

TOWN OF WINDSOR, CONNECTICUT

Special Meeting Notice



AGENCY: Finance Committee

DATE: December 19, 2016

TIME: 6:00 PM

PLACE: Town Hall – Ludlow Room

AGENDA

1. Call to Order
2. Public Comment
3. *Review of FY 2018 Budget Assumptions
4. *Review of FY 2018 Budget Format
5. *Review of FY 2018 Budget Calendar
6. Staff Reports
7. Approval of Minutes
 - a) *December 5, 2016
8. Adjournment

*Backup materials

Public Act 75-312 requires notice of Special Meetings to be posted in the Town Clerk's Office not less than 24 hours prior to the time of such meeting. No other business shall be considered at this meeting than that listed on this Agenda.

Agenda Item Summary

Date: December 19, 2016

To: Members of the Finance Committee

Prepared By: James Bourke, Finance Director

Reviewed By: Peter Souza, Town Manager 

Subject: Preliminary Budget Guidelines and Parameters for FY 2018

Background

As part of the annual budget process, the Town Council provides staff with a set of budget guidelines and parameters to be used in preparing the annual operating budget. As we proceed through the budget process, these preliminary projections for revenues and expenditures will be refined as new information is gathered.

Discussion/Analysis

Attached are suggested revenue, expenditure and service delivery guidelines and parameters for FY 2018. These parameters set the stage for developing a proposed budget that will attempt to maintain current levels of service, identify resources to address unmet and emerging service delivery needs, as well as continuing multi-year investment programs in open space preservation, asset management, infrastructure, and the other post-employment benefits (OPEB) trust fund.

The October 1, 2016 grand list will not be formally completed until January 31, 2017. At this time, we anticipate a contraction in the grand list of approximately 1.5%, primarily as a result of the Amazon real estate tax abatement taking effect as well as personal property depreciation. The FY 2017 budget mitigated the anticipated loss in Amazon real estate tax revenue by funding one-time capital expenses (Community Investment Initiatives) with the increase in revenue from the Walgreens fixed assessment agreement ending and the delay of Amazon's fixed assessment agreement. Also, contributing to the increase was Amazon personal property coming onto the grand list for the FY 2017 budget. Unfortunately, this prudent financial planning will not be enough to offset the overall reduction in the grand list for FY 2018 as personal property assessed values are forecasted to decline by 4.7%, equaling roughly a \$775,000 loss in revenue.

Non-property tax revenue categories comprise 16% of the current budget. Non-tax revenue includes such items as state aid, interest earnings, fees, permits and use of the General Fund reserve. As in years past, it can be a challenge to forecast non-tax revenues at this early stage in the budget process as a number of factors influence these revenue streams. Building permit fees, real estate conveyance fees and land recording fees are projected to be the same as the FY 2017 budgeted amounts. Interest earnings could see modest increases as we move into a slightly higher interest rate environment.

On the expenditure side, we are projecting increases in health insurance costs of approximately 8% and retirement costs of approximately 10%. In the course of the next several months, our assumptions and projections on individual utility categories will become more firm as we gather new data from our suppliers and cooperative purchasing coalitions. We currently are expecting unit prices for electricity distribution and natural gas to increase by 4%. Budgeted unit prices for gasoline are projected to remain relatively stable as compared to current year unit pricing, and we are anticipating an increase in budgeted unit costs for diesel fuel. The Metropolitan District Commission (MDC) ad valorem sewer assessment is projected to increase by approximately 10%. Property, liability and worker's compensation costs are projected to increase by approximately 6% over the current fiscal year.

Other items of note relate to the new state-wide mill rate for motor vehicles and alterations to municipal aid from the state. The new state law mandates a motor vehicle mill rate capped at 32 mills, which will go into effect for the Town for FY 2018. As we have stated in the past, there is uncertainty related to the level of state aid the town will receive in FY 2018 as the Governor and General Assembly address projected budget deficits at the state level. We will learn more in the coming months. From a macro-planning perspective, it is recommended that we utilize the state aid figures as proposed by the governor.

Other Board Action

None

Recommendations

If the Finance Committee is in agreement, the following motion is recommended for approval:

“MOVE that the Finance Committee recommend to the Town Council that the attached FY 2018 budget assumptions and parameters be approved as presented.”

Attachments

Proposed FY 2018 Budget Assumptions & Parameters

**PROPOSED FISCAL YEAR 2018
BUDGET ASSUMPTIONS & PARAMETERS**

REVENUE

Utilize state aid amounts based upon governor's proposed budget.

Building permits, conveyance fees and land recordings are projected to remain flat with FY 2017 adopted budget amounts.

