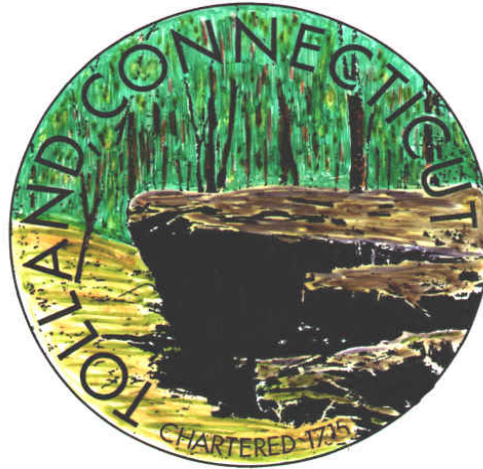


TOWN OF TOLLAND



FY 2013-2014

BUDGET PRESENTATION

As Proposed by Town Manager, Steven R. Werbner

March 27, 2013

FY 2012-2013 Achievements

Achievements (Town Only)

- **Survived Storm Charlotte, another 100 year storm, with minimal disruption to public activities.**
- **The Town and Board of Education are proceeding with the Integrated Audit phase of performance contracting to possibly upgrade the HVAC systems at school and town facilities through energy cost savings.**
- **Bids have been solicited for a concession building and ADA accessible bathrooms at Cross Farms in the vicinity of the proposed Adam's Adventure Playground, as well as for architect/engineering firms to work with us on the design and installation of lights and artificial turf at the high school stadium field.**
- **Work being done on the HVAC system at Town Hall, installation of an elevator for handicap accessibility and replacement of the roof and skylight over the library is complete and within budget.**

FY 2012-2013 Achievements

Achievements (Town Only)

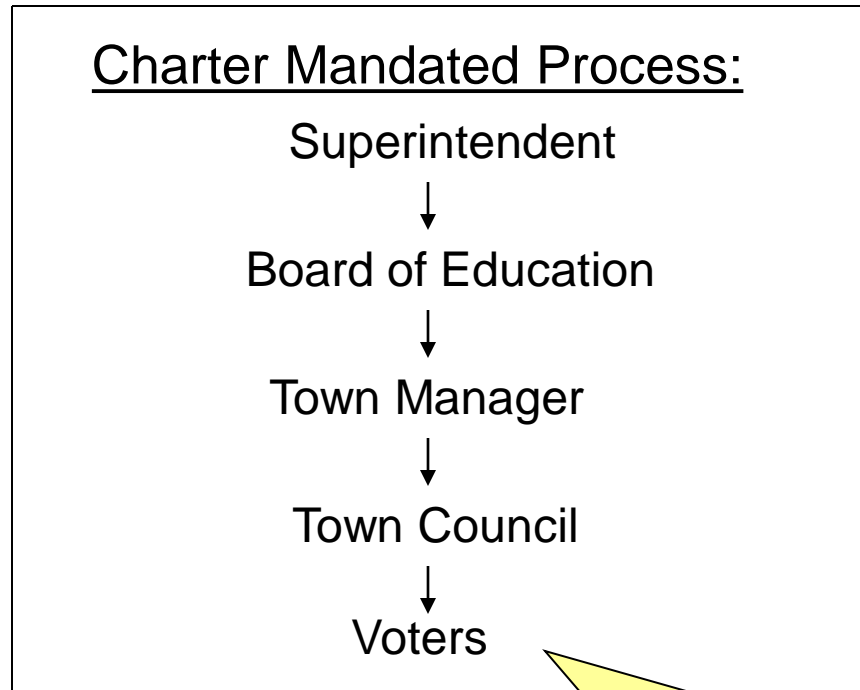
- **Planning & Zoning has completed the Tolland Village regulations and is in the process of finalizing regulations for the Technology Corridor in the area of NERAC on Route 195 and we are actively investigating ways to encourage development in that area.**
- **We are looking to take advantage of any reasonable growth opportunities coming from investments made at UConn for the development of a research park.**
- **The Town and Board of Education joined with five other communities and EastConn to form the first regional health insurance cooperative. This cooperative allowed the Town and Board of Education to self insure which initially saved \$150,000 in reduced administrative expenses and through use of resources accrued in just the first seven months of the program allowing the Town and Board of Education to save an additional \$300,000 in reduced premium costs.**

FY 2012-2013 Achievements

- **The Town approved a five million dollar road maintenance bond issue which will allow us to address road improvements in an accelerated fashion over the next five years.**

BUDGET PROCESS

Development of the budget begins in October with the preparation of the Board of Education request and culminates in May with the Town Referendum.



Referendum is May 7, 2013 and, if the budget is defeated, votes are every two weeks until a budget is passed.

Public Meetings to Date on Budget

Capital Budget Public Hearing – February 21, 2013

Community Conversation on Budget – February 14, 2013

Joint Meeting of Town Council/Board of Education – March 5, 2013

Budget Review Sessions with Town Council – March 13, 20 & 21, 2013

Public Hearing on Manager's Proposed Budget – March 27, 2013

Upcoming Meetings

Town Council Budget Meeting – March 28, 2013

Town Council finalizes Budget – April 2, 2013

Annual Budget Presentation Meeting – April 23, 2013

Budget Presentations at Senior Center – April 24, 2013 @ 12:30 p.m.

Budget Referendum -- May 7, 2013

What is a Budget?

- A **financial plan** with sets of priorities and direction that the Town Officials, Town Council and residents believe accurately reflects the most important needs of the Town operations.
- In terms of the Board of Education, the Town Manager and Town Council, by State law, can only determine a bottom line number. The allocation of resources is the sole prerogative of the Board of Education.

TOWN MANAGER'S BUDGET GOAL FOR FY2012-13

Produce a budget that takes into consideration the expenses of all Town Departments and available revenues and is realistic in light of the economic times and can be sustainable in the future

INTRODUCTION

BUDGET PREMISE

The premise from which I am working in preparing this budget is as follows:

- The Town and Board of Education have legitimate needs for which the associated cost exceeds our ability to pay.
- The Superintendent and Board of Education do an excellent job in identifying their needs which are incorporated into their budget request.
- A quality education is extremely important for this generation and generations to come.
- The ability to fund education and Town programs at desired levels becomes more difficult each year.

