

Town of West Hartford - Fiscal Year 2020-2021

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 2021 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 re-bid 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 2021 General Fund budget totals \$308,702,665 and represents an increase of \$12,209,099 or 4.12% from fiscal year 2020. The municipal services portion of the budget totals \$116,710,185; an increase of \$6,350,611 or 5.75%. The education budget totals \$174,673,528, an increase of \$5,872,839 or 3.48%. The capital financing budget for both municipal and education services is \$17,318,952 a decrease of (\$14,351) or (.08%). In order to finance the budget, an increase in current year property tax revenue of \$11,925,721 or 4.6% is required.

Property taxes are the primary source of revenue for municipalities in Connecticut and increases in property tax revenue are generated from growth in the value of taxable property and increases in the tax rate. As a fully developed community, growth in the Town's taxable property is through re-use of existing property. The October 1, 2019 net taxable Grand List totals \$6,368,328,344, an increase of

\$52,036,239 or 0.82%. This growth equates to approximately \$2,175,114 in property tax revenue. In order to generate the remaining property tax revenue required, a mill rate of 43.3 is required.

PROPERTY TAXES

Approximately 88% 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, 2019 net taxable Grand List totals \$6,368,328,344; an increase of \$52,036,239 or 0.82%. The real estate portion of the Grand List increased by \$31,168,568 or 0.55%. This growth was attributed to the change in status of the UCONN campus from exempt to taxable; Delamar Hotel, Ringgold Estates, Gledhill Estates, sixteen new residential homes and ongoing remodeling projects. Motor vehicles increased by \$15,001,212 or 3.5%, primarily due to an additional 189 vehicles added to the Town's count. Business personal property increased \$5,866,459 or 2.9%. Growth in this category results partly from seventeen new business in Town as well as additional investment in newer capital equipment. Grand List growth is expected to generate an additional \$2,175,114 in tax revenue. The successful collection of current year property taxes is a critical element in determining property tax revenues and effectively managing the budget during the fiscal year. The collection of the second installment of real estate property taxes in January 2020 was consistent with experience in prior years and it is anticipated that the Town will achieve a 99.1% collection rate in the current fiscal year. The Proposed 2021 budget maintains the 99.1% collection rate assumption.

INTERGOVERNMENTAL REVENUE

Estimated Intergovernmental Revenue for the proposed fiscal year 2020-2021 budget is detailed below. The Town's fiscal year 2020 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 2021 Proposed Budget assumes the Governor's Proposed Biennial Budget.

CHARGES FOR SERVICES

Building Permits – Estimated building permit revenue is expected to total \$1,600,000 for the proposed fiscal year 2021 budget, consistent with fiscal year 2020 adopted budget. The

PUBLIC HEARINGS

March 31, 2020

2:00 PM

Room 314, Town Hall



April 6, 2020

6:00 PM

Room 314, Town Hall

building permit fee is calculated on the value of new construction or building improvements. The fiscal year 2020 estimate is based on anticipated 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 2021 proposed budget reflects conveyance tax revenue of \$1,030,000 based upon the level of activity in the current fiscal year. The fiscal year 2021 proposed budget maintains land records fee revenue of \$200,000 which is consistent with current year experience. Land records fee revenue had achieved higher levels in prior years due to the volume of mortgage refinancing's.

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 proposed fiscal year 2021 budget interest income is lower than the 2020 adopted budget due to lower 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 170 and 260 basis points, to maximize investment income within investment vehicles allowed by State statute.

