
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

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

FY 2020/21 Recommended Budget

■ 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

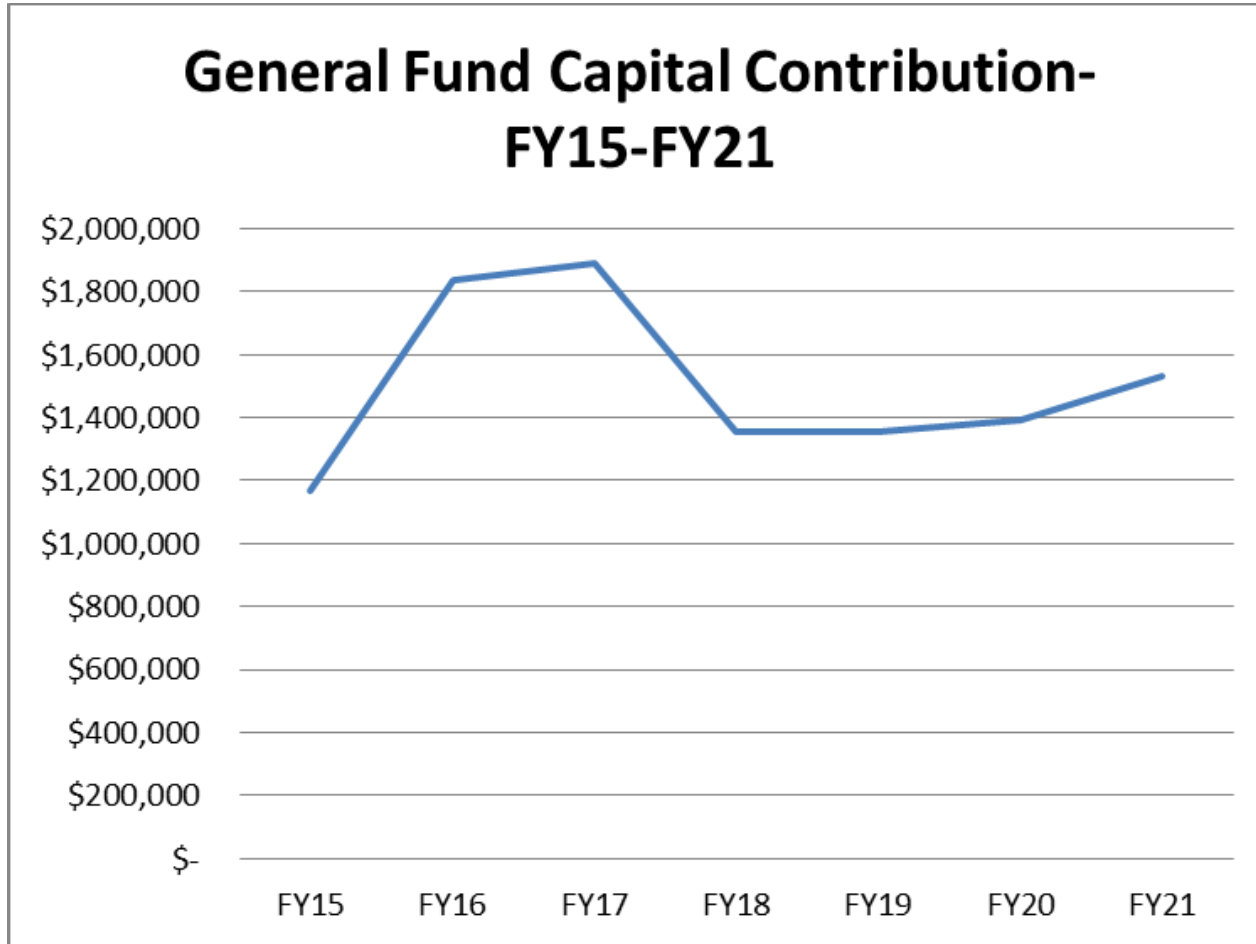
- The Communications Manager is moved from Human Resources to the General Manager's Office, yielding an increase in one that is offset by a decrease in the other.
- The Budget & Research Office, which currently covers the salary of the Work_Space site manager position, will only cover 50% of that position 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

