recently introduced 6-year plan for smaller value capital needs

# Budget Objectives

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4. Strengthen our long-term financial stability
  - Maintain or increase Fund Balance
  - Maintain our Health Insurance Fund reserve at or above twelve weeks of expected claims
  - Maintain commitment to funding OPEB and pension liabilities

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## FY 20/21 Budget Overview – General Fund

<i>Town</i>	<i>\$23,178,269</i>
<i>BOE</i>	<i>\$72,493,061</i>
<i>Non-Public Schools</i>	<i>\$551,383</i>
<i>Debt Service</i>	<i>\$5,471,465</i>
<i>Capital and CNR Contribution</i>	<i>\$1,835,750</i>
<i>Inter-Fund Transfers</i>	<i>\$225,730</i>
<b>General Fund</b>	<b>\$103,755,658</b>

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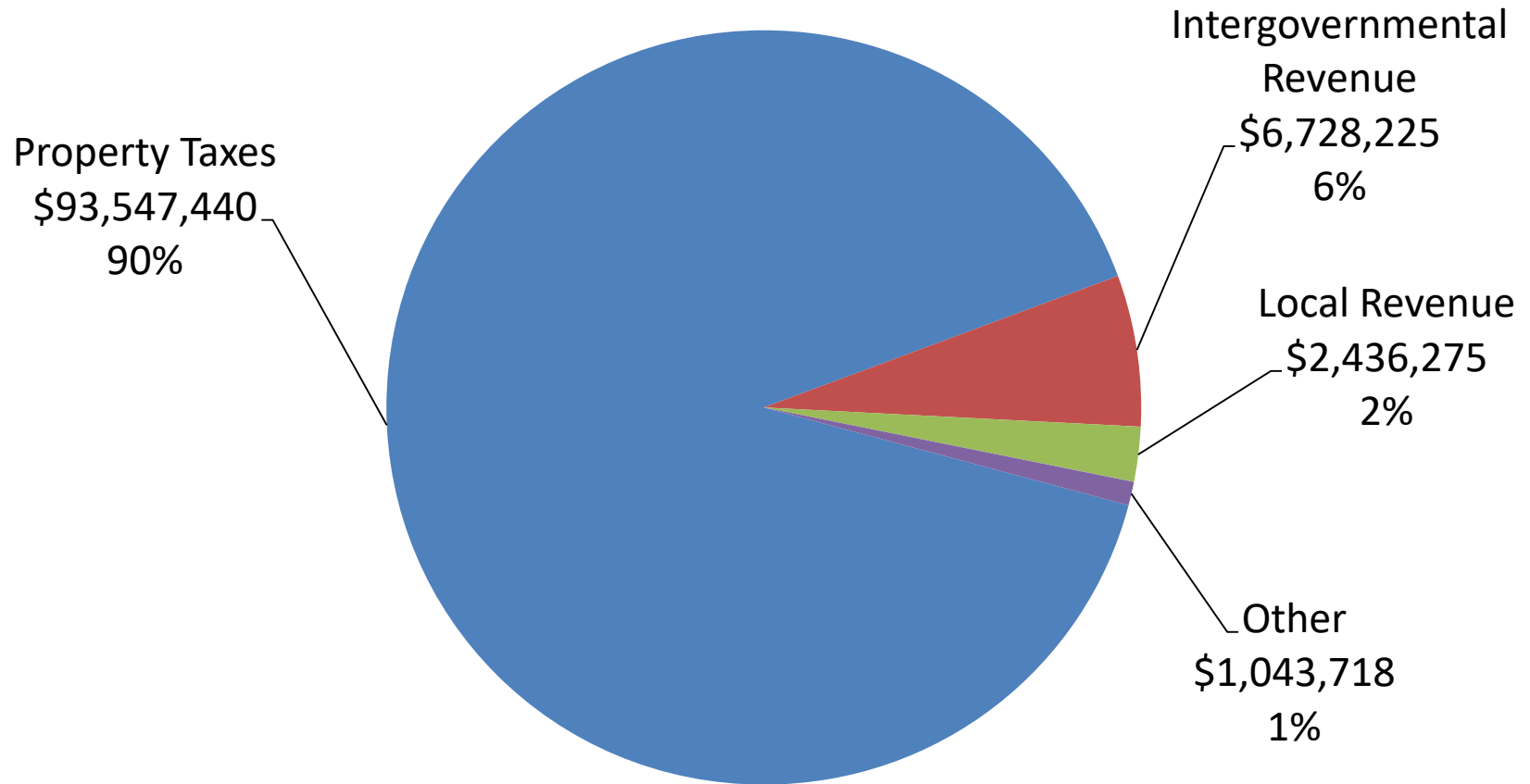
## FY 20/21 Budget Overview – Other Funds

