



John Salomone
Town Manager

TOWN OF NEWINGTON

131 CEDAR STREET
NEWINGTON, CONNECTICUT 06111

OFFICE OF THE TOWN MANAGER

March 4, 2011

Honorable Mayor and Members of the Newington Town Council:

On behalf of the Town of Newington, I present the Town Manager's Proposed Fiscal Year 2011-12 budget for General Government operations and the Board of Education.

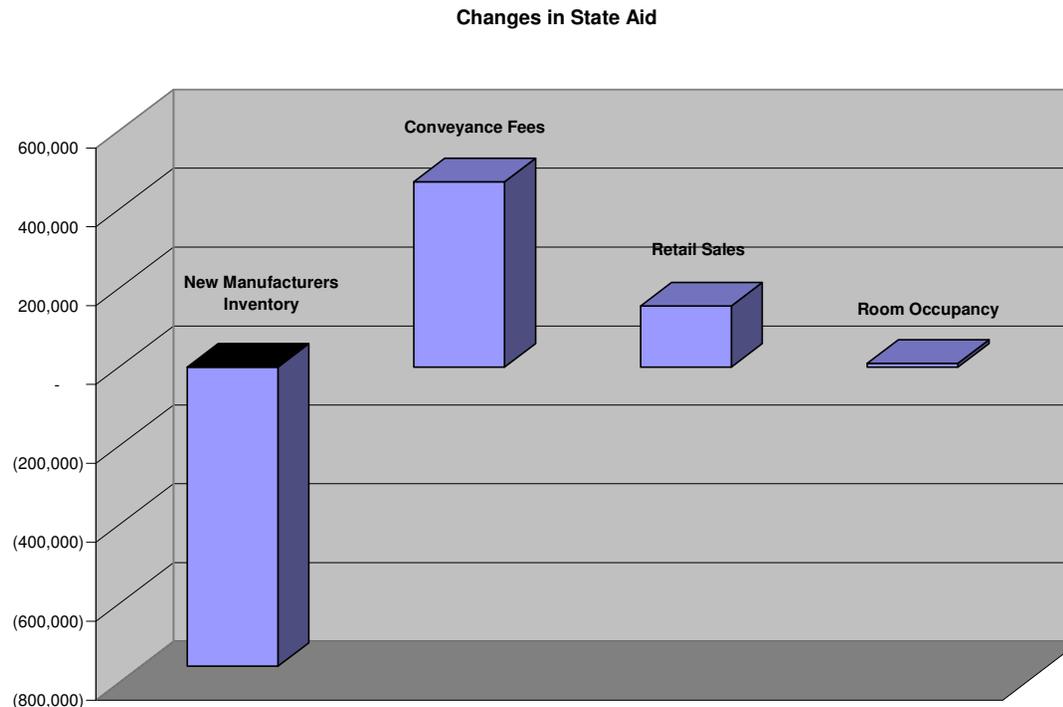
Budget Overview

Since last year's budget message, the nation has started to experience a slight economic turnaround. Certainly, some corporate profits have increased and the stock market has recovered much of its losses of two and a half years ago, but the job market recovery has been slow to occur. At the local level, the growth of our tax base has been minimal and what growth there has been was due to a substantial increase in the motor vehicle property tax in Newington. This increase in the purchase of motor vehicles was a State-wide event, and does indicate that individuals feel more confident about their economic future, since they were able to invest in major capital purchases (new automobiles).

Although the Town of Newington has not experienced the revenue decreases that the State of Connecticut has experienced and the Town's citizens continue to pay their property taxes on a timely basis, revenue increases for the Town other than the property tax, are negligible. When I discussed the State of Connecticut's fiscal situation, there was much uncertainty for fiscal year 2010-11. The Town of Newington was troubled that the State of Connecticut had not addressed its long-term revenue and expenditure situation. The proposed Governor's fiscal year 2011-12 State of Connecticut budget does address long-term revenue and expenditure needs. Through the combination of revenue increases and expenditure/program reductions, it seems that the State budget will be balanced for the next two years if the proposed budget remains intact. Although the State budget reduces certain payment in lieu of taxes grants to the towns, there is the opportunity to compensate for these losses in diversified revenue opportunities proposed under Governor Malloy's budget. The challenges that will be necessary are to follow these revenue proposals through the legislature, and then accurately attempt to project how these new revenue sources will affect the Town in the coming fiscal years.

Phone: (860) 665-8510 Fax: (860) 665-8507
townmanager@newingtonct.gov
www.newingtonct.gov

At this point, we are assuming that revenue decreases from the State, coupled with opportunities for revenue increases such as sharing the State sales tax, a permanent increase in the conveyance tax, and other revenue opportunities will offset each other and the Town will experience a level State funding situation. The Town, through conservative fiscal management, continues to have fiscal reserves which could absorb revenue fluctuations in the future, and if economic conditions continue to improve on (albeit on a slow basis).