- Town and Board of Education Services are of the highest quality, yet our cost for such services are in most cases lower than other comparable municipalities.

Tolland compared to State Averages for the 66 Towns with Populations between 10,000-30,000 as of 6/30/11

Source of Information – State Office of Policy & Management

Category	Tolland	State Average
Population	15,031	18,696
Equalized Net Grand List	\$1,819,491,626	\$3,185,618,286
Equalized Mill Rate	20.35	15.97
Education Expenditures	\$37,744,919	\$42,825,074
Town Expenditures	\$13,247,702	\$23,274,052
Total Expenditures	\$50,992,621	\$66,099,127
Annual Debt Service	\$4,872,870	\$5,221,713
Per Capita Income	\$42,762	\$37,627
Median Household Income	\$102,370	\$69,243

- No one wants to see existing programs in either the Town or Board of Education eliminated, however based on funding realities this may be necessary.

- At the local level, REALITY is, that the property tax will only absorb a limited amount of the increase necessary to address our legitimate needs. While some are in a position to pay more in taxes, many are not. Therefore, the full amount of expenditures requested from Departments, including the Board of Education, are in my opinion not affordable. For us to continue the quality of services this Town desires, it will require that we acknowledge this REALITY and decide a course of action acceptable to the entire community.
- Budget priorities change throughout the course of the year and often programs projected for elimination during the budget process can be restored as funding levels become more defined throughout the fiscal year.

BUDGET PARAMETERS

How did I arrive at the financial plan I am proposing?

- Analyzed revenues based on end of last year results as well as the first six months of this fiscal year.
- Analyzed revenue projections for the next fiscal year in particular the Grand List growth.
- Analyzed past budget approvals.
- Monitored actions taken at the State level to primarily keep municipal aid flat.

BUDGET PARAMETERS (continued)

- Discussed in December of 2012 the budget parameters I established with the Town Council. The majority of the Town Council at that time indicated they wished to keep any mill rate increase as low as possible and in line with what was approved for this fiscal year.
- In February of 2013 held a Community Conversation on the status of revenues and budget parameters to get public input.
- Have continued to monitor local, State & Federal revenues and have continually tested my original expenditure assumption against potential tax impact.
 - Only after determining available resources do I then establish what I believe to be appropriate expenditure limits.

LOCAL FINANCIAL CONCERNS GOING FORWARD

- Local government is limited by State law in regard to its ability to raise funds. Therefore, we are heavily dependent on property taxes and State revenues as sources of revenue to fund local programs.
- The level of State aid to municipalities is insufficient to meet the growing cost to towns and cities and places an unacceptable burden on the local property tax, in particular education.
- Local governments cannot continue to provide the same or an improved level of service unless property taxes increase for a sustained period of time.

LOCAL FINANCIAL CONCERNS GOING FORWARD (continued)

- Senior citizens on fixed incomes and others in lower income brackets are finding it difficult to stay in their homes; working people are continuing to lose jobs; government workers in many communities including Tolland have in the recent past accepted wage freezes and other concessions to help reduce expenditures.
- The State of Connecticut continues to impose many unfunded mandates on towns and boards of education. The Town of Bristol calculated that they are spending over \$14 million on unfunded or partial funded State mandates.

Impact of Governor's Budget on Tolland

- The following grants have been eliminated as part of the Governor's proposed State budget:

State owned property PILOT:	\$ 52,937
Mashantucket Pequot:	\$ 45,038
Education Pupil Transportation:	\$132,619
Adult Education:	\$ 26
Manufacturing Equipment Grant:	\$ 75,000
Municipal Tax Relief Grant:	<u>\$ 60,500</u>
Total:	\$366,120

Impact of Governor's Budget on Tolland

- To partially offset the loss of revenue we will receive \$161,566 from a new Hold Harmless Grant and a one time adjustment in ECS payments of \$83,687 for this fiscal year.
- Total tax related revenue from the State budget is projected to be \$120,867 less than in the current fiscal year.
- We will receive additional dollars in non tax revenue such as LOCIP and Town Aid Road Funds.
- The Governor has proposed exempting the first \$20,000 of assessed value (\$28,500 market value) of the motor vehicle tax on all vehicles. 94% of Tolland's vehicles have an assessed value under \$20,000. Although the proposal would provide tax relief for those who have vehicles but do not own real property, it would result in the loss of \$3.8 million in motor vehicle taxes which would mean an increased tax burden on the real estate, personal property for business and the higher valued vehicles.

Revenues

	2010/11	2011/12	2012/13	2013/14
State/Federal Grants	\$ 728,484	\$ 665,899	\$ 720,747	\$631,167
Investment Income	140,200	109,345	48,632	46,000
Licenses, Permits & Fees	194,500	148,500	224,800	214,926
Charges for Current Services	337,494	343,710	366,902	383,839
Education Grants	11,011,698	10,907,445	10,976,694	10,927,736
Total	\$12,412,376	\$12,174,899	\$12,337,775	\$12,203,668

Expenditures

	2010/11	2011/12	2012/13	2013/14
Town	-0.05%	1.36%	.74%	.58%
BOE	1.00%	2.53%	3.0%	1.0%

Grand List Growth

2010/11	2011/12	2012/13	2013/14
.75% **	1.10%	.89%	.20%
\$209,433	\$406,355	\$336,785	\$78,363

****Without the impact of revaluation.**

Percentage Tax Increases

2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
3.95%	-0.07%	-1.15% ***	1.99%	.87%	.67%

*****Revaluation year.**

Town Revenues 2013 - 2014

**PROJECTED DECREASES/INCREASES FOR 2013/2014
FROM NON-TAX REVENUE SOURCES**

(DECREASES)/INCREASES:

State Aid for Education (48,959)

- ECS 83,686
- Transportation (132,619)
- Adult Education (26)

Non-Education State and Federal Grants (90,080)

- Mashantucket Pequot (45,038)
- Property Tax Relief Grant (60,500)
- Hold Harmless Grant 161,566
- Manufacturer's Equipment (75,000)
- PILOT State – Owned Property (52,937)
- Youth Grant (10,000)
- Bond and Interest Subsidy (7,871)
- Miscellaneous Grants (300)

Interest Income/Other Revenue (2,632)