Residential Rental Property Fund	\$45,872
Capital Fund ( <i>Town and BOE</i> )	\$7,205,000
Capital & Nonrecurring Fund ( <i>Town</i> )	\$1,621,200
Parks & Recreation Special Revenue Fund	\$2,157,781
Water Pollution Control	\$4,223,421
Health Insurance Fund	\$16,425,467

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# FY 20/21 General Fund Revenues: \$103,755,658

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# FY 20/21 Revenue Outlook – Grand List

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- Grand List increased by 2.66% or \$64,982,848, generating approximately \$2.4M in new revenue
  - Real estate increased by 1.46% or \$31,609,308
  - Motor vehicle increased by 3.83% or \$7,387,018
  - Personal property increased by 29.40% or \$25,986,522
  - These numbers are based on the most recent information available but are subject to change based upon the outcome of assessment appeals

# FY 20/21 Revenue Outlook

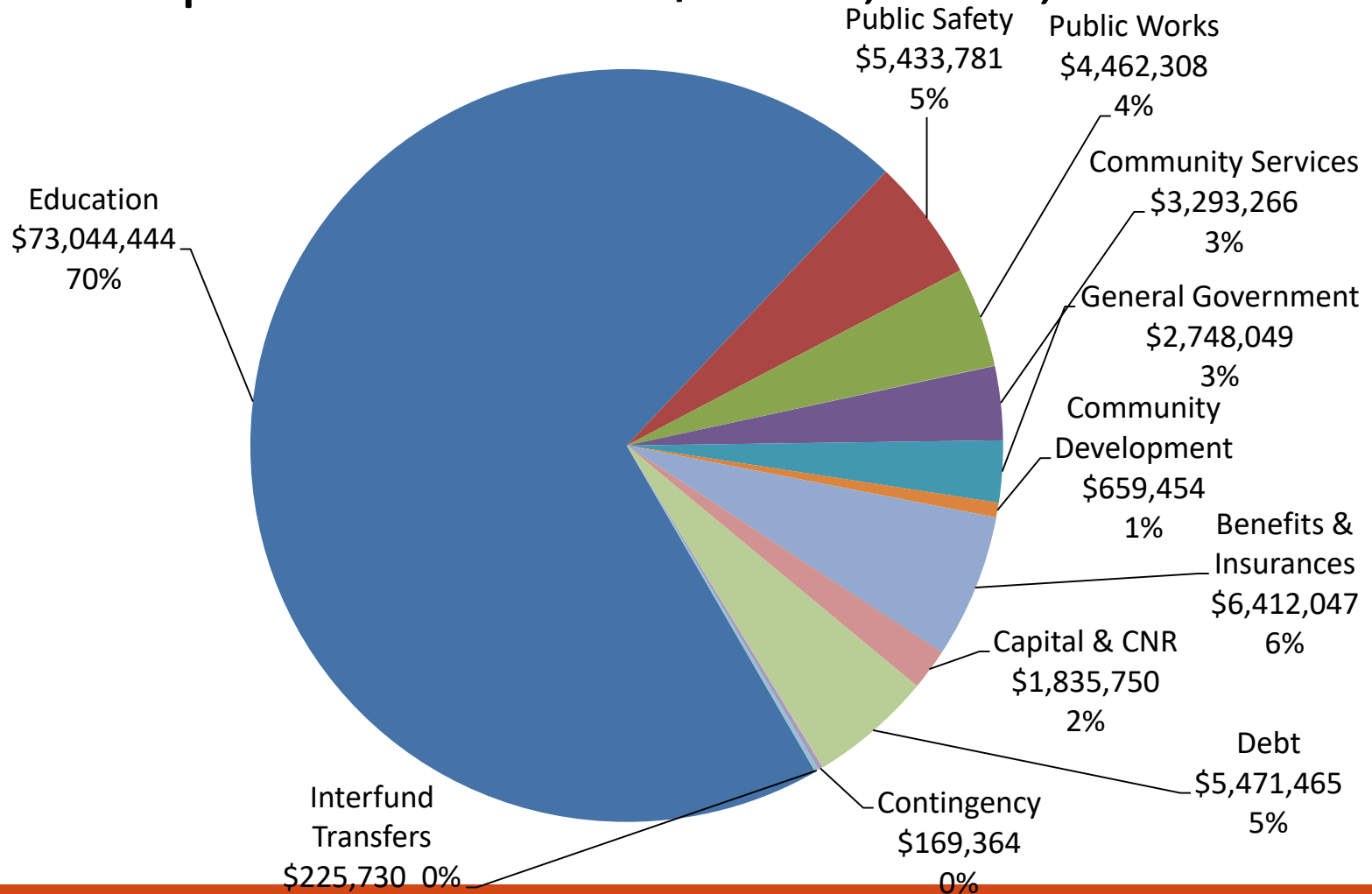
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- Uses a tax collection rate of 98.5%
- The state cap of 45 mills on the motor vehicle tax remains
  - Assumption was used for budgeting purposes that motor vehicles will have the same mill rate as real estate and personal property for FY 20/21
- Utilized Governor's proposed budget for state revenues
  - Most state revenues remain flat except for ECS
  - ECS increases from \$6,126,115 to \$6,317,010, or by \$190,895, 3.12%