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. At the same time, the fund balance target was increased from 7% to 9% of General Fund expenditures. The Town's June 30, 2019 fund balance was \$26,375,671 or 9.1% of General Fund expendi-

tures. This proposed fiscal year 2021 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 \$1,656,190 or 3.91%. Regular payroll totals \$36,134,349, an increase of \$1,103,702 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 unsettled collective bargaining units. Police and Fire agreements are in place for fiscal year 2021, therefore, contractual wage increases are reflected in their department budgets. The Fire Department wages appear to be substantially higher on a year over year basis. This is due to the following; in fiscal year 2020, the Fire agreement was not ratified prior to budget adoption, therefore, the compounded multi-year Fire wage settlement amount was budgeted in the Contingency account. Prior to the end of the current fiscal year (2020), the value of those retroactive wage settlements will be calculated and transferred from the Contingency account to Fire payroll accounts. The preliminary estimated amount of the retroactive wage settlement, which will affect regular payroll, overtime and social security was approximately \$450,000. Therefore, when a comparison is made from the Fire payroll fiscal year 2020 adopted budget for wages and salaries, which does not include the retroactive wage settlements, to the fiscal year 2021 proposed budget for wages and salaries, which does include the wage settlements, the year over year variance is artificially inflated and is the reason why the Fire Department regular payroll accounts seem significantly higher.

This budget also includes two new positions, a Paralegal in the Corporation Counsel Office and an Office Support Specialist who will be assigned to the Building Inspections Division in the Community Services Department. Funding for one Police Officer has been reallocated to the General Fund from the Parking Lot Fund. No adjustments are made due to possible savings as a result of vacancies due to the high probability of a number of potential retirees receiving sizable termination payouts.

The budget reflects funding for several upgraded positions in various departments. These include a Budget and Grants Manager, an Accountant II, an Economic Development Coordinator and a Fleet Crew Leader. The appropriation for part-time personnel increases \$95,606. Temporary payroll increases are seen in the Registrar of Voters Office (\$13,625) and the Town Clerk's Office (\$8,000); both related to the upcoming Presidential election; The Police Department Ani-

mal Control Division and various operations in the Public Works Department, include adding additional hours to the Recycling Coordinator position, in order to maintain current service levels. The Facilities Maintenance Division Temporary payroll increases (\$32,000) as well as Leisure and Social Services, primarily due to the minimum wage hourly increase scheduled to take effect on September 1, 2020. Also, the Fire Department increases Temporary payroll to fully fund emergency management preparedness (\$16,000). Offsetting these increases is a reduction in the Corporation Counsel Office (\$29,000) as a result of funding a new Paralegal position. The overtime appropriation increases (\$395,907) primarily due to projected vacancy rates, minimum manning requirements and required training in the Fire Department. Variances in other departments are based upon anticipated workflow needs and the refill of new employees lower in the pay range than incumbents.

Operating Expense – Operating expense reflects a net increase of \$2,284,226 or 9.07% from the 2020 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 2021 increases \$793,200 or 6.9% from fiscal year 2020. Public Works operating expenses increase \$1,029,527 or 16.8% primarily due to the increased cost for the disposal of recyclable materials (\$670,000), contractual increases for disposal of municipal solid waste (\$72,500) and yard waste. Also, this budget provides funding for a Fleet Parts Management Service (\$106,000) in which a vendor will provide a full time Parts Clerk, maintain a parts inventory on site and process all of the documentation associated with purchase and return of parts as well as credits and rebates. As part of this agreement, parts purchased will be deeply discounted from retail rates. This program will allow mechanics more time to work on vehicles, thus increasing productivity. Software maintenance costs increase based on contractual requirements. General contributions increase \$24,951 related primarily to the Health District and partially offset by the elimination of a contribution to the Noah Webster House for utility expenses. The Public Works budget for vehicle maintenance increases \$27,000 due to the age of the fleet and the anticipated costs for parts, supplies and tires. An increase is made for water testing (\$11,500) to comply with MS4 requirements. Town-wide Utility costs, which are increasing \$281,886, represent the General Fund transfer to the Utility Services Fund (USF) to cover the costs of electricity, street lighting, natural gas, hydrants and water for Town buildings. The increased contribution for fiscal year 2021 results from amortization of less surplus available from the prior year resulting in an increase in Street lighting, natural gas, and hydrants. Overall cost of electricity continues to trend down due to continued conservation projects.

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 \$1,424,673, or 7.28% in fiscal year 2021. Town Health Program expense increases \$1,041,009, 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 (\$114,638), self-insured (\$161,215), workers' compensation (\$65,439), and insured (\$42,372).