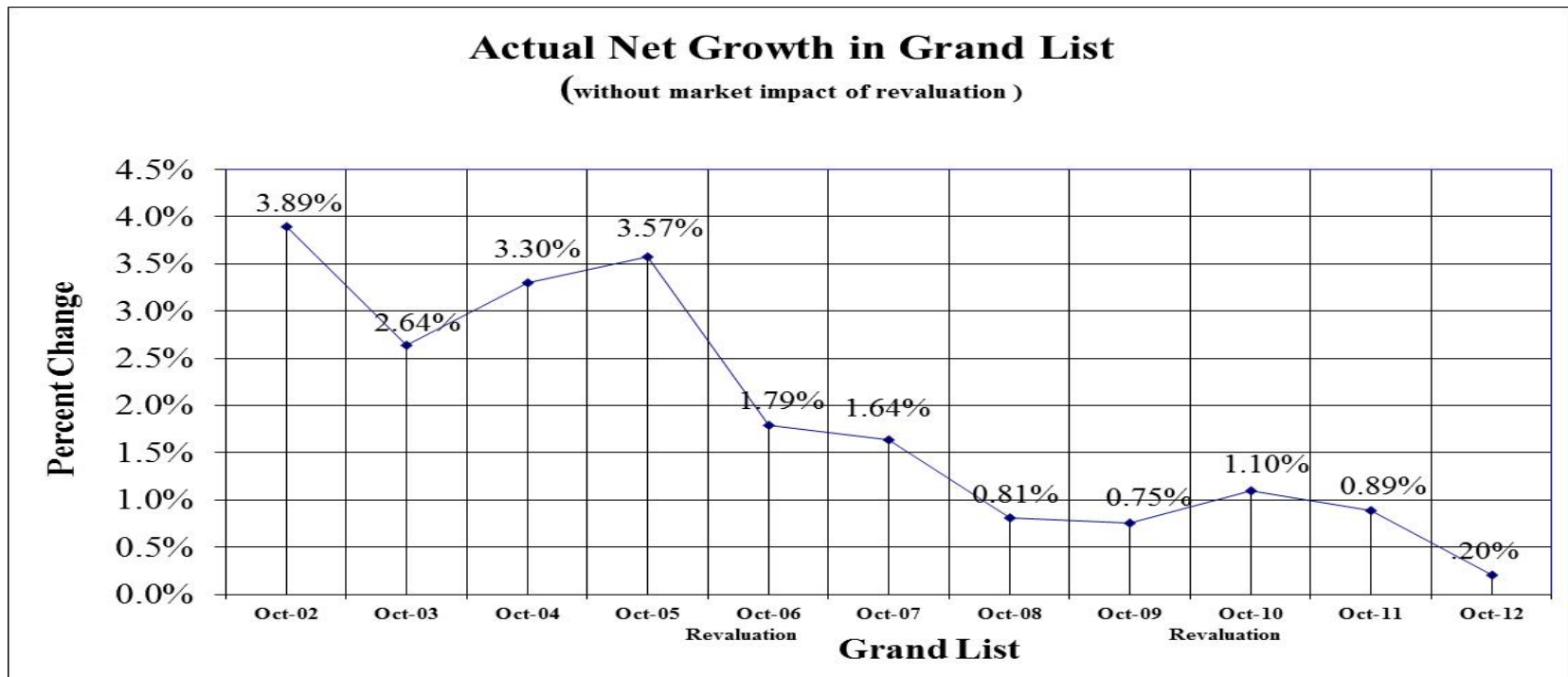
Licenses, Permits & Fees (9,874)

Charges for Current Services 16,937

NET REVENUE DECREASE (\$134,608)

**Grand List Growth at .20%
after adjustments for new construction,
elderly exemptions, MVS and
slight decline in the mill rate and excluding
the impact of the State mandated
revaluation= \$78,363**

History of Grand List Growth Percentage:



NEW DWELLING START CHART

[illegible]

Fund Balance

An increase in the use of Fund Balance by \$161,042 to a total of \$361,042 is recommended to be used as a revenue in these difficult economic times.

Rating agencies recommend that Fund Balance percentage for towns with a AA credit rating be in a range of 10%-15% of operating expenditures. We are currently at approximately 12%

This is not a “revenue source” that should be relied upon in the future. This is a one time use of funds that may not be able to be duplicated in future years.