# FY 20/21 General Fund

## Expenditures: \$103,755,658



## FY 20/21 General Fund Expenditures

	FY 19/20	FY 20/21	\$ Increase/ Decrease	% Increase/ Decrease
Town	\$22,219,073	\$23,008,905	\$789,832	3.55%
BOE	\$70,880,978	\$72,493,061	\$1,612,083	2.27%
Non-Public Schools	\$546,432	\$551,383	\$4,951	0.91%
Debt Service	\$4,922,818	\$5,471,465	\$548,647	11.14%
Teacher's Retirement	\$304,466	\$0	(\$304,466)	-100.00%
Capital & CNR	\$1,236,390	\$1,835,750	\$599,360	48.48%
Interfund Transfers	\$1,224,675	\$395,094	(\$829,581)	-67.74
<b>Total</b>	<b>\$101,334,832</b>	<b>\$103,755,658</b>	<b>\$2,420,826</b>	<b>2.39%</b>

# FY 20/21 Expenditure Trends

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- Debt Service - \$548,647 increase
  - Largest budget driver for second consecutive year
- Pension/OPEB - \$355,934 increase
  - Reflects approximately 45% of Town budget increase
  - Second largest budget driver
- Salaries
  - Anticipated general wage increases budgeted in contingency - \$169,000
  - Step movement - \$78,844 increase
- Minimum wage
  - Statutory increase results in a total increase of approximately \$44,000 across all departments

# FY 20/21 Expenditure Trends

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- Teachers Retirement System - \$304,466 decrease
- Tree Maintenance - \$30,000 increase
- Police Overtime - \$25,000 increase
- Health District - \$11,404 increase
- Telephone service contract and copier replacements - \$11,000 increase
- Water/Sewer charges in Culture, Parks, and Rec - \$10,000 increase
- Contribution to Parks and Recreation special revenue fund - \$20,000 increase

