



Mike Lenares
Mayor

TOWN OF NEWINGTON

131 CEDAR STREET
NEWINGTON, CONNECTICUT 06111

OFFICE OF THE MAYOR

April 12, 2011

Dear Newington Resident and Taxpayer:

On behalf of the Town of Newington, we present the Town's Adopted Fiscal Year 2011-12 budget for General Government operations and the Board of Education. The budget totals \$100,902,993 – an increase of \$3,800,889, or 3.91% over FY 2010-11. Every effort has been made to maintain a fiscally responsible budget to minimize the impact to the Newington taxpayers.

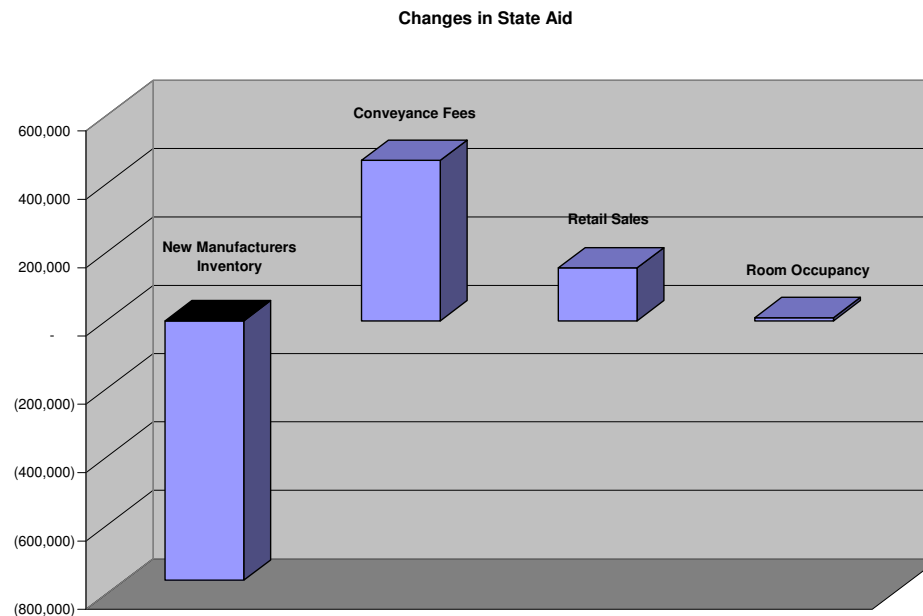
	FY 2010-11	FY 2011-12	\$ Change	% Change
Total Town Budget	\$97,102,104	\$100,902,993	\$3,800,889	3.91

Budget Overview

Since last year's budget message, the nation has started to experience a slight economic turnaround but the job market recovery has been slow to occur. For fiscal year 2010-11 there was much uncertainty for the Town of Newington as the State of Connecticut had not addressed its fiscal situation. Through the combination of revenue increases and expenditure/program reductions, Governor Malloy's proposed fiscal year 2011-12 State of Connecticut budget will be balanced for the next two years and addresses long-term financial needs. 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).

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Although the Governor’s proposal reduces certain payment-in-lieu-of-tax (PILOT) grants to the towns, there is the opportunity to compensate for these losses in diversified revenue opportunities. As the following chart illustrates, the Town’s budget assumes level State funding with sharing the increase in State Sales Tax, a permanent increase in the Conveyance Tax, and the Hotel Occupancy Tax will offset the loss of the Manufacturer’s Machinery & Equipment PILOT and the Town.



The challenges that will be necessary are to follow these revenue proposals through the legislature, and then accurately project how these will affect the Town in the coming fiscal years. The Town, through conservative fiscal management and sufficient reserves could absorb State revenue fluctuations. Therefore, 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. This budget includes some modification of positions and personnel will only be replaced on an as-needed basis.

Facilities Management

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.