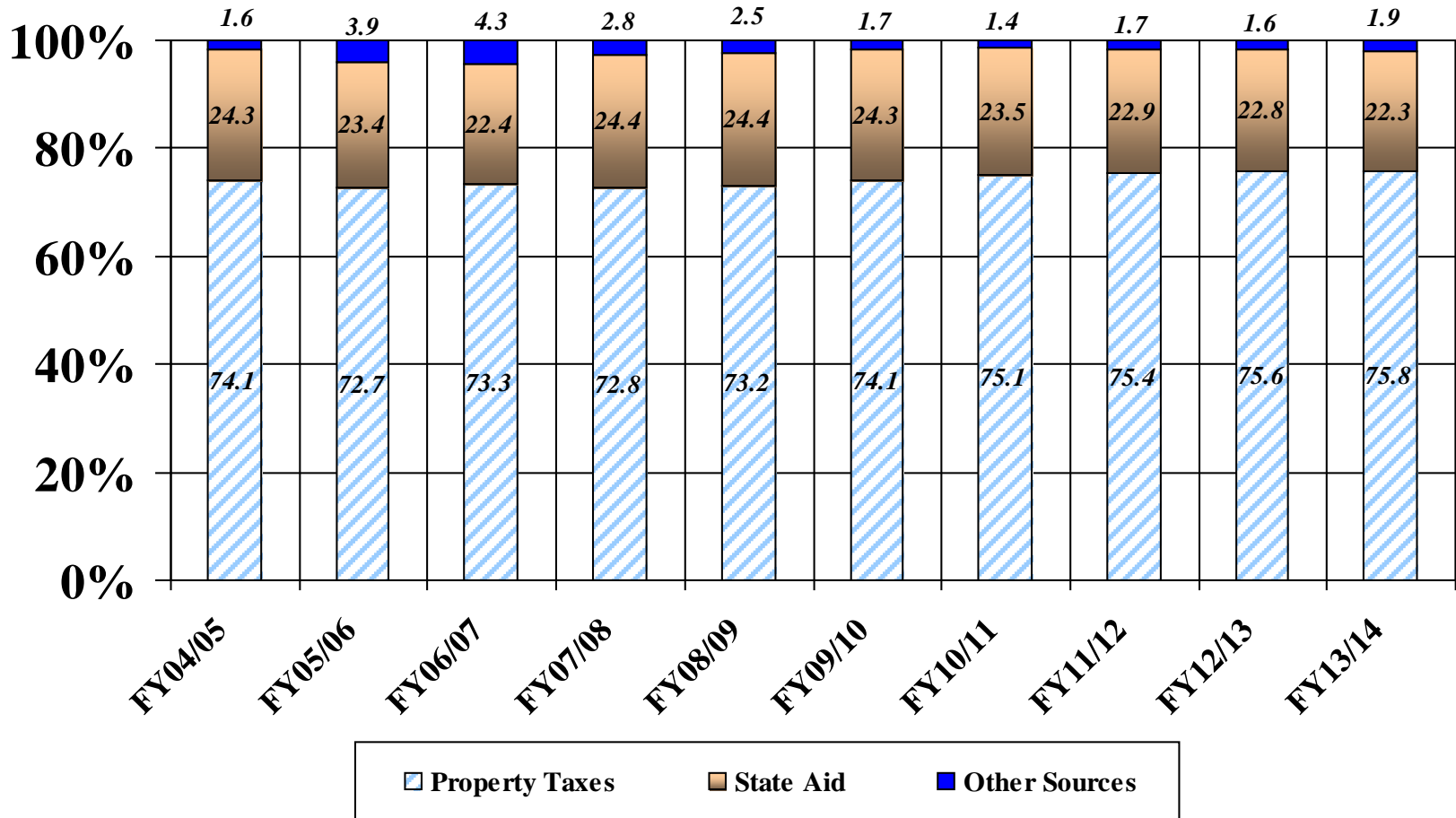
UNASSIGNED FUND BALANCE

2013 estimated*	\$6,591,094	11.79%
2012	\$6,588,695	11.82%
2011	\$6,209,332	12.09%
2010	\$5,884,614	11.60%
2009	\$5,755,314	11.40%
2008	\$5,175,165	10.9%
2007	\$4,386,381	9.1%
2006	\$4,336,381	9.7%
2005	\$3,906,752	9.3%
2004	\$3,516,564	9.0%
2003	\$3,082,745	8.2%
2002	\$2,521,653	7.0%

* Includes assumption of use budgeted Fund balance

**With a decrease in revenues
from the prior year
and limited grand list growth,
there is no room for growth
in the budget
unless property taxes are
increased.**

