

# Budget In Brief

## Overview of the Town Manager's Proposed Budget

With every budget cycle, the Town must balance its ability to preserve the current level of services provided to Town residents and taxpayers with increasing operating expenses. The fiscal year 2020 Proposed Budget strikes a balance between maintaining current services and increasing the tax burden, while being cognizant of the financial strain that tax increases impose on residents and commercial property owners. The following policies are reflected in this budget:

- Continue to assume a property tax collection rate of 99.1%.
- Continue to use conservative revenue estimates in all non-tax and non-municipal aid categories.
- Utilize the Governor's Proposed Biennial Budget for State aid estimates.
- Continue to fully fund the Actuarially Determined Employer Contribution (ADEC) related to Pension liabilities, while evaluating the discount rate to best reflect projected asset growth.
- Adhere to planned phase in of ADEC related to Other Post-Employment Benefits (OPEB) liabilities.
- Explore options for service sharing with other municipalities.
- Reduce debt service costs by utilizing the Capital Non-recurring Expenditure Fund rather than long-term debt financing.
- Regularly rebid contracts for goods and services.
- Continued efforts to modify employee benefit programs to reduce costs.
- Evaluation of best practices for government operations.

The fiscal year 2020 General Fund budget totals \$297,922,292 and represents an increase of \$9,840,710 or 3.42% from fiscal year 2019. The municipal services portion of the budget totals \$110,657,084, an increase of \$4,489,063 or 4.23%. The education budget totals \$169,096,905, an increase of \$4,745,378 or 2.89%. The capital financing budget for both municipal and education services is \$18,168,303, an increase of \$606,269 or 3.45%. In or-

der to finance the budget, an increase in current year property tax revenue of \$8,027,754 or 3.18% is required. In order to generate the remaining property tax revenue, a mill rate of 42.06 is recommended.

### PROPERTY TAXES

Approximately 87% of the annual General Fund budget is financed through current year property tax revenue. Increases in property tax revenue are generated from growth in the value of taxable property and increases to the mill rate. As a fully developed community, growth in the Town's taxable property is through re-use of existing property. The October 1, 2018 net taxable Grand List totals \$6,316,292,105; an increase of \$27,352,474 or 0.43%. Grand List growth is expected to generate an additional \$1,100,000 in tax revenue. The successful collection of current year property taxes is a critical element in determining the mill rate. In fiscal year 2019, collections have been strong and the Town should achieve a collection rate of 99.1%. The fiscal year 2020 budget maintains the 99.1% collection rate assumption.

### INTERGOVERNMENTAL REVENUE

The Town's fiscal year 2019 adopted budget included State Aid revenue assumptions based on the information available at the time of adoption. The State budget that was subsequently adopted provided more favorable funding than the Town had estimated. The fiscal year 2020 Proposed Budget assumes State Aid included in the Governor's Biennial Budget.

### CHARGES FOR SERVICES

**Building Permits** – Estimated building permit revenue is expected to total \$1,600,000 for fiscal year 2020, an increase of \$200,000 compared to the fiscal year 2019 adopted budget, but consistent with larger upcoming economic development projects. The building permit fee is calculated on the value of new construction or building improvements. The fiscal year 2020 estimate is based on anticipated

### PUBLIC HEARINGS

March 21, 2019

6:00 PM

Room 314, Town Hall



April 15, 2019

2:00 PM

Room 314, Town Hall

residential housing and commercial construction projects.

**Real Estate Transactions** – The Town receives fees established by the State of Connecticut for real estate transactions. Land records fee revenue is received for the actual recording of legal documents and conveyance taxes are charged on the transfer of all real estate. The fiscal year 2020 budget reflects conveyance tax revenue of \$1,030,000 based upon the level of activity in the current fiscal year. The fiscal year 2020 budget reduces the estimate for land records fee revenue by \$40,000 to \$200,000, consistent with current year experience. Land records fee revenue had achieved higher levels in prior years due to the volume of mortgage refinancings.