# FY 20/21 Expenditure Trends

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- \$789,832 (3.55%) increase to Town Government
- \$235,000 decrease would be needed to Town Government to reach Board of Finance 2.50% expenditure increase guidance
  - After meeting actuarial determined pension/OPEB increase, with expected salary obligations, the Town's increase exceeds BOF guidance by approximately \$93,000
  - This would likely result in service reductions and/or or a deviation from existing financial policies and practices (i.e. fund balance, debt service, funding of liabilities)
  - Policy guidance for service reductions from the Board of Selectmen would be needed to achieve Board of Finance guidance

# FY 20/21 Service Improvements

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- No service improvements included in proposed budget
- Prioritized service improvement requests for consideration
  - Contracted inspection services for assessment (\$25,000)
  - Parks facility maintenance technician position (\$95,459)
  - Police administration reorganization
    - Upgrade one sergeant position to lieutenant (\$5,000)
    - Deputy Chief position (\$183,872)
  - Increased funding for library materials – digital and print content for adult, teen, and business (\$20,000)
- Inclusion of all noted service improvements would have an estimated tax impact of \$26/year on the median valued home and affect the mill rate by 0.1 mills

# Board of Selectmen Initiatives

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- Economic Development
  - Main Street Partnership
    - \$45,000, budgeted in existing economic development budget
  - Simsbury Chamber of Commerce
    - \$825, membership dues budgeted in Board of Selectmen budget
    - \$5,000, budgeted in Board of Selectmen budget
  - Business Resource Librarian
    - \$66,680, budgeted in Library budget

# Board of Selectmen Initiatives

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- Professional Development
  - Continuing education for maintenance of certifications
  - Professional development and annual leadership retreat for mid- and upper-level managers
  - Funds for larger group work and individual training
  - Tuition reimbursement
  - Executive coaching



# Board of Selectmen Initiatives

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- Parks and Recreation
  - \$30,000 increase to the tree maintenance budget
  - \$20,000 increase in General Fund contribution to the Parks and Recreation Special Revenue Fund to build up the town's contribution to cover community use and facilities expenditures currently being subsidized by program participant fees
  - \$5,000 reallocation of funds to support parks and recreation community programming and events

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**FY 20/21 Capital Budget Revenues: \$7,205,000<sup>1</sup>**

Bonds	\$4,857,000	67.4%
General Fund (Reserves)	\$724,450	10.1%
General Fund (Cash)	\$555,550	7.7%
Town Aid Road (TAR)	\$501,500	7.0%
Sewer Use Fund	\$275,000	3.8%
LOCIP	\$156,500	2.2%
Capital Fund	\$135,000	1.9%
<b>TOTAL</b>	<b>\$7,205,000</b>	<b>100%</b>

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<sup>1</sup>Includes education projects

# Capital Fund Revenues

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- Projects proposed to be funded by bonding
  - Radio system upgrade/replacement - \$1,202,000
  - Open space acquisition - \$2,200,000
  - High school stadium bleachers/press box - \$850,000
  - Paving (partial funding) - \$605,000
- Proposed use of General Fund reserves
  - Viewed more favorably than using General Fund reserves on operating or as mill rate relief
  - General Fund reserve has capacity
  - Reduces borrowing; provides more cash capacity in out years
- General Fund operating budget transfer
  - Paving from Highway budget - \$200,000

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**FY 20/21 Capital Budget Expenditures: \$7,205,000<sup>1</sup>**

General Government	\$3,452,000	47.9%
Public Works	\$1,993,000	27.7%
Education	\$1,350,000	18.7%
Sewer (WPCA)	\$275,000	3.8%
Culture, Parks and Recreation	\$135,000	1.9%
<b>TOTAL</b>	<b>\$7,205,000<sup>1</sup></b>	<b>100%</b>

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<sup>1</sup>Includes education projects

