



March 30, 2009

Honorable Mayor, Town Council and Citizens of Windsor,

I am pleased to submit the FY 2009-2010 Financial Plan and Program of Services. The budget supports the thousands of daily tasks that compose the services and programs that the Town of Windsor delivers to residents, businesses and visitors.

Town staff and the town council have been shaping the FY 2009-2010 budget for more than two years. A desire to minimize the overall tax increase during our mandated revaluation year made this financial planning necessary. As such, the town council supported a budget last year that took advantage of remarkable, one-time economic development activity, setting aside some funds for capital outlay and infrastructure investment that was not likely to be as affordable in this fiscal year. A total of \$1,158,280 was set aside for one-time purchases and projects in FY 2009, and to establish capital outlay replacement funds that could be expended this year without increasing the mill levy. Without those one-time expenditures in this proposed budget, the \$1.1 million that was built into the base budget would not have been available to offset other areas of increase in FY10's budget.

To minimize the overall tax impact to residents, I am proposing a budget-related tax increase of 0%. The revaluation-related and, therefore, overall tax impact will vary from property to property. Achieving a 0% budget-related tax impact required a committed effort, especially in this very difficult financial environment. To responsibly navigate these uniquely challenging times and to ensure the sustainability of town services in the future, residents, staff and the community's leadership must make some concessions. These concessions include minimizing personnel costs and prioritizing town services.

As town staff analyzed the community's ability to pay for the wide variety of services that we deliver today, we honed our focus on delivering high quality core and basic services. These services are ones that we must provide and that typically address the basic needs of our community, such as health, safety and welfare. In addition, we have carefully analyzed what enhanced and discretionary services we should and could continue to deliver.

Reductions in some state assistance and grants, declining non-tax revenue and the goal of minimizing the budget-related tax increase dictate that we implement a wide range of cost mitigation and efficiency improvement actions. Some of these actions include

reducing facility hours, reassigning police officers from special assignments to patrol, limiting capital borrowing, restructuring health insurance plan designs and employee premium shares, and implementing wage freezes for our Administrative Pay Plan employees. These actions will help us meet our FY 2010 goals without dramatically affecting basic services.

Overall Assessment of the Proposed Budget

When the town’s operating budget is combined with the board of education’s (BOE) proposed 2.47% increase, the FY 2010 operating budget proposes a decrease in expenditures compared to FY 2009’s budget. The overall town and BOE expenditures equal a \$446,970 decrease or -0.47% when debt service payments and Metropolitan District Commission (MDC) assessments are included. The proposed budget, as it is affected by revaluation, resets the mill rate from 29.30 to 25.98.

The proposed FY 2010 General Fund Budget consists of the following major categories:

	FY 2009 Adopted Budget	FY 2010 Proposed Budget	\$ Change	% Change
Board of Education	59,546,260	61,014,650	1,468,390	2.47%
Town Operating Budget	25,959,565	25,658,810	-300,755	-1.16%
Sewer Service (MDC)	2,956,330	2,798,360	-157,970	-5.34%
Debt Service	6,052,130	5,888,150	-163,980	-2.71%
Capital Projects	330,000	0	-330,000	-100%
Community Investment Initiatives	962,655	0	-962,655	-100%
Total	\$95,806,940	\$95,359,970	-\$446,970	-0.47%

Two capital projects that are typically funded by the General Fund, and which were included in last year’s budget but have been eliminated in the proposed FY 2010 budget are: pavement reclamation and milling and sidewalk and curb replacement. The town will attempt to complete some of this work using other sources of funds, which will cause the scope of work funded by those sources to decrease as well.

The Community Investment Initiatives that were included in last year’s budget created funding sources to help the town meet capital needs over a three to four year period. These initiatives included an Information Technology Replacement program, a Vehicle and Equipment Replacement program and roof replacement for a portion of 330 Windsor Avenue. Capital outlay expenditures have been reduced significantly in the town’s

proposed operating budget for FY 2010, therefore, more of these set-aside replacement funds will be tapped this year than was previously anticipated. These funding sources will be largely depleted after the second year of use and only a portion of the funds will be available for FY 2011's needs.

Town Operating Budget

The town operating portion of the budget, which is 26.91% of the overall budget, is proposed to decrease by \$300,755. The majority of this decrease is due to reductions in capital outlay (equipment replacement), elimination of a full-time department director position and three other General Fund positions, reduced personnel hours in some departments and cutting one-time contractual services expenditures. Increases in health care premium costs and the need to budget more General Funds to continue services that were previously funded by state grants mitigate a portion of the cost containment and expenditure reduction actions that the town departments have included in their proposed budgets.

FY 2010 Revenues

In FY 2010, 80.07% of the total revenues will come from all sources of property tax. Real estate property tax revenue is estimated to be nearly level with the FY 2009 budget, while motor vehicle tax revenue is projected to decrease by \$150,000 from the budgeted FY 2009 level.

Non-tax revenue sources are projected to decline. State school aid is projected to increase by approximately \$600,000. However, revenue from licenses and permits are forecasted to be \$204,000 less than last year's budget, mainly due to a reduction in anticipated building permits. After years of receiving increasing interest and investment revenue, this source is projected to decrease by \$875,000 due to falling interest rates. The transfer from the Landfill Enterprise Fund is eliminated in this budget, per our agreement with the Town of Bloomfield. Conveyance fee revenue has been budgeted at the level that we anticipate receiving in FY 2009, which reflects the state legislature's renewal of the increased fee. Overall, non-tax revenue (excluding opening cash) is projected to decrease 2.40%.