Pension Benefits – The Actuarially Determined Employer Contribution (ADEC) for fiscal year 2021 is \$26,328,447, a year over year increase of \$1,096,907. As indicated in the July 1, 2019 valuation, the unfunded accrued liability increased by \$44.16M from July 1, 2018 to July 1, 2019. The Plan's market value increased \$4.95M from July 1, 2018 to July 1, 2019, while the actuarial value of assets increased by \$8.55M. 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, 2019 valuation was reduced from 7.125% to 6.99% and a new mortality table based on public sector employees was utilized as well. Partly due to these recommended changes, the funded status of the plan decreased from 42.7% to 40.7%.

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. The following chart indicates projected funded ratios.

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. A new OPEB valuation is expected later in fiscal year 2020. 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 2021 resulting in a Town contribution of \$9,672,000.

Town & School Budget Summary

		FY 2020 Adopted	FY 2021 Proposed	Percent Change
REVENUES				
Current Year Property Taxes	\$	259,053,321	\$ 270,979,042	4.6%
Other Property Taxes		4,625,000	4,650,000	0.5%
Intergovernmental		24,268,026	24,716,822	1.8%
Charges for Services		6,082,727	6,117,333	0.6%
Miscellaneous		2,464,492	2,239,468	-9.1%
Transfers In		-	-	
TOTAL REVENUE	\$	296,493,566	\$ 308,702,665	4.1%
EXPENDITURES				
Town	\$	110,359,574	\$ 116,710,185	5.8%
Schools		168,800,689	174,673,528	3.5%
Capital Financing		17,333,303	17,318,952	-0.1%
TOTAL EXPENDITURES	\$	296,493,566	\$ 308,702,665	4.1%

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 Actuarially Determined Employer Contribution (ADEC) 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.

EDUCATION

The fiscal year 2021 education budget totals \$174,673,528, an increase of \$5,872,839 or 3.48%.

- Salaries, which are the largest component of the education budget (64%), are increasing \$3.37 million. This increase reflects rate adjustments required by collective bargaining agreements, positions required to meet new State graduation requirements and additional special instruction staff to meet student needs. Reductions in regular education staff at the elementary and middle school levels result from declining enrollment.
- Employee benefit expense, which represents the second largest portion of the budget (20%), is increasing a modest \$0.59 million or 1.7%. Pension costs for non-certified staff are increasing \$234,000 based on the Board's share of actuarially determined employer contribution for the Town Pension Plan. The district successfully transitioned health insurance coverage for all employees and retirees to the State Partnership Plan in the current year. An estimate for premium increases is included in the proposed budget.
- All other expenses increase \$1.91 million. This variance is primarily due to higher transportation costs, additional tuition funding for students placed outside of the district in order to meet their educational needs, a greater utilization of

professional services to evaluate and address special education needs, higher contracted services for facilities, and the need for new equipment, technology and textbooks.

CAPITAL FINANCING

The 2021-2032 Capital Improvement Program (CIP) invests \$261,428,000 in the West Hartford community 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.

While the CIP is comprised primarily of recurring projects whose purpose is to maintain the infrastructure of the Town and prevent expensive repairs, there are also a few non-recurring projects as noted below.

- Transportation and Circulation:** The Fern Street Bridge over Trout Brook, originally constructed in 1939, was recently inspected and recommended for replacement. It is still safe and should remain open, but is scheduled to be replaced in fiscal year 2022. The estimated cost of replacement is \$4,200,000 of which approximately \$3,000,000 will be funded via grant funds. The balance of \$1,200,000 will be funded through the issuance of bonds. Additional funds have been added to extend the linear miles of streets to be resurfaced and Storm Water Management project funds have been increased to address issues; culverts rehabilitation, levee inspection and additional design work.
- Education:** The CIP includes \$2,350,000 in Year 1 and \$1,350,000 in Year 2 to address school security improvements. Grants of \$470,000 in Year 1 and \$270,000 in Year 2 will offset these expenses. The primary projects to be addressed over the next two years are related to enhancing the security features of main offices by creating controlled entrances for visitors. These entrances will feature security vestibules which will allow school office personnel to electronically monitor and permit access to the building.
- Town Building Improvements:** In

Year 1, \$100,000 is available for project planning for both the Animal Shelter and Police Shooting Ranges (\$50,000 for each project) and \$700,000 for each project construction in Year 2. The Recycling Center Modernization Project (\$1,370,000) is also scheduled to be completed in Year 1 of the plan.

