FY 2020/21 Recommended Budget
Town of Manchester, Connecticut

March 3, 2020
FY 2020/21 Recommended Budget

Summary

- Total General Fund recommended budget $198,005,595
- Expense increase of 2.98%
- Results in mill rate of 37.35 (increase of 2.28%)
- 3.5% increase in sewer rates and 2.0% increase in water rates
- Fire Fund: 4.83% tax increase: increased worker’s comp insurance and state pension costs, new pumper, phase-out of SAFER Grant
## FY 2020/21 Recommended Budget

<table>
<thead>
<tr>
<th>Category</th>
<th>Adopted 2019/20</th>
<th>Manager's Recommended 2020/21</th>
<th>Dollar Change</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Town Government Operations</td>
<td>50,702,280</td>
<td>52,172,028</td>
<td>1,469,748</td>
<td>2.90%</td>
</tr>
<tr>
<td>Town Government Non-Operating</td>
<td>11,407,233</td>
<td>12,223,827</td>
<td>816,594</td>
<td>7.16%</td>
</tr>
<tr>
<td><strong>Town Government Subtotal</strong></td>
<td>62,109,513</td>
<td>64,395,855</td>
<td>2,286,342</td>
<td>3.68%</td>
</tr>
<tr>
<td>Board of Education</td>
<td>116,531,237</td>
<td>120,027,174</td>
<td>3,495,937</td>
<td>3.00%</td>
</tr>
<tr>
<td>Other Education-Related</td>
<td>930,573</td>
<td>620,631</td>
<td>(309,942)</td>
<td>-33.31%</td>
</tr>
<tr>
<td><strong>Education Subtotal</strong></td>
<td>117,461,810</td>
<td>120,647,805</td>
<td>3,185,995</td>
<td>2.71%</td>
</tr>
<tr>
<td>Debt Service</td>
<td>12,697,594</td>
<td>12,961,935</td>
<td>264,341</td>
<td>2.08%</td>
</tr>
<tr>
<td><strong>Total General Fund</strong></td>
<td>192,268,917</td>
<td>198,005,595</td>
<td>5,736,678</td>
<td>2.98%</td>
</tr>
</tbody>
</table>
Financial Highlights- Town

- Includes overall Town government increase of 3.68%, or $2,286,342
- Town government operations (excluding non-operating expenses) increase by $1,469,748, or 2.90%
  - Increase of $644,311 or 2.19% for wages & contractual salary adjustments
  - Net pension increase of $359,236 based on valuation of pension funds- new mortality tables
  - Health insurance for active employees increased by $239,000; total general fund (Town-side) cost $6,951,900
FY 2020/21 Recommended Budget

Financial Highlights- Town

- The Communications Manager is moved from Human Resources to the General Manager’s Office, yielding an increase in one that is offset by a decrease in the other.

- The Budget & Research Office, which currently covers the salary of the Work_Space site manager position, will only cover 50% of that position in the upcoming year, with the remainder to come out of Work_Space’s operating budget.

- In Public Works, two positions in Sanitation have been exchanged for two new positions, Deputy Director for Sustainability & Materials Management and a Management Analyst, which are 95% funded in Sanitation and 5% in the General Fund.

- In the Police Department, an additional $150,000 is provided for overtime expenses to accommodate a near-fully staffed department with no vacancy savings.
FY 2020/21 Recommended Budget

Financial Highlights

Non-operating budget (excluding debt) increase of $816,594, or 7.16%
- Retiree pension costs: $168,368 increase (16.5%) total GF pension cost for current retirees: $1,185,746
- Retiree health costs: $183,459 increase (6.0%) total GF retiree health costs: $3,241,101
- General fund capital budget increases by $140,000
- Capital improvement plan for FY21 utilizes:
  - $1,534,000 in General Fund
  - $270,000 in one-time funding sources from unallocated balances and available surpluses in capital project accounts
  - $340,000 in LoCIP funding
  - Fund balance designation of $200,000 for equipment & vehicles
FY 2020/21 Recommended Budget