I therefore am cautiously optimistic that the Town of Newington will maintain its outstanding municipal services to its citizens, including general government and education. The following is a detailed overview of programmatic changes in the fiscal year 2011-2012 budget.

Personnel

Unlike the last fiscal year when there were two outstanding labor contracts for the Town general government; all contracts have been settled for next fiscal year. In this fiscal year, the employees in the Police Department, covered under the IBPO Local 443 (police union) received no salary increase. In fiscal year 2011-12, the police employees will receive no increase in the first six months of the fiscal year and a 2% increase in the second six months of the fiscal year, which translates into an approximately 1% increase for the fiscal year. I applaud the members of the Police Department for addressing the fiscal needs of the community. I also appreciate that the AFSCME union agreed to forego raises in the fiscal year 2009-10 and accepted minimal raises and decreases in fringe benefits in fiscal year 2010-11 and 2011-12. I have also proposed some reductions of positions. Personnel will only be replaced on an as-needed basis.

Facilities Management

Last fiscal year I made significant changes in the Facilities Management department. We proposed and implemented a private cleaning service to maintain the Senior and Disabled Center. This contractual arrangement was similar to the two that already exist for cleaning the Library and Police headquarters. Under a joint effort between the various departments, Facilities Director and myself, a new contractor was retained, and as of the date of this letter the buildings are in excellent shape from a cleanliness perspective. Last year, I transferred one-half of a Building Official position to the Facilities department to assist the Facilities Director in monitoring and supervising various projects, including an upgrade of the Library heating and ventilation system and construction of the partial new heating system in the Senior and Disabled Center. This fiscal and next fiscal year the department will be working diligently on the new section of the Town Hall renovations, which is a joint project with the Board of Education. The Town is partnering with the Board of Education to provide a new learning environment for the Transitional Academy. The Town will move the Building, Planning and Engineering departments to a newly renovated portion of Town Hall, thus freeing up the space for this important education program.

I am recommending that the Town's two historic buildings be closed on a seasonal basis to save utility costs. The Town heats these buildings during the winter months while there is minimal activity in either building. By closing and winterizing the buildings during the heating season the Town can save sufficient money so that additional maintenance and capital items can be budgeted. It is my intention to budget an additional \$7,500 towards the infrastructure and improvements of both historic buildings in fiscal year 2011-12.

Public Safety (Police and Fire)

Hiring for the Police Department has been leveled off for this fiscal year and the proposed fiscal year 2011-12. We therefore now have lowered overtime costs since we have "right sized" the department. Since 2005 we have reduced overtime hours approximately 30% because of this "right sizing". The Town will continue to look for savings in overtime costs by working with the Police Department and I am confident that some savings will continue. The Town will continue to look for savings in overtime costs by working with the Police Department and I am confident that some savings will continue. Although the normal replacement rate of police cruisers is four per year, I am again recommending replacing only three. There will be increased costs as we acquire new police cruisers, as the long standing Ford Crown Victoria will be eliminated as an option; only new and more expensive vehicles will be available. We will monitor this situation closely to obtain the best price and value for our Police Department.

The Newington Volunteer Fire Department has continued to maintain a very successful recruiting effort to increase and maintain membership. The volunteer ranks increased substantially over the last two years, and this increase in membership has been maintained. This budget reflects an increase in demands for uniforms and new equipment, as well as training for these new recruits. This investment has due dividends for the issue of safety within the Town.

Public Works

The Public Works budget is increased significantly mostly due to current market conditions for motor fuel. As the region is experiencing the harsh winter in fiscal year 2010-11, the recommended budget for snow removal and materials has proven to be sufficient, although there will be a shortfall in the overtime account. The proposal for 2011-12 continues to encompass efficiency measures. In the area of refuse disposal, the Town implemented single-stream recycling very successfully during the fiscal year 2010-11. At this point, an approximate 35% increase in the amount of recycling has occurred, which has decreased the amount of municipal solid waste that needs to be

budgeted. In addition, the Town must make a decision on whether it will renew its contract with the Connecticut Resource Recovery Authority (CRRRA) or contract with another entity. I am hopeful that we may reduce the tipping fee below the budgeted \$69.00 per ton level.

Building Department

In the Building Department, the staff level remains at the same level as fiscal year 2010-11. Building construction in the Town has not yet rebounded substantially and therefore the staffing situation can remain as-is.

Senior and Disabled Center

As I had previously mentioned in the Facilities Maintenance budget, the Senior and Disabled Center is now maintained on a contractual basis, similar to the Library and the Police Department. This has been a successful transition and users of the facility have not noticed a reduction in the quality of cleanliness.

Library

At this point in the budgetary process I have been able to maintain Library's operating hours, including Saturdays and Sundays.

Parks and Recreation/Parks and Grounds

In the Parks and Recreation Department, we continue to experience an increasing level of parks maintenance. Additional maintenance will be necessary with the completion of the Constitution Square municipal parking area for the maintenance of a Town green, which will need to be kept in the same condition as the Town parks. We are examining personnel options to care for this additional area with the attention that it deserves in our downtown.