- Government Operations:** This is a new category which identifies projects previously listed under the Miscellaneous Improvements category. Funds for completion of the Property Revaluation Project (\$300,000) are included in Year 1 as well as funding for an automated Time and Attendance System (\$250,000) to be implemented in conjunction with the new MUNIS Payroll module

Rolling Stock/Miscellaneous Equipment:

This is also a new category with items previously identified under Miscellaneous Improvements category. Included in this category are replacement vehicles for Town operations (Assessor, Engineering, Building, and Planning), Public Safety (Police, Fire) and a replacement vehicle for Westmoor Park. Additionally, a new line item, Miscellaneous Equipment is also added. Year 1 includes funding for a washer for Fire protective gear, a replacement ECG machine and rescue tools for the Fire Department.

For fiscal year 2021, a transfer from the General Fund of \$17,228,952, use of \$1,000,000 in bond premium, from prior and a current year bond sale, and use of \$950,000 of Debt Service Fund balance are proposed to provide funding for debt service payments. During FY 20, the Town projected a substantial surplus by the end of the fiscal year. Anticipating a significant increase in debt service payments in FY 21, \$950,000 was specifically transferred to the Debt Service Fund to mitigate that increase.

To view the complete Fiscal Year
2021 Proposed Budget, visit
www.westhartfordct.gov.

FY 2020 and FY 2021 Town & Schools

Capital Improvements

(In Thousands)