Financial Stewardship in the FY 2010 Proposed Budget

Use of Cash Reserves

The FY 2010 proposed budget increases the reliance on "opening cash" by \$100,000, returning the use of these reserve funds to the FY 2008 level. A greater reliance on cash reserves to provide daily services to our community has the potential to jeopardize the level of services that we can provide in the future when the reserves are depleted below stated policy levels.

Debt Service

The total FY 2010 proposed debt service is decreasing from \$6.05 million in FY 2009 to \$5.88 million. These debt payments for capital projects constitute 6.17% of the General Fund budget. The proposed budget includes financing several projects with

cash to minimize future debt service obligations. In FY 2010, \$150,000 in debt service fund balance will be applied toward that year's payment. Additionally, the town recently took advantage of its AAA rating by Standard and Poor's by refunding approximately \$18.7 million in general obligation bonds, which will result in more than \$1.3 million in debt service savings over the next twelve years.

Use of Special Revenue Funds

The town will use over \$2,200,000 in special revenue funds in the FY 2010 budget to fund programs and services and lessen the burden on the General Fund. Special revenue funds are funds that are not tax related, such as grants, user fees, donations, reimbursements and private contributions. Special revenue funds allow the town to provide a wider range and higher quality of services than its tax revenue would otherwise allow. In many cases, the special revenues collected are spent to deliver those same services. For example, special revenues support 31% of the Recreation and Leisure Services Department's budget. Recreation will collect fees for its programs and then use that revenue to meet current and future demands for programs.

Cost Mitigation and Efficiency Improvements

The FY10 proposed budget includes the following actions:

- *Installing LED lights in traffic signals* - Replace incandescent or halogen light bulbs with light-emitting diodes. These LED-based lamps will require half the maintenance and repair from the prior lighting fixtures and use half the energy.
- *Delaying weekend pool openings* - Due to limited early season usage, pool openings will be delayed by three weekends.
- *Purchasing on a regional basis* - Savings resulting from participating in regional purchasing efforts utilizing CRCOG and State of Connecticut purchasing bids.
- *Reducing capital borrowing* - From the originally planned \$7.9 million to \$2.8 million, resulting in less debt service costs in FY 2010
- *Partnering with Town of Enfield for housing rehabilitation services* - For a fee of \$25,000 Enfield will utilize services provided by Windsor's Community Development office. These revenues will be added to the Community Development budget to help minimize the need for additional funding from the General Fund.
- *Reducing hours at L.P. Wilson Community Center* - Due to limited usage, L.P. Wilson will close one hour earlier on week nights, saving on utility and staff costs. Some of these savings will be used to pay for needed facility improvements, such as replacing seats in the auditorium.
- *Reassigning police officers* - Reassigning police officers from special non-patrol assignments will reduce overtime and associated costs.
- *Restructuring health insurance plans* - Cost savings and avoided costs the town should realize due to insurance changes negotiated with police and dispatchers and increases in the premium share for administrative employees.

- *Implementing a salary and wage freeze* – All full and part-time employees in the Administrative Pay Plan will have a wage freeze in FY 2010.
- *Reorganizing at the library* - One full-time position will be eliminated due to the discontinuation of the inter-library loan service. This will have minimal effect on the overall service that the library provides. As an alternative, the “Patron Placed Holds” service will continue to be available.
- *Reducing the town’s workforce* – The FY10 proposed budget includes eliminating funding for five full-time positions. These positions are: a mechanic at the landfill (Landfill Enterprise Fund), the Human Services Department Director, an administrative clerk in the Tax Assessor’s Office, a maintainer III in the Public Works Department and a clerical position at the library (as mentioned above).

FY 2009 Update

The adopted FY 2009 budget is \$95,806,940. Projected revenues are expected to exceed the budgeted amount by \$1.03 million. This revenue surplus is attributed largely to receiving \$1.1 million in special education excess cost state aid. The town also received slightly more revenue than was budgeted in state aid for school transportation costs, state machinery tax exemptions offsets, telephone property tax, special education tuition reimbursement from other towns and conveyance fees (due to the legislature’s decision not to sunset a fee increment). A few revenue sources resulted in less revenue than had been budgeted. Motor vehicle tax, unrestricted interest, education cost sharing and land recordings were less than expected. We were fortunate to largely meet our building permit revenue target of \$670,000 in FY 2009, which was approximately half of the revenue that we received in FY 2008.

FY 2009 expenditures are projected to be \$95,355,835, or approximately \$451,105 less than the budgeted amount. This is the amount that is estimated to be returned to the General Fund’s fund balance. This projection assumes that the board of education’s budget of \$59.5 million is expended in full.

Concluding Remarks

During a time when so much is unknown about the future health of the economy, we must do all we can to center our budget decisions on questions of sustainability. As we attempt to preserve Windsor’s exceptional quality of life, we must carefully examine what is needed to preserve the quality of our core services at a level that is affordable, both now and into the future. Maintaining quality services hinges on our ability to pay for our exemplary workforce who deliver these services, and on our ability to pay for escalating costs of materials and supporting contractual services.

This year, these questions about what is affordable and sustainable have been made more urgent by our need to implement mandatory property revaluation. The town council faces a major policy decision in how it wishes to implement revaluation and protect the sustainability of town services.

In closing, I want to remind readers that property revaluation will affect every property differently. The vast majority of property owners will experience a tax increase due to revaluation. I encourage residents to use the tax calculator on the town's website to determine what impact revaluation will have on their July 2009 tax bill.

Lastly, I would like to thank the board of education's administration, the town's leadership team, the town's budget review team and, especially, the Finance Department for their work in preparing this proposed budget for fiscal year 2009-2010.

Respectfully Submitted,

Peter Souza
Town Manager