TRENDS IN GENERAL FUND REVENUE SOURCES

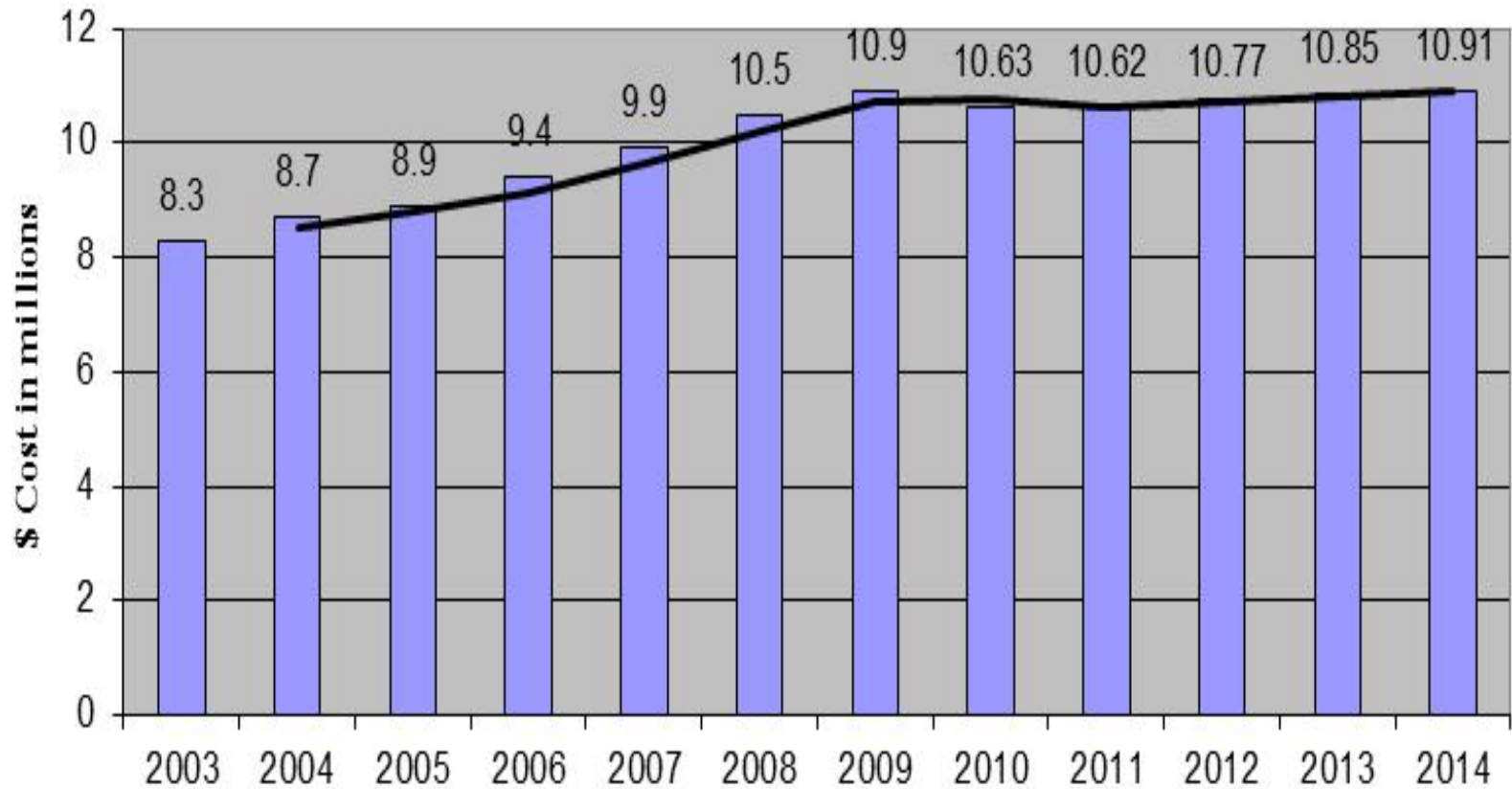


Expenditures

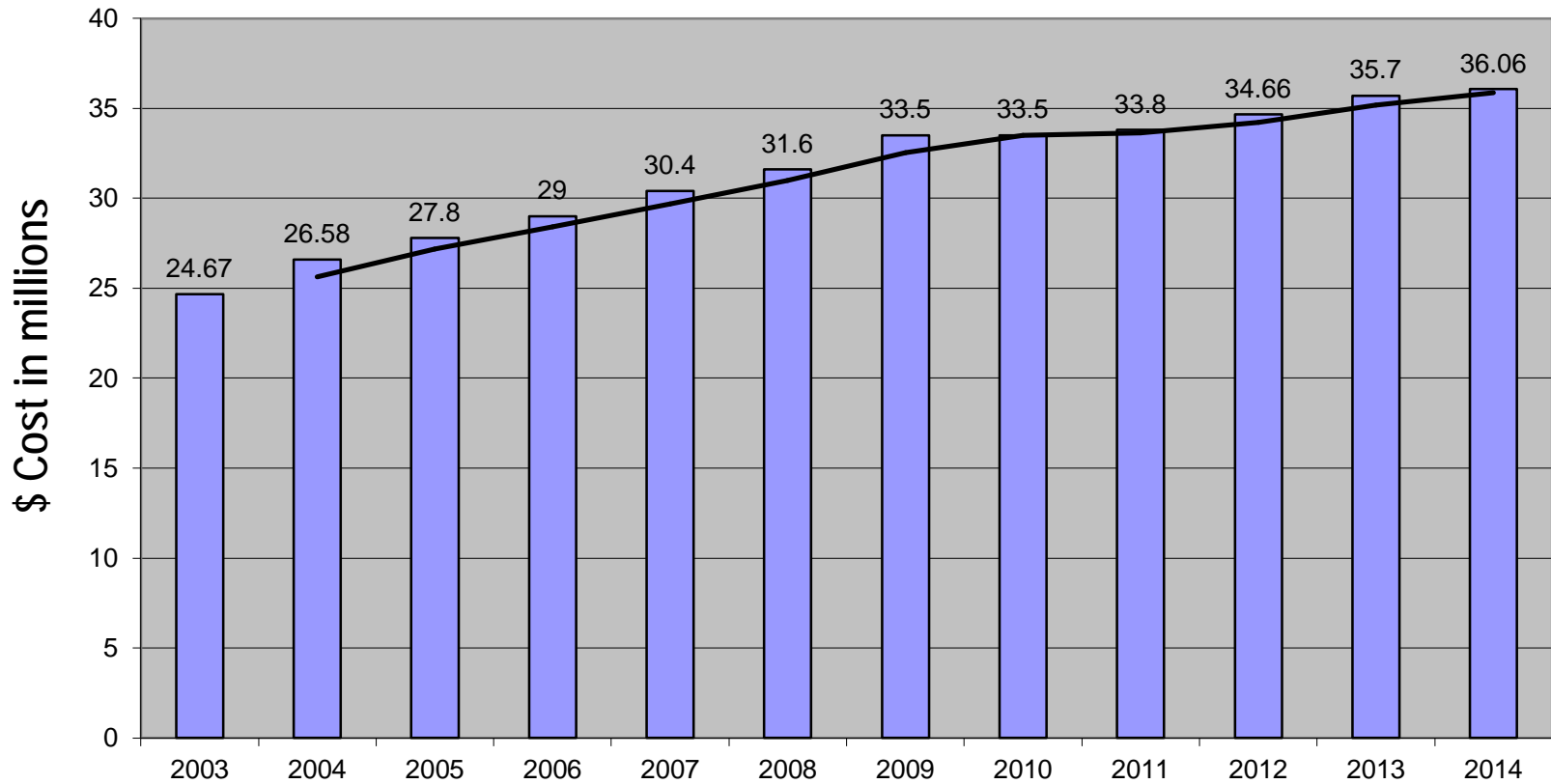
EXPENDITURE SUMMARY

Category	Adopted 12/13	Recommended 13/14	Dollar Change	Percentage Change
Town Depts.	10,845,344	10,907,859	62,515	0.58%
Capital Expenditures	171,877	141,991	(29,886)	-17.39%
Debt Service	4,642,785	4,735,625	92,840	2.00%
Board of Education	35,702,228	36,059,250	357,022	1.00%
Grand Total	\$51,362,234	\$51,844,725	\$482,491	.94%