# Capital Fund Projects (Town)

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- Public Works
  - Pavement of roads - \$1,205,000
  - Plow truck - \$258,000
  - Public Works facility paving & storm drainage - \$330,000
  - Sidewalk reconstruction - \$200,000
- General Government
  - Radio system upgrade/replacement - \$1,202,000
  - Open space acquisition - \$2,200,000
  - Capital reserve contribution - \$50,000

# Capital Fund Projects (Town)

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- Culture, Parks and Recreation
  - Greenway improvements (i.e. resurfacing, fence repairs, tree work) - \$135,000

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**FY 20/21 CNR Budget Revenues: \$1,621,200<sup>1</sup>**

General Fund (Cash)	\$1,091,700	67.3%
Private Duty Fund	\$165,000	10.2%
Sewer Use Fund	\$150,000	9.3%
Town Aid Road (TAR)	\$75,000	4.6%
Federal/State Grants	\$60,900	3.8%
Golf Equipment Fund	\$45,000	2.8%
Eno Trust	\$21,000	1.3%
Dial-A-Ride Fund	\$12,600	0.8%
<b>TOTAL</b>	<b>\$1,621,200</b>	<b>100%</b>

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<sup>1</sup>Does not include education projects

# CNR Fund Revenues

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- Utilizes \$416,250 five-year payback method (General Fund cash)
- Includes \$354,450 cash for capital from the General Fund
- Includes \$180,000 operating budget transfer from Highway budget for Public Works truck (General Fund cash)
- Includes \$141,000 operating budget transfer from Police budget for cruisers (General Fund cash)



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**FY 20/21 CNR Fund Budget Expenditures: \$1,621,200<sup>1</sup>**

Public Works/Engineering	\$483,500	29.8%
Police	\$346,000	21.3%
Culture, Parks and Recreation	\$321,000	19.8%
General Government	\$320,700	19.8%
Sewer (WPCA)	\$150,000	9.3%
<b>TOTAL</b>	<b>\$1,621,000<sup>1</sup></b>	<b>100%</b>

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<sup>1</sup>Does not include education projects

# CNR Fund Projects (Town)

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- Public Works/Engineering - \$483,500
  - Various drainage improvements- \$125,000
  - Ash Borer tree mitigation - \$36,500
  - Eno clock tower repairs - \$21,000
  - Utility van - \$46,000
  - 11' snow plow - \$20,000
  - Portable truck lift - \$55,000

# CNR Fund Projects (Town)

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- Culture, Parks & Recreation - \$321,000
  - Pickup Truck/Plow replacement - \$42,000
  - Clubhouse cedar siding staining - \$30,000
  - Simsbury Meadows Band Shell staining - \$20,000
  - Simsbury Farms Recreation building staining - \$35,000
  - Playscapes/Playground refurbishments - \$25,000
  - Parks/Golf Maintenance Garage ventilation system - \$10,000
  - Ice Rink mechanicals control panel - \$60,000
  - Feasibility Study - parking areas at PAC and Curtiss Park - \$30,000
  - Park entrance signs replacement - \$16,000
  - Simsbury Farms rink fencing - \$8,000
  - Greens mower replacement - \$45,000

# CNR Fund Projects (Town)

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- Police - \$346,000
  - 3 replacement patrol cruisers - \$141,000
  - 2 patrol supervisor cruisers - \$110,000
  - Mobile data terminals - \$55,000
  - Soft body armor - \$21,000
  - Replacement of digital fingerprint system - \$19,000
  
- General Government - \$320,700
  - Compensation and classification study - \$40,000
  - Network storage & virtual environment - \$130,000
  - 2022 revaluation - \$60,000
  - Building department permit software upgrade - \$27,700
  - Dial-A-Ride Van - \$63,000

# CNR Fund Projects (Town)

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- Sewer - \$150,000
  - Sewer improvements - lining/root control - \$100,000
  - Woodland St./Hopmeadow St. sewer upgrade – \$50,000