### MISCELLANEOUS REVENUES

**Investment Income** – The Town invests available cash to generate interest income, a source of non-property tax revenue in the annual budget. The estimated fiscal year 2020 interest income is significantly higher than the 2019 adopted budget due to rising interest rates. The Town invests available cash in the State Treasurer's Short-Term Investment Fund (STIF) and money market accounts at several financial institutions, at rates between 100 and 245 basis points, to maximize investment income within investment vehicles allowed by State statute.

The Town has also employed a strategy whereby a balance is maintained with its primary bank. While a lower interest rate is earned on these funds, the bank offers

an 80 basis point earnings credit applied directly to banking fees charged to the Town. Investing funds in this manner results in significant cost avoidance. On a quarterly basis, the Town reviews independent bank ratings on all financial institutions with which relationships are maintained, investing only with those that maintain at least a three (out of five) star rating. Based on the current year projection and anticipated interest rates, the estimated interest income for fiscal year 2020 is budgeted at \$1,200,000; an increase of \$670,000 over the fiscal year 2019 adopted budget.

Beginning in fiscal year 2016, the Town invested \$10,000,000 in FDIC insured, secure, marketable CDs and government securities. This investment is projected to generate approximately \$100,000 in both the current fiscal year and fiscal year 2020.

**Use of Fund Balance** – Fund balance is the amount the Town has accumulated from prior years when revenues exceeded actual expenditures. During fiscal year 2018, the Town Council appropriated \$3.2 million from surplus funds to increase fund balance policy. At the same time, the fund balance was increased from 7% to 9% of General Fund expenditures. The Town's June 30, 2018 fund balance was \$25,556,956 or 9.0% of General Fund expenditures. This fiscal year 2020 budget does not anticipate any use of fund balance to cover operating expenditure and assumes fund balance percentage of General Fund expenditures will remain flat.

### **TOWN SERVICES**

**Wages & Salaries** – Wages and salaries reflect an overall increase of \$600,306. Regular payroll totals \$35,096,302, an increase of \$652,772 or 1.9% from the prior year adopted budget. This appropriation represents the wages and salaries associated with all full-time employees, inclusive of paramedic stipends and hazardous material certification stipends. The budget includes applicable merit increases for eligible employees. A contingency has been established for potential wage settlements for all collective bargaining agreements except Police, which was the only contract ratified at the time the budget was prepared. The Fire Union contract had been approved, but not ratified, at the time of budget preparation. This budget includes two new positions, a Public Safety Dispatch Supervi-

sor and a Fire Lieutenant – Support Services, and provides funding for a Building Maintenance Technician and a Financial Systems Analyst, both of which were unfunded in fiscal year 2019. In addition, funding for one Police Officer has been reallocated to the General Fund from the Parking Lot Fund. The budget reflects funding for several upgraded positions in various departments. These include an Assistant Town Engineer, Information Technology Specialist, Fire Lieutenant - Prevention, Police Sergeant, and Librarian I. A hiring lag in the Police Department is budgeted at \$150,000 and a hiring lag of \$50,000 is reflected in Public Works. The appropriation for part-time personnel increases \$114,228. Temporary payroll increases are seen in the Registrar of Voters Office (\$31,000) to provide office coverage necessitated by the reallocation of a full-time employee, the Human Resources Department (\$28,000) for a part-time position to focus on staff training and professional development, the Fire Department (\$28,000) for emergency management preparedness planning, the Community Development Department (\$10,000) to assist with building inspection activity, Facilities (\$23,000) to address contractual step increases, and the Public Works Department (\$28,000) for a part-time Recycling Coordinator. Offsetting these increases are reductions in Financial Services temporary payroll (\$25,000) due to the filling of a vacant position and Town Clerk (\$8,000) due to the reallocation of a position to the department. The overtime appropriation decreases \$26,570 townwide due primarily to the elimination of one-time grant funded overtime in the Police Department, offset by cost of living adjustments. Variances in other departments are based upon anticipated workflow needs.