Town Operational S Cost in millions 2003-2014

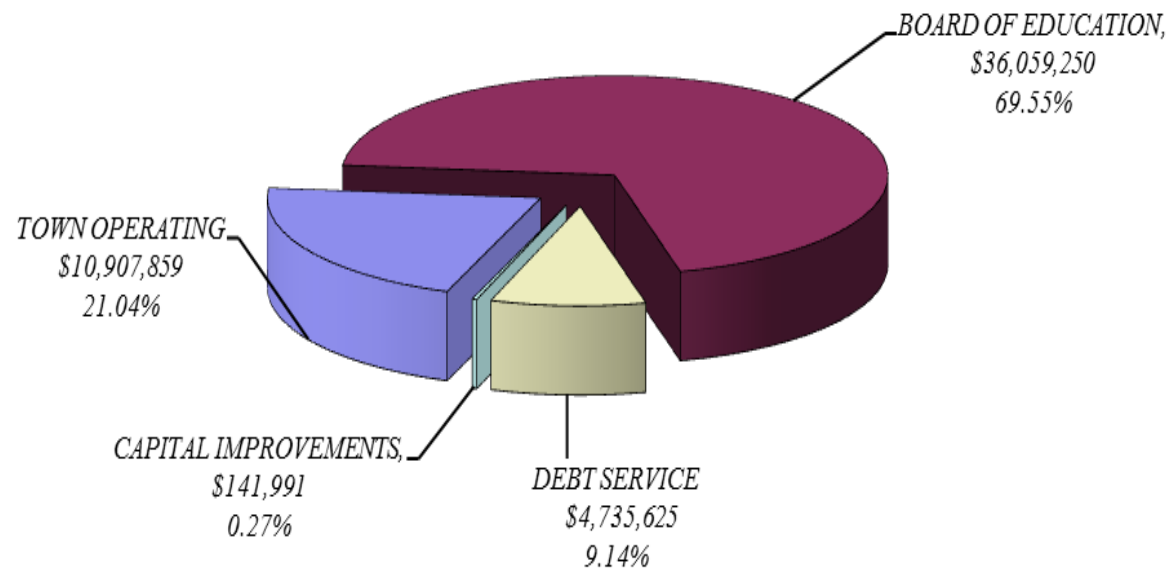


BOE Operational \$ Cost in millions 2003-2014



2013/2014 EXPENDITURES BUDGET

\$51,845,225



Details of Town Expenditure Request

Proposed Expenditure Reductions:

- Eliminated the Zoning Officer Position - \$50,860
- Eliminated the Assistant Recreation Director Position - \$74,314
- Eliminated one Truck Driver position per retirement of incumbent - \$55,903
- Reduced bulky waste pick-up from 10 months per year to 6 months per year on an every other month basis - \$40,560
- Eliminated funds for street sweeping activities for second consecutive year - \$30,000
- Eliminated funds for over-seeding BOE fields - \$4,000

Details of Town Expenditure Request

Proposed Expenditure Reductions:

- Eliminated for one year the annual contribution toward the cost of the next revaluation - \$38,400
- Reduced hours for Crandall Park swimming pond - \$2,983
- Reduced the general fund contribution to the Capital Fund by not funding the depreciation account for rolling stock and deferring a purchase of a maintenance vehicle for the BOE - \$51,406

Details of Town Expenditure Request

Proposed Expenditure Increases:

- Health Insurance premium adjustment estimated to be at the rate of 5% results in an increased expenditure of \$39,384.
- Establish a two year roadside tree trimming program using State LOCIP funds in the amount of \$163,830 per year to remove approximately 200 street trees.
- Provide \$20,000 in matching funds (match to be requested of property owners) for use by the EDC and reconstituted TECDC (Tolland Economic & Community Development Corporation) to have a company or individual to help move forward development of the Tolland Village Area and Technology Corridor.
- Use of \$300,000 of borrowed funds to implement recommendations of the Tolland Technology Task Force to connect all Town facilities with fiber cable.

Details of Town Expenditure Request

Proposed Expenditure Increases:

- Proposal within the Capital budget for expansion of the Town Library into the gymnasium area. It is recommended that this be a November, 2013 referendum question to authorize borrowing:
 - Present library is 11,162 square feet.
 - State library recommendations for a population our size say the library should be close to 18,000 square feet.
 - Tecton Architects have worked with library staff to develop an expansion program that balances growth along with new library functions.
 - Proposed design increases space by 43% which includes a second level over the gym.
 - Estimated cost of 2014 construction is \$2.6 million.

Details of Town Expenditure Request

Proposed Expenditure Increases:

- Grants possibly could offset the total cost, such as a small cities grant of \$400,000, STEAP grant of \$500,000 and State Library construction grant of up to \$1,000,000.



FIRST FLOOR PLAN

1/16" = 1'-0"

Tecton

TOWN OF TOLLAND

LIBRARY STUDY

TOL07MP



SECOND FLOOR PLAN

1/16" = 1'-0"

Recommendations

That the Town Council establish a Blue Ribbon committee called “Tolland 2030”, made up of representatives from various Tolland Boards & Commissions as well as from a diverse group of residents with the express purpose of over a years time to examine the base level of service the Town and BOE desire at a cost deemed sustainable through the year 2030. A review of the ability to raise revenue through development needs to be explored as well as other financial aspects with the goal being to present a blue print on how we want Tolland to look in the year 2030 and whether realistically it is achievable, affordable and desirable.

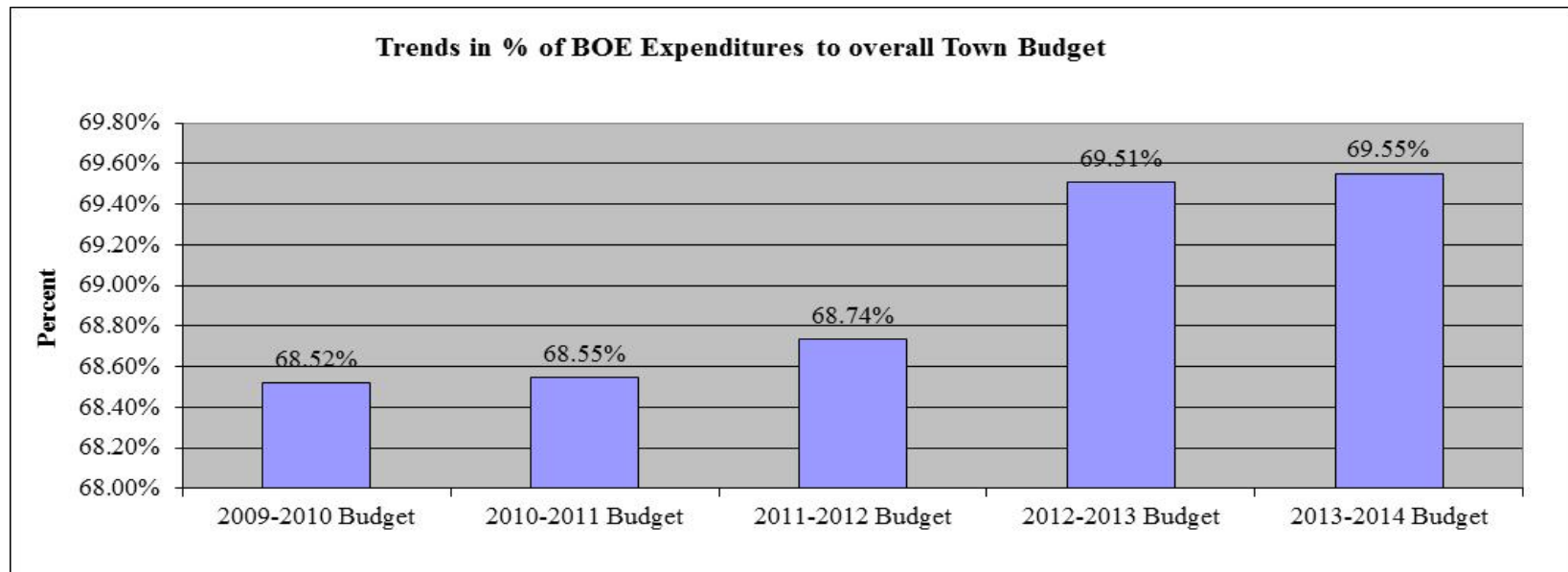
Board of Education Request

- Board of Education request is reduced from 3.78% to 1.0%, which is a reduction of \$994,283, but an increase of \$357,022 over current year expenditures.