Public Safety (Police and Fire)

Hiring for the Police Department has been leveled off for this fiscal 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 approximately 30% because of this “right sizing”. The Town will continue to look for savings in overtime costs by working with the Police Department. Although the normal replacement rate of police cruisers is four per year, this budget includes the replacement of 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. This situation will be monitored 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. With 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 budget 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 and be able to 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

To address the increased demands of transportation and the home delivered meal program, the part-time Elderly Worker/Clerical position increased a to a full-time position. This additional staffing will provide the support necessary to adequately administer these programs.

Library

The adopted budget maintains the existing 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 maintained in the same condition as the Town parks. We are examining personnel options to maintain this additional area with the attention that it deserves in our downtown.

Medical Insurance/Pension

Last year, both the Town and the Board of Education were able to reduce significantly or have a small increase in medical insurance due to positive claims experience. This was the result of the modification of employee benefits and an addition of less availability of post-retirement benefits. These permanent savings are built into prior years' budgets and will not be repeated this year. When contracts expire next fiscal year, the Town will be looking closely for additional cost-saving elements in medical benefits. 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)

The Town Council's Adopted Capital Improvement Plan for FY 2011-12 includes a funding level of approximately \$4.3 million, which together with the fixed debt service equals approximately \$6.6 million in funding the following projects. We have not included the legally mandated and fiscally recurring appropriations.

- **JWMS Roof Replacement** is for the continued replacement of this deteriorated school roof. 1,270,000

- Through the LOCIP and Town Aid for Roads Programs, approximately \$400,000 is annually committed for improvements (reconstruction and resurfacing) to the road infrastructure of the community in order to ensure the safety of the students, commuters and residents that travel our roadways on a daily basis. This plan proposes supplementing this State funded **Road Reconstruction and Resurfacing Program** to ensure road improvements continue in an appropriate manner. 390,000

- The **Town Hall Lower Level Renovation** provides for the continuation of the renovations to the Town Hall basement to allow for use by the town for the permanent relocation of the Building, Engineering and Town Planning and Zoning departments. This is so that the Board of Education can renovate the vacated wing for relocation of the Transition Academy education program. 518,803

- **Market Square** is to supplement current grants for development of this downtown area. 300,000

- **Synthetic Athletic Field** is to further supplement a state grant to replace the field at Clem Lemire with Synthetic Turf. 465,648

- **NHS Code Compliance** is for the continuation of these state required renovations at Newington High School. 378,450
- **HVAC Replacement Senior & Disabled Center** is to replace the balance of the HVAC rooftop units and fan coil units in the building. 93,000
- **Senior and Disabled Entrance Canopy** is to provide protection against the elements for older adults using the facility and those traveling by Dial-A-Ride in particular. This supplements donations received to date of \$15,000 35,000
- **Fire Co. 1 Roof Replacement & Gutter Relining** provides for the replacement of both flat and pitch roofing material and relining of gutters at Co. 1. 60,000
- **Transfer to Land Acquisition Fund** which will be used to fund possible purchases of land for Open Space. 25,000

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 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. This represents the permanent financing of some of the school renovation projects that were temporarily financed over the past few years and now are permanently financed.

Board of Education

The Board of Education's requested fiscal year 2011-12 budget was \$61,576,654 or a 3.9% increase. This requested increase of \$2,331,899 is included in the Town Council's Adopted budget.

	FY 2010-11	FY 2011-12	\$ Change	% Change
Board of Education	59,244,755	61,576,654	2,331,899	3.9

Revenues

As previously noted, the fiscal year 2011-12 adopted budget includes several changes to State 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	20,265,264	20.0
General Fund Balance	2,000,000	2.0
TOTAL	100,902,993	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 11% 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 \$2,679,131,131, (subject to Board of Assessment Appeals review) or an \$11,180,053 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 adopted mill rate for FY 2011-12 is 30.02 mills, an increase of .84 mill or 2.88%.

IMPACT ON THE NEWINGTON TAXPAYER

Utilizing an average residential assessment of \$ 166,380 and a mill rate of 30.02, taxes would increase by approximately \$140 or 2.88%.

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 Town Manager John Salomone, Finance Director Ann Harter, Deputy Finance Director Lisa Rydecki, and Executive Assistant Jaime Trevethan for their tireless work to produce this document.

Yours truly,

Mike Lenares
Mayor