General Fund - Town Services
Categories of Expense Summary

	Adopted FY 2020	Proposed FY 2021		FY 2020 Adopted	FY 2021 Proposed	Percent Change
TRANSPORTATION & CIRCULATION			Wages & Salaries			
Arterial Street Reconstruction	\$ 1,530	\$ 1,576	Regular Payroll	\$ 35,030,647	\$ 36,134,349	3.2%
Neighborhood Street Reconstruction	1,674	1,724	Temporary Payroll	2,782,168	2,877,774	3.4%
North Main Street Road Diet	125	190	Overtime	3,492,769	3,888,676	11.3%
Pedestrian and Bicycle Management	412	424	Holiday	911,063	987,949	8.4%
Storm Water Management	608	1,376	Education Premium Pay	150,521	134,610	-10.6%
Street Resurfacing	982	1,502	Total Wages & Salaries	\$ 42,367,168	\$ 44,023,358	3.9%
Traffic System Management	262	291	Operating Expense			
Sub-Total	5,593	7,083	Office Expense	\$ 620,265	\$ 648,360	4.5%
EDUCATION			Dues and Travel	274,382	296,915	8.2%
Asbestos Removal	250	250	Training	93,190	104,240	11.9%
Computer Infrastructure	350	350	Advertising	60,540	64,668	6.8%
Exterior School Building Improvements	1,575	1,575	Professional Services	581,404	635,537	9.3%
Furniture & Equipment	130	175	Contractual Services	3,428,787	3,625,896	5.7%
Heating & Ventilation Systems	800	800	Solid Waste Disposal	1,512,300	2,317,300	53.2%
Interior School Building Improvements	1,100	1,440	Office Equipment	149,895	158,510	5.7%
Modular Classroom Removal	250	50	Meals	18,700	18,500	-1.1%
School Security Improvements	1,000	2,350	Uniforms & Laundry	313,898	336,018	7.0%
Site and Athletic Field Improvements	250	450	Education Tuition Reimbursement	40,000	40,000	
Stage and Auditorium Renovations	200	200	General Contributions	1,013,695	1,038,646	2.5%
Sub-Total	5,905	7,640	Information Technology	1,060,994	1,145,101	7.9%
PARKS & RECREATION			Utilities	1,073,057	1,183,013	10.2%
Outdoor Pools	60	60	MDC	11,467,700	12,260,900	6.92%
Park & Playfield Improvements	340	150	Telecommunications	231,855	240,094	3.6%
Park & Playscape Management	80	60	Vehicles & Equipment Expense	925,754	964,633	4.2%
Parks - Wolcott	400	-	Operating Expense - Miscellaneous	36,860	36,710	-0.4%
Rockledge Improvements	50	-	Maintenance & Repairs	689,255	719,890	4.4%
Westmoor Park	-	100	Supplies	673,750	732,427	8.7%
Sub-Total	930	370	Special Events	3,280	3,280	0.0%
TOWN BUILDING IMPROVEMENTS			Town Assistance	311,750	317,750	1.9%
Energy Conservation	100	100	Rental/Leases	150,198	124,647	-17.0%
Animal Shelter	-	50	Library Materials	445,365	448,065	0.6%
Recycling Center Modernization	1,250	1,370	Total Operating Expense	\$ 25,176,874	\$ 27,461,100	9.1%
Police Shooting Range	-	50	Fringe Benefits, Insurance & Miscellaneous			
Town Building Improvements	1,406	1,654	Social Security	\$ 1,654,950	\$ 1,751,057	5.8%
Town Facilities Paving	100	200	Pension	18,223,101	19,186,383	5.3%
Sub-Total	2,856	3,424	Risk Management Expense	19,575,150	20,999,823	7.3%
GOVERNMENTAL OPERATIONS			Contingency	1,525,000	1,369,020	-10.2%
Communications Infrastructure	618	637	Transfers Out	1,837,331	1,919,444	4.5%
Financial Management System	-	550	Total Miscellaneous	\$ 42,815,532	\$ 45,225,727	5.6%
Revaluation	-	300	TOTAL TOWN BUDGET	\$ 110,359,574	\$ 116,710,185	5.8%
Sub-Total	618	1,487	TOTAL CAPITAL FINANCING	\$ 17,333,303	\$ 17,318,952	-0.1%
ROLLING STOCK/MISC.EQUIPMENT			TOTAL BOARD OF EDUCATION	\$ 168,800,689	\$ 174,673,528	3.5%
Fire Apparatus	1,302	-	TOTAL GENERAL FUND	\$ 296,493,566	\$ 308,702,665	4.1%
Public Works Rolling Stock	604	374				
Misc. Equipment	-	100				
Town Vehicles	300	440				
Sub-Total	2,206	914				
TOTAL	\$ 18,108	\$ 20,918				

SUMMARY BY DEPARTMENT
GENERAL FUND

EXPENDITURES	ADOPTED FY 2020	PROPOSED FY 2021	PERCENT CHANGE
Town Council	\$ 391,936	\$ 401,934	2.6%
Town Clerk	281,514	286,492	1.8%
Town Manager	390,901	409,050	4.6%
Corporation Counsel	400,460	474,795	18.6%
Registrar of Voters	243,049	274,702	13.0%
Information Technology	1,012,600	1,055,369	4.2%
Financial Services	2,411,471	2,440,055	1.2%
Assessor's Office	746,474	761,255	2.0%
Human Resources	509,269	504,507	-0.9%
Fire	11,806,345	12,816,397	8.6%
Police	16,664,943	17,145,006	2.9%
Community Development	2,579,237	2,746,730	6.5%
Public Works	10,775,761	11,931,646	10.7%
Plant and Facilities Services	2,080,975	2,188,362	5.2%
Leisure and Social Services	3,181,495	3,242,235	1.9%
Library	3,442,587	3,432,361	-0.3%
Education	168,800,689	174,673,528	3.5%
Capital Financing	17,333,303	17,318,952	-0.1%
Non-Departmental	53,440,557	56,599,289	5.9%
Total Expenditures	296,493,566	308,702,665	4.1%