General Fund Capital Contribution - FY15-FY21

$2,000,000
$1,800,000
$1,600,000
$1,400,000
$1,200,000
$1,000,000
$800,000
$600,000
$400,000
$200,000
$-

FY15  FY16  FY17  FY18  FY19  FY20  FY21
FY 2020/21 Recommended Budget

Financial Highlights

- Board of Education increases 3.0% or $3.49 million in Manager’s recommended budget
  - Manager’s recommend accounts for repurposing as Alliance expense of $990,419
  - Cost drivers include:
    - Salaries & wages: +%$2,950,769, 4.4%
    - 50 in 5 Staff Diversification Initiative
    - Tuition & services for out-of-district students
FY 2020/21 Recommended Budget

Manchester Board of Education Budget & ECS Grant 10
Year History

Adopted Budget

- $140,000,000
- $120,000,000
- $100,000,000
- $80,000,000
- $60,000,000
- $40,000,000
- $20,000,000

FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19 FY20 FY21

- Alliance
- BOE (Gen. Fund) Exp
- ECS
FY 2020/21 Recommended Budget

General Fund Summary

- Proposed budget requires mill rate increase of 2.28%
- Last year’s increase: 1.98%
- Five year average: 1.50% mill rate increase
- Places $2,250,000 of fund balance at risk (thus far, budgeted use of fund balance has been unutilized)
- Grand List growth of about 1.1%
  - Generates about $1.6M in new revenue at the current mill rate
FY 2020/21 Recommended Budget

- Tax Impact
  - Resulting mill rate of 37.35 (currently 36.52)
  - Examples of tax increases on homeowners:

<table>
<thead>
<tr>
<th>Market Value</th>
<th>Assessed at 70%</th>
<th>Current Tax</th>
<th>New Tax</th>
<th>Change in Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>$150,000</td>
<td>$105,000</td>
<td>$3,835</td>
<td>$3,922</td>
<td>$87</td>
</tr>
<tr>
<td>$250,000</td>
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<tr>
<td>$350,000</td>
<td>$245,000</td>
<td>$8,947</td>
<td>$9,151</td>
<td>$203</td>
</tr>
</tbody>
</table>
FY 2020/21 Recommended Budget

Fire Fund

- Expenditure increase of 6.35%
- Proposed mill rate of 5.43
  - Increase of 4.83% compared to current mill rate
- Increase to State-managed retirement plan (MERS): $255,445
- Phase-in of increased contribution to Town’s liability insurance: $108,726 based on worker’s comp history
- First payment on new Class A Pumper: $100,000
- SAFER grant, which has covered 75% of salary and benefits for three new firefighters, phases out to 35% in October 2020
FY 2020/21 Recommended Budget

Required MERS Employer
Contribution Rate

- FY19: 16.93%
- FY20: 20.74%
- FY21: 22.84%
- FY22: 24.94%
- FY23: 27.04%
- FY24: 28.84%
FY 2020/21 Recommended Budget

Fire Fund Increases Over Current Year

- Wages, $334,621
- State Pension, $255,445
- Health Insurance, $193,306
- MSIP, $108,726
- Other, $98,678
- Apparatus, $100,000
- SAFER, $56,908

Total: $806,558
### South Manchester Fire District (Fire Fund only)

<table>
<thead>
<tr>
<th>Market Value</th>
<th>Assessed at 70%</th>
<th>Current Tax</th>
<th>New Tax</th>
<th>Change in Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>$150,000</td>
<td>$105,000</td>
<td>$544</td>
<td>$570</td>
<td>$26</td>
</tr>
<tr>
<td>$250,000</td>
<td>$175,000</td>
<td>$907</td>
<td>$950</td>
<td>$44</td>
</tr>
<tr>
<td>$350,000</td>
<td>$245,000</td>
<td>$1,269</td>
<td>$1,330</td>
<td>$61</td>
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</table>