**Operating Expense** – Operating expense reflects a net increase of \$867,605 or 3.56% from the 2019 adopted budget. Payment to the MDC, the quasi-governmental agency responsible for sewage treatment and disposal, is based upon the agency's adopted budget and apportioned to the member communities based upon the local property tax levy. The appropriation for fiscal year 2020 increases \$859,000 or 8.1% from fiscal year 2019. The appropriation for solid waste disposal increases \$54,000 due to a contractual rate increase. Software maintenance costs increase \$91,759 due primarily to the appropriation for Mi-

crosoft licenses, recreation software, an agenda management program, and fleet maintenance software. General contributions increase \$92,066 related primarily to the Health District (\$76,382). The appropriation for fuel is increased \$52,500 based upon rising rates and estimated consumption. The budget for vehicle maintenance increases \$30,550 due to the age of the fleet and the anticipated costs for parts, supplies and tires. Offsetting these increases is a reduction of \$296,420 in contractual services. This reduction primarily results from a modification in the recycling program to biweekly versus weekly collection (\$410,000), offset in part, by an increase for water testing (\$50,000) to comply with MS4 requirements and funding (\$60,000) to perform bi-annual channel maintenance for Trout Brook. The new radio system being installed by the Town includes maintenance and will result in a significant reduction (\$85,130) in fiscal year 2020. Utility costs, which are decreasing \$96,884, represent the transfer to the Utility Services Fund (USF). The reduced contribution for fiscal year 2020 results from a reduction in the appropriation for streetlights, offset by increased rates for natural gas, electricity, and hydrants.

**Employee Benefits & Insurance** – Risk management expense represents the cost of employee health benefits, insurance, self-insurance and workers' compensation programs and is allocated amongst the budgets of the BOE, Town and other funds. The Town's General Fund risk management expense increases \$1,433,928, or 7.9% in fiscal year 2020. Town Health Program expense increases \$1,330,490, reflecting the General Fund's portion of the increase in the contribution for retiree health and an increase in active employee health care costs based upon current year trends. The other risk programs are experiencing variances due to claim trends and amortization of accumulated surplus/deficit in each program: heart and hypertension (\$83,477), self-insured (\$64,481), workers' compensation (-\$72,476), and insured (\$27,956).

**Pension Benefits** – The ADEC for fiscal year 2020 is \$25,231,540, a year over year increase of \$1,351,527. As indicated in the July 1, 2018 valuation, the unfunded accrued liability increased by \$5,546,787 from July 1, 2017 to July 1, 2018. The Plan's market value increased \$13,102,395 from July 1, 2017 to July 1,

2018, while the actuarial value of assets increased by \$10,501,709. The actuarial value is a smoothed asset value that recognizes gains and losses in value over a five year period, reducing the impact of volatile fluctuations in the market in a given year. The discount rate for the July 1, 2018 valuation was reduced from 7.25% to 7.125% and a new mortality table based on public sector employees was utilized as well. The funded status of the plan increased from 41.9% to 42.7%. Based on the most recent data, the actuaries updated a ten year projection of the plan aimed at gradually increasing the funded ratio while mitigating year to year ADEC increases and reducing annual normal cost. Normal cost is the payment made to the Pension Fund by the Town to fund benefits earned by active employees each year. Reducing future normal cost is significant in stabilizing and reducing future plan liabilities.

**Retiree Medical** – In addition to pension benefits, the Town provides medical benefits to retired employees. The total liability for retiree medical benefits, last measured on July 1, 2017, is \$169,415,000. These benefits are paid from a retiree health care reserve fund established in 1984. The General Fund makes a contribution to the reserve fund each year and these funds are invested in fixed income and equity securities. A long range funding plan for the retiree health care reserve fund was implemented in fiscal year 2005 to restore the General Fund contribution to the reserve fund to a level sufficient to preserve the financial viability of the fund. The General Fund contribution to the retiree health care reserve fund increases \$400,000 in fiscal year 2020 resulting in a Town contribution of \$9,272,000.