# Capital & Debt Service Budget Model

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- Existing capital & debt service budget model has challenges
  - Does not include smaller value capital needs and many routine (baseline) capital needs
  - Including cash for capital and debt service in combination in the model has “starved” cash for capital in out years
  - As little-to-no cash for capital is available, we may need to bond for smaller value and routine capital needs that should not be bonded for
    - This creates 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

# Capital & Debt Service Budget Model

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- Recommend building our capital reserve with funds from capital project close-outs and year-end savings when available
- Continue to quantify our baseline capital needs

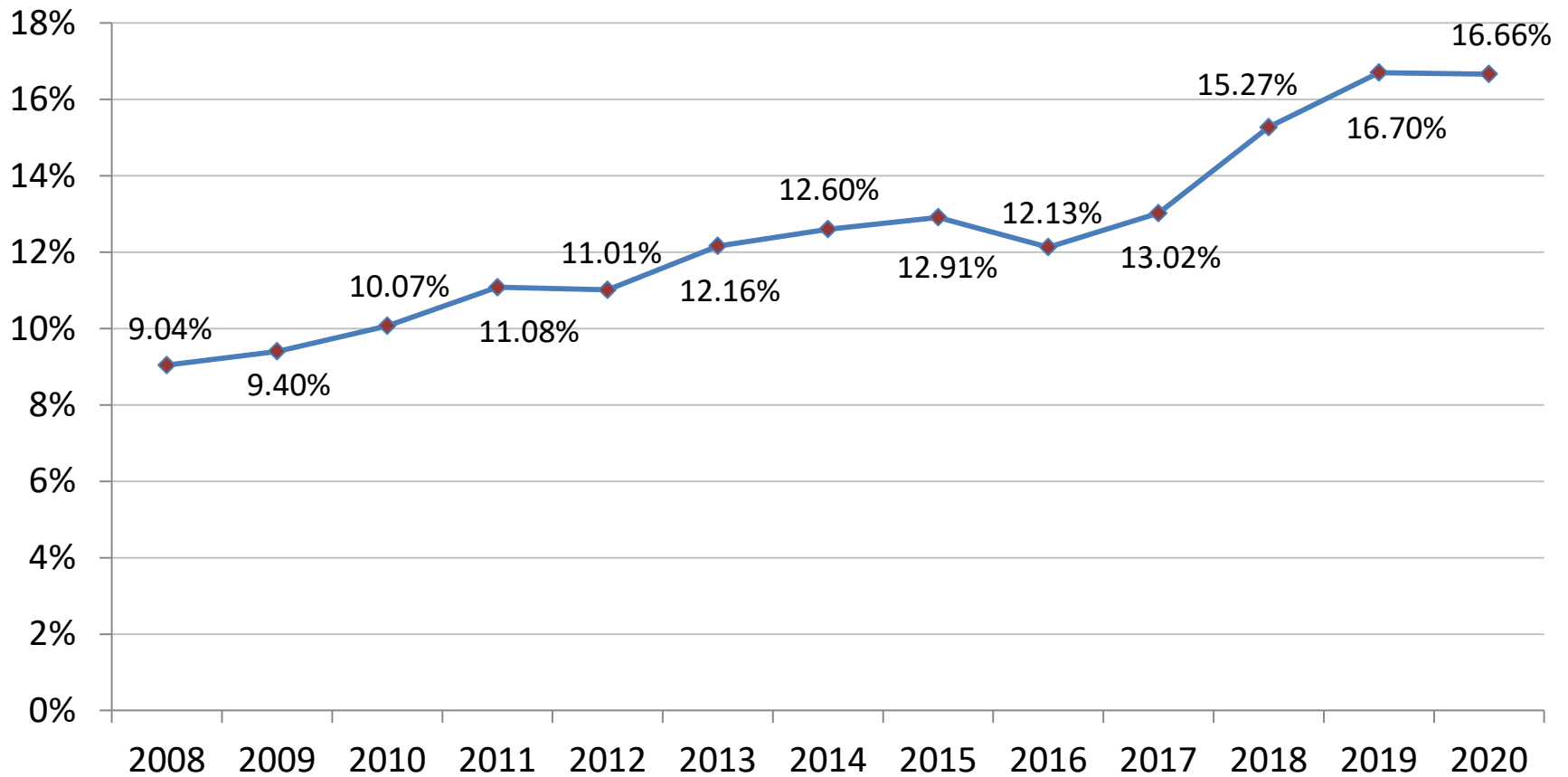
# Fund Balance

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- Projected Fund Balance contribution of \$982,450
  - Difference between budgeted tax collection rate of 98.5% and anticipated tax collection rate of 99.5%
- Projected Fund Balance
  - 19/20 year-end projected to be 16.66%
  - 20/21 year-end projected to be 16.40%
- Since the state's financial crisis has occurred, bond rating agencies are now recommending Fund Balance be 15-17% of General Fund expenditures



# Fund Balance - % of Expenditures



# Impact on Taxpayer

## Sample Tax Impact

### *On a Median Valued Single Family Home*

Based on Manager's  
proposed budget mill  
rate increases from  
37.32\* mills to 37.33  
mills

Current Valuation	\$214,000 <sup>1</sup>
Proposed Taxes (37.33 mills)	\$ 7,989
Current Taxes (37.32 mills)	<u>\$ 7,986</u>
Increase	\$3.00
Percentage Change	0.03%

*\*mills does not  
include Fire District*

<sup>1</sup>Median single family home price, 100% of assessed value is \$306,000. \$214,000 reflects 70% of assessed value.

# Where do the Tax Dollars Go?

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Education	\$	5,624	70.40%
Debt Service	\$	421	5.27%
Capital and CNR	\$	159	1.99%
Benefits & Insurances	\$	494	6.18%
Public Safety	\$	418	5.24%
Public Works	\$	344	4.30%
Community Services	\$	254	3.17%
General Government	\$	212	2.65%
Community Development	\$	51	0.64%
Contingency	\$	13	0.16%
TOTAL		\$7,989	100%