Town's Commitment to Education

The Town has a strong ongoing
Commitment to Education

69.55% of every tax dollar spent goes toward funding education. More of our limited dollars are each year spent for education.



Recommendations

Pursuant to Section 10-248 have the Town Council establish a reserve account to which a portion of any unexpended funds of the Board of Education in the prior fiscal year could be deposited, not to exceed 1% of the total budget appropriation for education for such prior fiscal year. This reserve account would be for the express purpose of phasing in improvements to our education system such as all day kindergarten or other improvements deemed necessary by the BOE pursuant to their strategic plan.

CAPITAL BUDGET

Everything the Town does, from providing services to its residents and citizens, to equipping employees to effectively perform their jobs, requires the existence of certain basic physical assets.

Assets include:

- Streets
- School Facilities
- Parks
- Large Equipment
- Buildings
- Technology

Assets must be purchased, maintained and replaced on a timely basis or their usefulness in providing public services will diminish.

The Town's Five Year Capital Improvement Program is developed to ensure adequate capital investment in the Town's assets and to provide an orderly method for funding these assets.



FY13-14: SIGNIFICANT CAPITAL PROJECTS
FUNDED BY THE GENERAL FUND
Total Amount: \$141,991

Town Administration:

- Phase II of the WPCA state mandated Facility Plan – \$28,935

Public Facilities:

- Design of the Level 1 elevator in Hicks Building - \$29,000
- Pollution abatement funding for work previously performed at Highway Garage pursuant to a State Consent Order – \$24,056



FY13-14: SIGNIFICANT CAPITAL PROJECTS
FUNDED BY THE GENERAL FUND
Total Amount: \$141,991

Streets & Roads:

- Drainage Design priority included reconstruction of Torry Road box culvert - \$10,000 general fund and \$35,000 CNRE
- Replacement of culvert and detention basins - \$50,000



TOLLAND DEBT SCHEDULE **2013-14 THROUGH 2017-18**

	<u>% change</u>
FY 13/14 - \$4,735,624	(.49%)*
FY 14/15 - \$4,648,536	.52%
FY 15/16 - \$4,674,247	.55%
FY 16/17 - \$4,701,648	.59%
FY 17/18 - \$4,728,790	.58%