Interest earnings are projected to return approximately 0.50%.

EXPENDITURES

Employee and retiree insurance benefit (health, life, dental) premiums are projected to increase approximately 8%. (\$236,000)

Pension contributions are forecasted to increase approximately 10%. (\$200,000)

Natural gas is expected to increase 4%. (\$4,000)

Budgeted unit cost for electricity distribution and generation is projected to increase 4%, which includes town buildings, traffic signals and streetlights. (\$40,000)

Budgeted unit cost for gasoline is expected to remain relatively flat as compared to FY2017 unit costs, and we are anticipating unit cost for diesel fuel to increase upwards of 23%. (\$16,000)

MDC sewer ad valorem assessment is projected to increase 10%. (\$340,000). This does not include the amount proposed as a reserve payment from Windsor should the City of Hartford be unable to make their payments.

General Fund appropriation for Debt Service is projected to increase 3% as compared to the FY 2017 budget amount. (\$200,000)

Property, Liability and Worker's Compensation costs are expected to increase 6%. (\$129,000)

Continue planned incremental increases to the OPEB Trust Fund appropriation. (\$150,000)

SERVICE DELIVERY

Present a budget that reflects current levels of service as well as identifies resources to address unmet and emerging service delivery needs.

Continue multi-year investment program in open space preservation as well as asset management activities including pavement management, fleet, technology, facilities, and athletic fields.

Agenda Item Summary

Date: December 19, 2016
To: Members of the Finance Committee
Prepared By: James Bourke, Finance Director
Reviewed By: Peter Souza, Town Manager 
Subject: FY 2018 Budget Format

Background

The *Town Charter* requires that any changes to the budget format be adopted by the Town Council by January 15th.

Discussion/Analysis

While staff is not recommending changes to the overall budget format as described in the *Town Charter*, we are examining two possible adjustments related to Public Act 15-244, which requires municipalities with a mill rate in excess of 32 mills to “cap” the levy for motor vehicle tax rate at 32 mills.

Staff is evaluating a possible adjustment as to how motor vehicle tax revenue will be reflected in the General Property Tax section on page B-2 of the budget document. This adjustment is contemplated as a result of motor vehicles being taxed at a mill rate different from that of real estate and personal property due to the state imposed ‘cap’. Staff is looking at adding a revenue line item titled, “Motor Vehicle Tax Levy” in the General Property Tax section on page B-2. This revenue line item would account for the collection of motor vehicle taxes levied at 32 mills separately from those revenues collected through real estate and personal property taxes.

Staff is also contemplating a presentation change to the Mill Rate Calculation section on page B-4. This change proposes to create separate presentations for the calculation of the mill rate for real estate and personal property and the calculation of the motor vehicle tax levy.

Financial Impact

None

Other Board Action

None

Recommendations

If the Finance Committee is in agreement, the following motion is recommended for approval:

“MOVE that the Finance Committee recommend to the Town Council that the FY 2018 budget format remain the same as the format utilized for FY 2017.”

Attachments

None

Agenda Item Summary

Date: December 19, 2016

To: Members of the Finance Committee

Prepared By: James Bourke, Finance Director

Reviewed By: Peter Souza, Town Manager 

Subject: FY 2018 Budget Calendar

Background

The attached budget calendar outlines the process for submittal, review and adoption of the annual operating budget.

Discussion/Analysis

The proposed budget calendar is consistent with previous budget calendars. Once again it incorporates dates related to Public Act #13-60. This act requires the Town Council to make recommendations and suggestions to the local Board of Education regarding the consolidation of non-educational services within 10 days of the Board of Education submitting its budget information.

The proposed schedule calls for a public hearing on February 6th to hear budget requests and comments. The proposed budget will be transmitted to the Town Council on March 24th. On April 10th a public hearing is proposed prior to the Council's regularly scheduled meeting.

Council discussion and preliminary deliberations are scheduled for April 24th with the final budget adoption being proposed for Wednesday, April 26th. The suggested date for the adjourned town meeting (referendum) is Tuesday, May 9th. As in years past, the formal setting of the referendum date is set when the Town Council adopts the budget.

The calendar includes a number of public information and community forums including February 2nd and March 2nd prior to the Town Council's review of the proposed budget. These forums will be hosted by town staff. They will provide an opportunity for discussion of the budget process, our overall revenue picture, as well as various fiscal and service delivery topics. The March 28th forum will provide an informal setting for the public to hear more about the proposed budget prior to the April 10th Town Council public hearing. Later in April and early May, there will be three additional community budget forums at various locations around town. These forums are sponsored by Windsor CT Votes and the Windsor League of Women Voters and will allow the public to hear more about the proposed budget and the budget that will be presented at the referendum. The Town Manager and Superintendent of Schools will be available at these meetings to provide the latest information on the budget and answer questions from residents.