The Town extended the retirement eligibility for new employees hired after 2003 which significantly lowered the liability associated with retiree health care. An OPEB (Other Post-Employment Benefits) trust fund was established for these employees and the annual employer determined (ADEC) contribution to the trust for the cost of retirement health care benefits earned has been deposited in the fund each year. The Town has also begun phasing in contributions to reach the ADEC for employees hired prior to 2003 over a multi-year period.

## Town & School Budget Summary

REVENUES	Adopted 2019	Proposed 2020	% Change
Current Year Property Taxes	\$252,544,293	\$260,572,047	3.2%
Other Property Taxes	4,600,000	4,625,000	0.5%
Intergovernmental	23,155,978	24,268,026	4.8%
Charges for Services	5,646,521	5,992,727	6.1%
Miscellaneous	1,651,000	2,001,000	21.2%
Transfers In	483,790	463,492	-4.2%
<b>TOTAL REVENUE</b>	<b>\$288,081,582</b>	<b>\$297,922,292</b>	<b>3.4%</b>
EXPENDITURES	Adopted 2019	Proposed 2020	% Change
Town	\$106,168,021	\$110,657,084	4.2%
Schools	164,351,527	169,096,905	2.9%
Capital Financing	17,562,034	18,168,303	3.5%
<b>TOTAL EXPENDITURES</b>	<b>\$288,081,582</b>	<b>\$297,922,292</b>	<b>3.4%</b>

### EDUCATION

The fiscal year 2020 education budget totals \$169,096,905, an increase of \$4,745,378 or 2.89%.

- Salaries, which represent the largest portion (65%) of the education budget, are increasing \$3.08 million. This increase reflects growth due to step movement on the teachers' salary scale, and additional staff needed to meet the needs of special education students, offset by fewer regular teachers due to declining enrollments.
- Employee benefit expenses represent the second largest portion of the budget (20%) and are increasing \$0.80 million or 2.4%. Pension costs for non-certified staff are increasing \$288,000 based on the Board's share of the ADEC for the Town Pension Plan. In addition, the Governor's Proposed budget required a new Town contribution of \$524,000 to the Teacher's Retirement System. Due to the transition to the State Partnership Plan for employees and retirees, the health expenses budget will remain flat.
- All other expenses increase \$0.87 million due to an increase in the appropriation for general insurance, higher utility and transportation costs, as well as higher costs for tuition and transportation of out of district students coupled with reduced reimbursement for these students.

### CAPITAL FINANCING

The annual appropriation for capital financing is determined by the Town's long-range Capital Improvement Program (CIP). The 2020-2031 CIP invests \$210,321,000 in the West Hartford com-

munity over the next twelve years. These funds will be invested in Town and School buildings, transportation and infrastructure, parks and recreational projects and capital equipment. The Capital Improvement Program for fiscal years 2020 and 2021 continues a long-term commitment to the maintenance of public schools, roads, storm sewers, parks and other public infrastructure.

The budget for capital financing includes three components: a transfer to the Debt Service Fund for principal and interest payments on General Obligation bonds that have already been issued; debt administration costs for the issuance of new debt; and, a transfer to the Capital Non-Recurring Expenditure (CNRE) Fund to finance capital projects that are not financed via long-term debt (per the guidelines of the Town's capital financing policy). Bonded debt service is \$18,028,303 for fiscal year 2020. Of this amount, \$17,678,303 is appropriated in the General Fund and will be transferred to the Town's Debt Service Fund. The Debt Service Fund was established in fiscal year 2010 to accumulate resources for principal and interest payments maturing in future years. The remaining \$350,000 is funded by bond premiums received from previous Town bond issuances. There is a transfer to the CNRE Fund of \$400,000, with the balance of \$1,200,000 for projects in the Capital Improvement Program to be financed with CNRE fund balance.