Medical Insurance/Pension

Last year, the Town and the Board of Education were able to reduce significantly or have a small increase in medical insurance. This was the result of good claims experience which was the result of the modification of employee benefits and an addition of less availability of post-retirement benefits. Although the reductions are permanent, the savings are already built into last year's budget but were not repeated this year. When contracts expire next fiscal year, the Town will be looking closely at how it provides medical benefits and will be working on additional cost-saving elements. The Town has also begun to fund its other post-employment benefits (OPEB) requirements. This puts us in the forefront of fiscal responsibility in the State as many communities have not yet properly funded for these particular allocations because of fiscal reductions. The contribution to the Town's defined benefit pension fund has increased by 14% as compared to last fiscal year when it rose 19%. During the large fiscal downturn in investments from the recession of three years ago, the Town must contribute more to the fund to offset the reduction in investment income. Although the stock market and investment proceeds have recovered, we will still experience increased costs before prior year losses are completely absorbed.

Capital Improvement Program (CIP)

To address the capital needs of the Town, the Town Council established a Capital Improvement Program Committee that provided a framework for planning, scheduling and financing the Town's multi- year Capital Improvement Plan. The Committee is composed of three Town Council and two Board of Education members, with the assistance of Town and Board of Education staff. The funding level for this fiscal year is \$4,316,961, which together with the fixed debt service equals approximately \$6.6 million in funding. In addition to the legally

Metropolitan District Commission (MDC) and Connecticut Resources Recovery Authority (CRRA)

The Town of Newington is a member of a regional authority that provides water and waste water (sewer) service to the Town of Newington and seven other regional entities. The proposed MDC funding for fiscal year 2011-12 is \$248,592 or a 9.4% increase. This is a major increase over last year. The Town is also a member of the Connecticut Resources Recovery Authority (CRRA), which handles the disposal of solid and bulky waste for its members. In 2012 the Town will make a decision on whether to continue with the CRRA or look for an alternative source of waste disposal. Area towns have begun this process and are nearing completion of determining options. In addition, CRRA has offered to renew its existing agreement with the Town of Newington which will result in level or slightly reduced costs to the Town (depending on contract options of the Town's choosing).

Debt Service

There is an increase in debt service of approximately \$150,000 as the majority of the savings from the refunding of bonds issued in 1999 and 2000 was realized in FY 2010-11.

Board of Education

The Board of Education's requested fiscal year 2011-12 budget was \$61,576,654 or a 3.9% increase. I have recommended an increase of \$1,791,076, a 3.02% increase in the Board of Education's budget.

Board of Education – Manager Proposed

	FY 2010-11	FY 2011-12	\$ Change	% Change
Board of Education	59,244,755	61,035,831	1,791,076	3.02

Revenues

As previously noted, the fiscal year 2011-12 proposed budget includes a slight increase in the amount of State and Federal aid. The Town needs to monitor these levels closely as the fiscal year progresses.

The revenues to finance the proposed FY 2011-12 budget come from the following sources:

Type	\$	%
Property Tax	78,712,501	78.0
Non-Tax Revenue	19,713,768	20.0
General Fund Balance	2,000,000	2.0
TOTAL	100,426,269	100.0

The FY 2010-11 budget applies \$2,000,000 from the General Fund balance, the same amount as in FY 2010-11. This will leave an estimated, projected unreserved fund balance as of June 30, 2011 of approximately 12% of the FY 2011-12 budget. This level is consistent with parameters established by the credit rating industry and sound fiscal policy. It is important to note that the projected

surplus for FY 2010-11 will be less than FY 2009-10, therefore, the fund balance will not be replaced by the surplus to the extent of previous years. Allowing for an uncertain fiscal future for State revenue, it is prudent to maintain this fund balance for future fiscal years' budgets.

GRAND LIST

The October 1, 2010 taxable Grand List totals \$2,679,238,211, (subject to Board of Assessment Appeals review) or an \$11,287,133 increase. This represents an increase of 0.4% from the previous year. In light of the slow economic growth in the State, any increase in the Grand List is welcomed, although this is one of the lower increases in Newington's recent fiscal history.

MILL RATE

Effective with the October 1, 2010 taxable Grand List, the proposed mill rate for FY 2011-12 is 30.05 mills, an increase of .87 mill or 3.0%.

IMPACT ON THE NEWINGTON TAXPAYER

Utilizing an average residential assessment of \$166,380 and a proposed mill rate of 30.05, taxes would increase by approximately \$12.07 or 3.0%.

CONCLUSION

My appreciation goes to all who assisted in the preparation of the budget proposal, including staff, boards, commissions and other interested parties. I especially would like to thank Finance Director Ann Harter, Deputy Finance Director Lisa Rydecki, and Executive Assistant Jaime Trevethan for their tireless work to produce this document. I look forward to working with the Town Council to complete a budget that is effective, fiscally responsible and will maintain quality services within the Town of Newington.

Yours truly,

John L. Salomone
Town Manager