# Budget Summary

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- Highlights
  - Funds current services and programs
  - Invests in existing infrastructure and assets, utilizing cash-for-capital for routine and ongoing needs
  - Advances Board of Selectmen initiatives such as economic development, infrastructure, parks and recreation, and professional development

# Budget Summary

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- Suggested topics for further discussion
  - Outside agency funding requests
  - Service improvements
  - Pension and OPEB Trust interest rate assumptions, new mortality tables, and the amortization period
  - Possible use of Fund Balance to fund ongoing and routine capital needs in cash

# Budget Summary

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- Suggested future areas of focus
  - Continue to monitor state budget/intergovernmental revenue
  - Focus on cash-to-capital for ongoing and routine capital needs; complete a town-wide facilities master plan
  - Complete work of Parks and Recreation Special Revenue Fund work group
  - Complete analyses of LAP insurance and pension contributions for funds outside of the General Fund
  - Evaluate the feasibility of implementing Engineering permit fees, with revenues funding contracted inspection services of utility work impacting our infrastructure

# Budget Workshop – 3/7/20

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Board members are encouraged to:

- ✓ Flag items for further discussion
- ✓ Ask questions
  - When possible, send questions to the Town Manager in advance of the workshop (helps to expedite responses)

# Budget Dates

Town Manager budget presentation to Board of Selectmen	February 24, 2020
Board of Selectmen budget workshop	March 7, 2020
Board of Selectmen budget adoption	March 9, 2020
Board of Education budget presentation to Board of Finance	March 10, 2020
Board of Selectmen budget presentation to Board of Finance	March 17, 2020
Board of Finance public hearing on the budget <i>Must be published in newspaper by March 31</i>	April 7, 2020
(Anticipated) Board of Finance hearing continuation and budget approval <i>Budget filed with Town Clerk by May 1</i>	April 21, 2020
Anticipated budget referendum	May 19, 2020
<b><i>Dates and Times Subject to Revision</i></b>	