To view the complete Fiscal Year 2020 Proposed Budget, visit  
[www.westhartfordct.gov/budget](http://www.westhartfordct.gov/budget)

**FY 2020 and FY 2022  
Capital Improvements**  
(IN THOUSANDS)

**General Fund - Town Services  
Categories of Expense Summary**

<b>TRANSPORTATION &amp; CIRCULATION</b>	<b>FY 2020<sup>A</sup></b>	<b>FY 2021</b>
Arterial Street Reconstruction	\$1,530	\$1,576
Fern Street Bridge	-	4,200
Neighborhood Street Reconstruction	1,674	1,724
North Main Street Road Diet	125	190
Pedestrian & Bicycle Management	412	424
Storm Water Management	508	870
Street Resurfacing	982	1,002
Traffic System Management	<u>262</u>	<u>91</u>
Sub-Total	5,493	10,077
<b>EDUCATION</b>		
Asbestos Removal	250	250
Computer Infrastructure	350	350
Exterior School Building Improvements	1,575	1,575
Furniture & Equipment	130	175
Heating & Ventilation Systems	800	800
Interior School Building Improvements	1,100	1,240
Modular Classroom Removal	250	-
School Security Improvements	1,000	1,000
Site and Athletic Field Improvements	250	250
Stage & Auditorium Renovations	<u>200</u>	<u>200</u>
Sub-Total	5,905	5,840
<b>PARKS &amp; RECREATION</b>		
Outdoor Pools	60	85
Park & Playfield Improvements	340	150
Park & Playscape Management	80	60
Parks - Wolcott	400	-
Rockledge Improvements	50	
Westmoor Park		<u>100</u>
Sub-Total	930	395
<b>TOWN BUILDING IMPROVEMENTS</b>		
Energy Conservation	50	100
Police Shooting Range	-	50
Town Building Improvements	1,456	1,654
Town Facilities Paving	<u>100</u>	<u>200</u>
Sub-Total	1,606	2,004
<b>MISCELLANEOUS IMPROVEMENTS</b>		
Communications Infrastructure	618	637
Financial Management System	-	550
Fire Apparatus	1,302	-
Public Works Rolling Stock	604	374
Recycling Center Modernization	1,250	1,250
Town Vehicles	<u>300</u>	<u>300</u>
Sub-Total	4,074	3,111
<b>TOTAL</b>	<b><u>\$18,008</u></b>	<b><u>\$21,427</u></b>

<sup>A</sup>Reflects proposed amendments to the capital program previously approved for this fiscal year.

**General Fund Summary of  
Expenditures By Department**

	<b>FY 2019 Adopted</b>	<b>FY 2020 Proposed</b>	<b>Percent Change</b>
Town Council	\$ 383,752	\$ 400,364	4.3%
Town Clerk	259,128	281,514	8.6%
Town Manager	384,297	392,681	2.2%
Corporation Counsel	441,635	420,460	-4.8%
Registrar of Voters	267,712	243,049	-9.2%
Assessor's Office	752,172	768,474	2.2%
Information Technology	913,722	1,012,600	10.8%
Financial Services	2,366,531	2,411,471	1.9%
Human Resources	444,238	524,269	18.0%
Fire	11,613,368	11,834,345	1.9%
Police	16,402,533	16,733,747	2.0%
Community Development	2,484,346	2,579,237	3.8%
Public Works	10,732,059	10,565,961	-1.5%
Plant and Facilities Services	2,423,055	2,331,975	-3.8%
Leisure and Social Services	3,141,610	3,173,067	1.0%
Library	3,431,206	3,442,588	0.3%
Education	164,351,527	169,096,905	2.9%
Capital Financing	17,562,034	18,168,303	3.5%
Non-Departmental	<u>49,726,657</u>	<u>53,541,282</u>	7.7%
<b>Total Expenditures</b>	<b><u>\$288,081,582</u></b>	<b><u>\$297,922,292</u></b>	<b>3.4%</b>