***Net of impact of the offset of the use of IRS required use of previous bond premiums.**



TOLLAND DEBT SCHEDULE

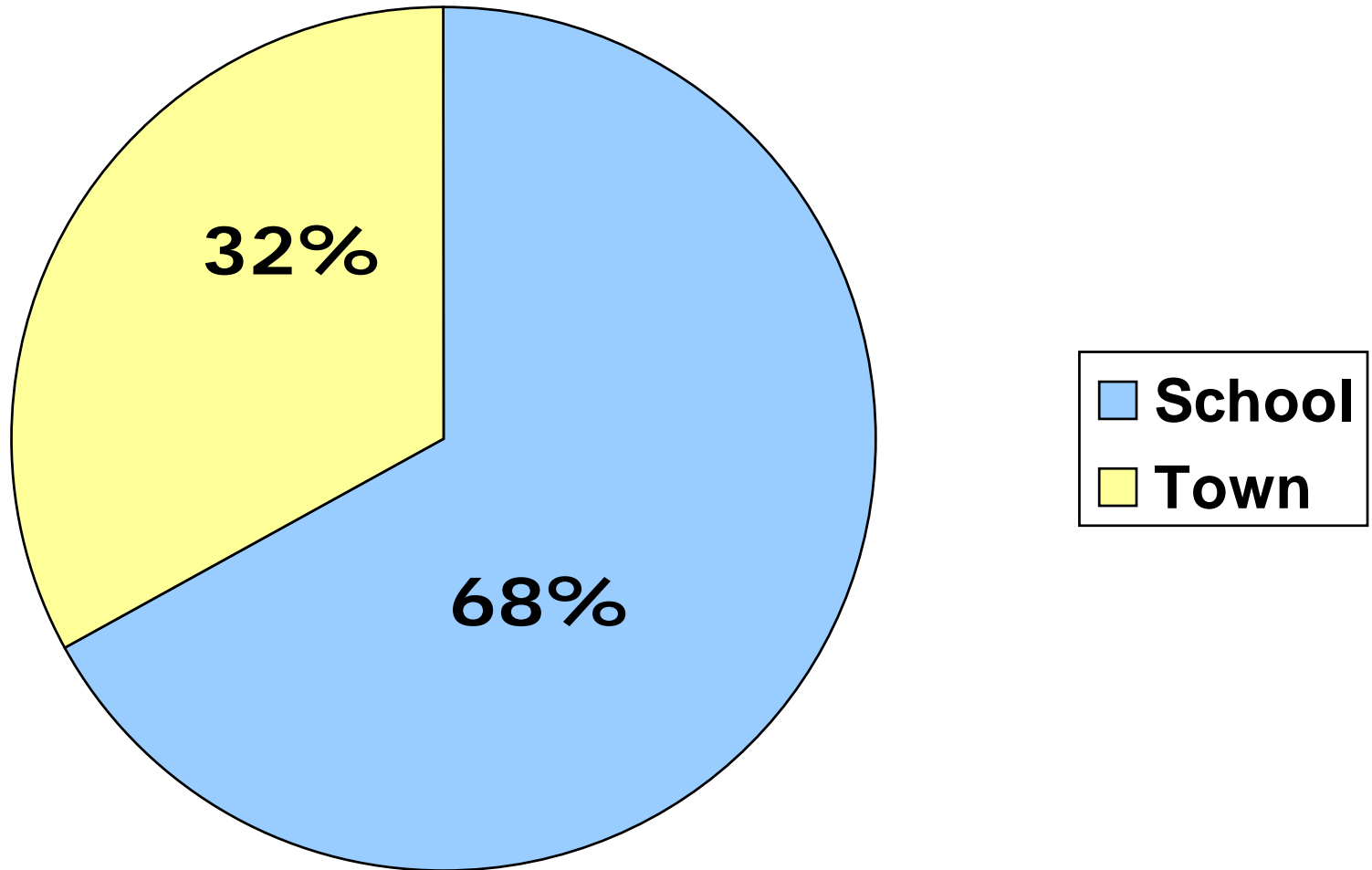
2018-19 THROUGH 2022-23

	<u>% change</u>
FY 18/19 - \$4,686,508	(.89%)
FY 19/20 - \$4,327,364	(7.66%)
FY 20/21 - \$4,207,127	(2.78%)
FY 21/22 - \$4,102,394	(2.49%)
FY 22/23 - \$3,773,772	(8.01%)



DEBT SERVICE FOR BUDGET YEAR: \$4,735,624

Debt Service Breakdown:



MILL RATE IMPACT OF THE FINANCIAL PLAN

Mill rate = 30.19

An increase of 0.20 mills compared to the current mill rate of 29.99.

TAX IMPACT

Property Tax Impact of the Town Manager's Recommended Budget for Three Average Assessments				
2009 Assessment	Market Value	Taxes at 29.99	Taxes at 30.19	Difference
\$121,972	\$174,246	\$3,658	\$3,682	\$24.39
\$196,130	\$280,186	\$5,882	\$5,921	\$39.23
\$375,384	\$536,262	\$11,258	\$11,333	\$75.08

Formula to determine tax impact:

Current assessment x current year mill rate (29.99)

Compared against

Current assessment x Town Manager's proposed mill rate (30.19)

Difference equals tax impact

APPROVED TAX INCREASE/DECREASE OVER THE PAST 6 YEARS FOR THE AVERAGE RESIDENTIAL HOME

MILL RATE CHANGE					
FISCAL YEAR	MILL RATE	MILL RATE INCREASE	AVG ASSESS OF HOME	TAX BASED ASSESSMENT	TAX \$ INC/DEC
2008/2009	29.51	1.12	\$206,500	\$6,093.82	\$231.28
2009/2010	29.49	-0.02	\$206,500	\$6,089.69	(\$4.13)
2010/2011	* 29.15	-0.34	\$217,692	\$6,345.72	\$256.04
2011/2012	29.73	0.58	\$217,692	\$6,472.98	\$126.26
2012/2013	29.99	0.26	\$217,692	\$6,528.58	\$55.60
2013/2014	30.19	0.2	\$217,692	\$6,572.12	\$43.54
* REVALUATION YEAR					
6 year average household increase in taxes - \$118.10					

CONCLUSION

Sustainability is the key to any financial plan – Can the investments we make today be sustained over time knowing what we know about the current and upcoming financial concerns? It is not just “I can absorb a tax increase this year to improve a desired program”, it is “can you absorb a tax increase, in an increasing amount, over a prolonged period of time, to maintain/improve a program?” That is the budget realities of our economic times, made only more of a reality by current actions at the State and Federal levels.

Tax Calculation Form

FY2013/2014 Council Proposed Budget

This calculator reflects the Proposed Councils Budget which can be seen in its entirety on the Town's web page.

The final mill rate for the Town's budget will be determined after a budget is approved at referendum which is held on May 7, 2013. Should the budget be defeated, additional referendums are held every other Tuesday until a budget is adopted.

Known: Old Mil Rate **29.99**
Known: New Mil Rate **30.19**

Input the Following: (numbers ONLY, no commas or \$)

(B) Your Home's Assessed Value

206500

Your new assessed value can be located by clicking here [2009 Revaluation Data](#). Hard copies of your assessment information including assessment prior to revaluation are at the Town Assessor's Office.

Click to Calculate
(Results Appear Below)

Results: (Do not enter any information below this box)

Tax Information

Description of Taxes	\$ Annual	\$ Monthly
Old Taxes Due Your Assessment multiplied by 29.99, then divided by 1,000.	6192.94	516.08
Proposed Taxes Due multiplied by 30.19 then divided by 1,000.	6234.24	519.52

Tax Change:

Description of Change	\$ Annual	\$ Monthly
Additional Taxes due to Budget Increase	42	4



Budget Schedule: Important Upcoming Dates

February 21, 2013 (Thursday)	Capital Budget Public Hearing – Council Room – 7:30 p.m.
March 5, 2013 (Tuesday)	Manager convenes joint meeting between Council and Board of Education (by April 11 per Charter requirement) – Council Room – 7:00 p.m.
March 12, 2013 (Tuesday)	Manager submits Budget to Council (by March 27 per Charter requirement)
March 14, 2013 (Thursday)	Advertise Public Hearing
March 13, 2013 (Wednesday)	Mgr. discusses Budget w/Council–Council Room – 7:30 p.m.
March 20, 2013 (Wednesday)	Mgr. discusses Budget w/Council–Council Room – 7:30 p.m.
March 21, 2013 (Thursday)	Mgr. discusses Budget w/Council–Council Room – 7:30 p.m.
March 27, 2013 (Wednesday)	<u>PUBLIC HEARING</u> on Manager's Recommended Budget: Board of Education, Town Government, Capital Improvement Plan – Tolland High School Auditorium – 7:30 p.m.
April 2, 2013 (Tuesday)	Council Discussion – Budget finalized – Council Room – 7:30 p.m.
April 11, 2013 (Thursday)	Advertise Budget
April 23, 2013 (Tuesday)	<u>ANNUAL BUDGET PRESENTATION MEETING</u> – Tolland High School Auditorium – 7:30 p.m.
April 24, 2013 (Wednesday)	Budget Presentation – Senior Center – 12:30 p.m.
May 7, 2013 (Tuesday)	Annual Budget Referendum
By May 14, 2013 (Tuesday)	Council to establish mill rate upon referendum adoption