Financial Impact

None

Other Board Action

None

Recommendations

If the Finance Committee is in agreement, the following motion is recommended for approval:

“MOVE that the Finance Committee recommend to the Town Council that the attached FY 2018 budget calendar be approved.”

Attachments

Proposed FY 2018 Budget Calendar

**TOWN OF WINDSOR, CONNECTICUT
FY 2018
BUDGET CALENDAR BY DEPARTMENT**

Date	Day	Step
February 2, 2017 - tentative	Thursday	Informational meeting on Proposed Budget (TMgr & staff)
February 6, 2017 7:15 PM	Monday	Public Hearing by Town Council to hear budget requests from citizens.
February 23, 2017	<i>Tentative</i>	Board of Education to submit to Town Council information regarding Public Act 13-60 (BOE meeting on 2/22/17)
March 2, 2017 - tentative	Thursday	Informational meeting on Proposed Budget (TMgr & staff)
March 6, 2017	<i>Tentative</i>	Town Council suggestions due to the BOE per Public Act 13-60 within 10 days of BOE submission
March 2017	<i>Tentative</i>	Board of Education to submit written responses to Town Council regarding suggestions made per Public Act 13-60.
March 6-10, 2017	<i>Tentative</i>	Finance Committee Meeting
March 24, 2017	Friday	Estimated receipts and expenditures submitted to Town Council by Town Manager (proposed budget)
March 28, 2017 - tentative	Tuesday	Informational meeting on Proposed Budget (TMgr & staff)
April 5, 2017 6:30- 9 PM	Wednesday	Board of Education, Revenues, Public Works, Landfill Enterprise Fund, Resident Transfer Station Enterprise Fund
April 10, 2017 7:00 PM	Monday	Town Manager's Presentation of FY 18 Proposed Budget Public Hearing re: public opinion regarding budget as proposed by Town Manager Regular Town Council meeting
April 17, 2017 6:30- 9 PM	Monday	Board of Education, Safety Services, Health Services, Library, Human Services, Child Care and Adult Day Care, Recreation & Leisure Services
April 19, 2017 6:30 - 9 PM	Wednesday	Information Services, Development Services, Community Development, Administrative Services, General Government, General Services, Insurance Internal Service Fund, Town Support for Education
April 24, 2017 6:30 – 9 PM	Monday	Public Comment, Capital Spending, Price Guide, Preliminary Deliberations
April 26, 2017 6:30 - 9 PM	Wednesday	Public Comment, Town Council final deliberations and vote
May 9, 2017	Tuesday	Recommended date for Adjourned Town Meeting (referendum)
May 15, 2017	Monday	Regular Town Council Meeting; Council sets tax rate
June 21, 2017	Wednesday	Tax bill mailing completed
June 30, 2017	Friday	End of current fiscal year

Additional Community Budget Forums – April 20, May 3, May 4 (sponsored by League of Women Voters & CT Votes)

**TOWN OF WINDSOR
FINANCE COMMITTEE
SPECIAL MEETING
DECEMBER 5, 2016
TOWN HALL – DR. PRIMUS ROOM**

UNAPPROVED MINUTES

1. CALL TO ORDER

Deputy Mayor Jody Terranova, Chair of the Finance Committee, called the meeting to order at 7:00 p.m. with Councilors Randy McKenney and Donald Jepsen present. Town Manager Peter Souza was also present.

2. PUBLIC COMMENT – None

3. DISCUSSION OF CONSULTANT SELECTION FOR DEPARTMENT OF PUBLIC WORKS' ORGANIZATIONAL EFFECTIVENESS AND EFFICIENCY STUDY RFP

Town Manager Souza shared references for the Novak Consulting Group and the Matrix Consulting Group. Councilor Jepsen MOVED and Councilor McKenney seconded that Finance Committee recommend to the full Town Council that Matrix Consulting Group be hired to perform a Public Works Organizational Effectiveness and Efficiency Study.

Motion Passed 3-0-0

4. STAFF REPORTS: None

5. APPROVAL OF MINUTES

a) November 29, 2016

Councilor McKenney MOVED and Councilor Jepsen seconded to approve the unapproved minutes of November 29, 2016 with a change that Novak Consulting and Matrix Consulting have references checked. The motion passed 3-0-0.

6. ADJOURNMENT

Councilor McKenney MOVED and Councilor Jepsen seconded to adjourn the meeting at 7:25 p.m. The Motion Passed 3-0-0

Respectfully submitted by,

Jonathan Luiz, Assistant Town Manager