### General Fund + South Manchester Fire District

<table>
<thead>
<tr>
<th>Market Value</th>
<th>Assessed at 70%</th>
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</thead>
<tbody>
<tr>
<td>$150,000</td>
<td>$105,000</td>
<td>$4,379</td>
<td>$4,492</td>
<td>$113</td>
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<tr>
<td>$250,000</td>
<td>$175,000</td>
<td>$7,298</td>
<td>$7,487</td>
<td>$189</td>
</tr>
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<td>$350,000</td>
<td>$245,000</td>
<td>$10,217</td>
<td>$10,481</td>
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</tbody>
</table>
FY 2020/21 Recommended Budget

- **Water Fund**
  - Total operating expenditure increase of 5.82%  
    - Includes second year of 2-year phase-in of sewer use fees paid to Sewer Fund ($211k)  
  - Non-operating expenses increase by 10.67%  
    - Increase in debt service $129,409: first year of payments on Clean Water Fund loans for $5M filtration project  
    - Increase to capital $192,500 (valve replacements across town $150k; SCADA software replacement $90k, backhoe replacement $185k, etc)

- **Proposed rate increase of 2.0%**  
  - Preparing for future increased filtration at well-heads
FY 2020/21 Recommended Budget

Water Rate Increase

<table>
<thead>
<tr>
<th></th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>FY 2024</th>
<th>FY 2025</th>
<th>FY 2026</th>
<th>FY 2027</th>
<th>FY 2028</th>
<th>FY 2029</th>
<th>FY 2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Rate Increase</td>
<td>2.0%</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.5%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

End of Year Water Fund Cash Balance

EOY Water Unrestricted Cash Balance

Target Water Reserve Balance
FY 2020/21 Recommended Budget

- **Sewer Fund**
  - Total operating expenditure increase of 2.0%
    - First year of payments to Vernon for wastewater plant upgrades
  - Non-operating increases by $134,708 (2.9%)
  - **Proposed rate increase of 3.5%**
    - Continued phase-in of WWTP upgrade costs
FY 2020/21 Recommended Budget

Sewer Rate Increase

<table>
<thead>
<tr>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>FY 2024</th>
<th>FY 2025</th>
<th>FY 2026</th>
<th>FY 2027</th>
<th>FY 2028</th>
<th>FY 2029</th>
<th>FY 2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,000,000</td>
<td>$4,500,000</td>
<td>$4,000,000</td>
<td>$3,500,000</td>
<td>$3,000,000</td>
<td>$2,500,000</td>
<td>$2,000,000</td>
<td>$1,500,000</td>
<td>$1,000,000</td>
<td>$500,000</td>
<td>$0</td>
</tr>
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</table>

FY 2021 FY 2022 FY 2023 FY 2024 FY 2025 FY 2026 FY 2027 FY 2028 FY 2029 FY 2030

End of Year Sewer Fund Cash Balance

- EOY Sewer Unrestricted Cash Balance
- Target Sewer Reserve Balance
FY 2020/21 Recommended Budget

Sanitation Fund

- Total expenditure increase of 3.73%
  - Two positions (Working Foreman & Environmental Services Manager) eliminated in exchange for two new positions (Deputy Director of Sustainability & Materials Management, and Management Analyst); 95% Sanitation, 5% General Fund
  - Two part time Transfer Station positions to be replaced with one full-time Maintainer, per labor contract
  - Tip fee costs for curbside disposal expected to increase (projected at $95/ton)
FY 2020/21 Recommended Budget

Summary

- Total General Fund budget $198,005,595
- Expense increase of 2.98%
- Use of reserves $2,250,000
- Results in mill rate increase of 2.28%
- Increases in Sewer Funds reflect continuing phase-in of debt service costs associated with plant rebuild; 2.0% increase recommended for water rates
- Fire Fund: 4.83% tax increase
Thank you.