	<b>FY 2019 Adopted</b>	<b>FY 2020 Proposed</b>	<b>Percent Change</b>
<b>Wages &amp; Salaries</b>			
Regular Payroll	\$ 34,443,530	\$ 35,096,302	1.9%
Temporary Payroll	2,695,940	2,810,168	4.2%
Overtime	3,571,393	3,544,823	-0.7%
Holiday	1,040,139	912,613	-12.3%
Education Premium Pay	<u>163,119</u>	<u>150,521</u>	-7.7%
<b>Total Wages &amp; Salaries</b>	<b><u>\$41,914,121</u></b>	<b><u>\$42,514,427</u></b>	<b>1.4%</b>
<b>Operating Expenses</b>			
Office Expense	\$ 618,935	\$ 604,870	-2.3%
Dues and Travel	225,306	274,382	21.8%
Training	57,675	95,190	65.0%
Advertising	61,790	60,540	-2.0%
Professional Services	558,116	586,262	5.0%
Contractual Services	3,295,707	2,999,287	-9.0%
Solid Waste Disposal	1,501,500	1,555,500	3.6%
Printing/Binding Services	13,430	14,695	9.4%
Office Equipment	161,045	149,895	-6.9%
Boards & Commissions	12,142	15,142	24.7%
Meals	17,200	18,700	8.7%
Uniforms & Laundry	242,885	313,898	29.2%
Education Tuition Reimbursement	40,000	40,000	
General Contributions	921,629	1,013,695	10.0%
Information Technology	917,235	1,008,994	10.0%
Miscellaneous Admin. Expense	700	700	
Utilities	1,394,941	1,298,057	-6.9%
MDC	10,608,700	11,467,700	8.1%
Telecommunications	220,991	231,855	4.9%
Building Maintenance	234,450	222,950	-4.9%
Vehicles & Equipment Expense	842,704	925,754	9.9%
Operating Expense - Miscellaneous	40,519	36,860	-9.0%
Grounds Maintenance	118,488	118,425	-0.1%
Maintenance & Repairs	378,160	290,880	-23.1%
Snow Removal Supplies	360,550	360,550	
Street Maintenance Supplies	89,000	105,000	18.0%
Sidewalk Maintenance	6,000	6,000	
Street Light Maintenance	20,000	20,000	
Signal & Light Maintenance	31,000	31,000	
Miscellaneous Supplies	173,900	173,900	
Recreational Supplies	33,600	34,300	2.1%
Recreational Contractual	176,800	176,500	-0.2%
Special Events	2,750	3,280	19.3%
Town Assistance	316,808	310,500	-2.0%
ADA Expenditures	250	1,250	400.0%
Rental/Leases	168,198	150,198	-10.7%
Info Systems Rental & Maint. Exp.	37,000	52,000	40.5%
Library Materials	398,270	352,500	-11.5%
Electronic Materials	<u>48,095</u>	<u>92,865</u>	93.1%
<b>Total Operating Expense</b>	<b><u>\$24,346,469</u></b>	<b><u>\$25,214,074</u></b>	<b>3.6%</b>
<b>Fringe Benefits, Insurance &amp; Miscellaneous</b>			
Social Security	\$ 1,646,998	\$ 1,667,275	1.2%
Pension	17,160,222	18,223,101	6.2%
Risk Management Expense	18,141,222	19,575,150	7.9%
Contingency	1,075,000	1,525,000	41.9%
Transfers Out	<u>1,883,989</u>	<u>1,938,057</u>	2.9%
<b>Total Miscellaneous</b>	<b><u>\$39,907,431</u></b>	<b><u>\$42,928,583</u></b>	<b>7.6%</b>
<b>TOTAL TOWN BUDGET</b>	<b><u>\$106,168,021</u></b>	<b><u>\$110,657,084</u></b>	<b>4.2%</b>
<b>TOTAL CAPITAL FINANCING</b>	<b><u>\$17,562,034</u></b>	<b><u>\$18,168,303</u></b>	<b>3.5%</b>
<b>TOTAL EDUCATION BUDGET</b>	<b><u>\$164,351,527</u></b>	<b><u>\$169,096,905</u></b>	<b>2.9%</b>
<b>TOTAL GENERAL FUND</b>	<b><u>\$288,081,582</u></b>	<b><u>\$297,922,292</u></b>	<b>3.4%</b>