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■ 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

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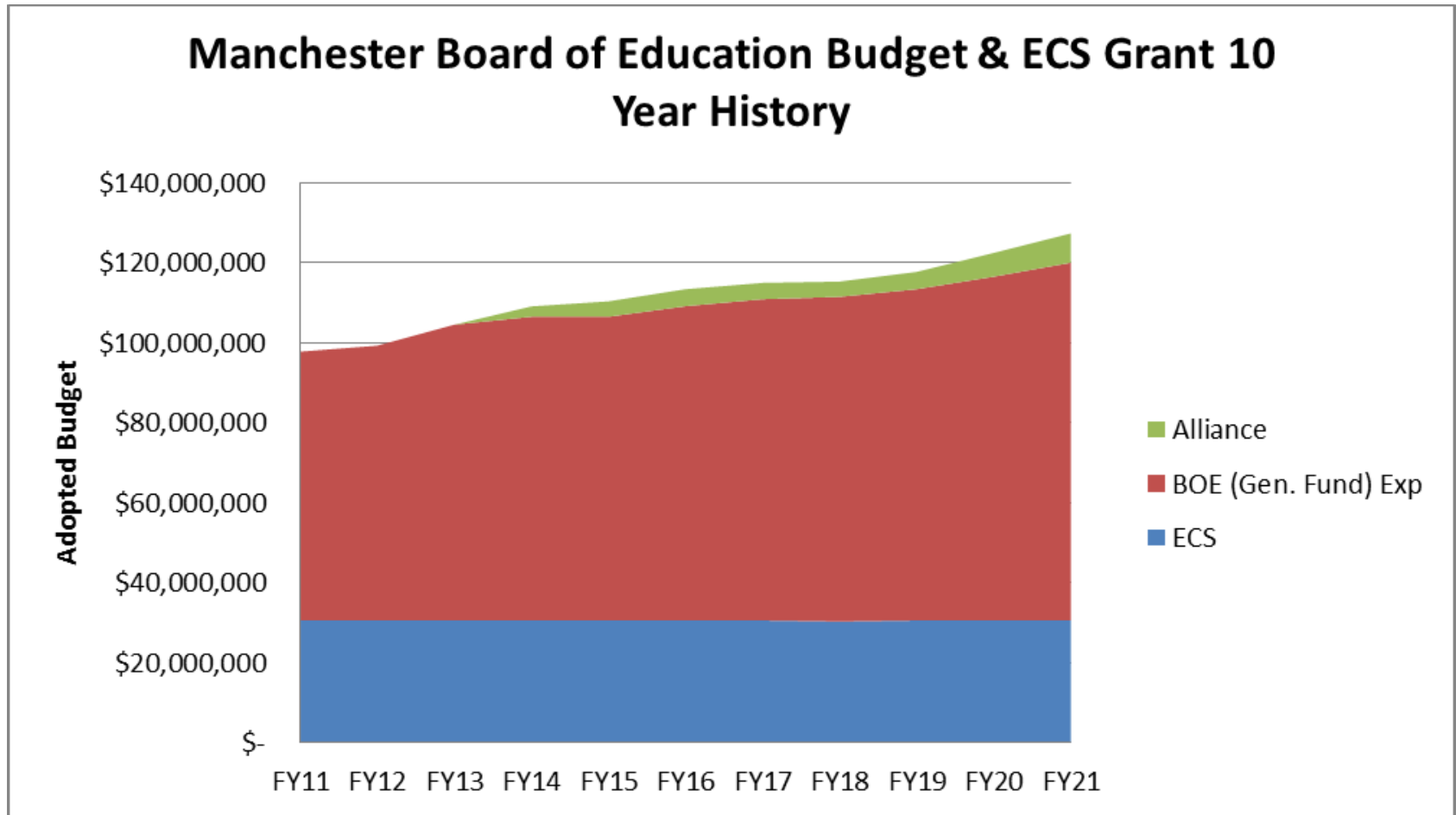


FY 2020/21 Recommended Budget

■ 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

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■ 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

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■ Tax Impact

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

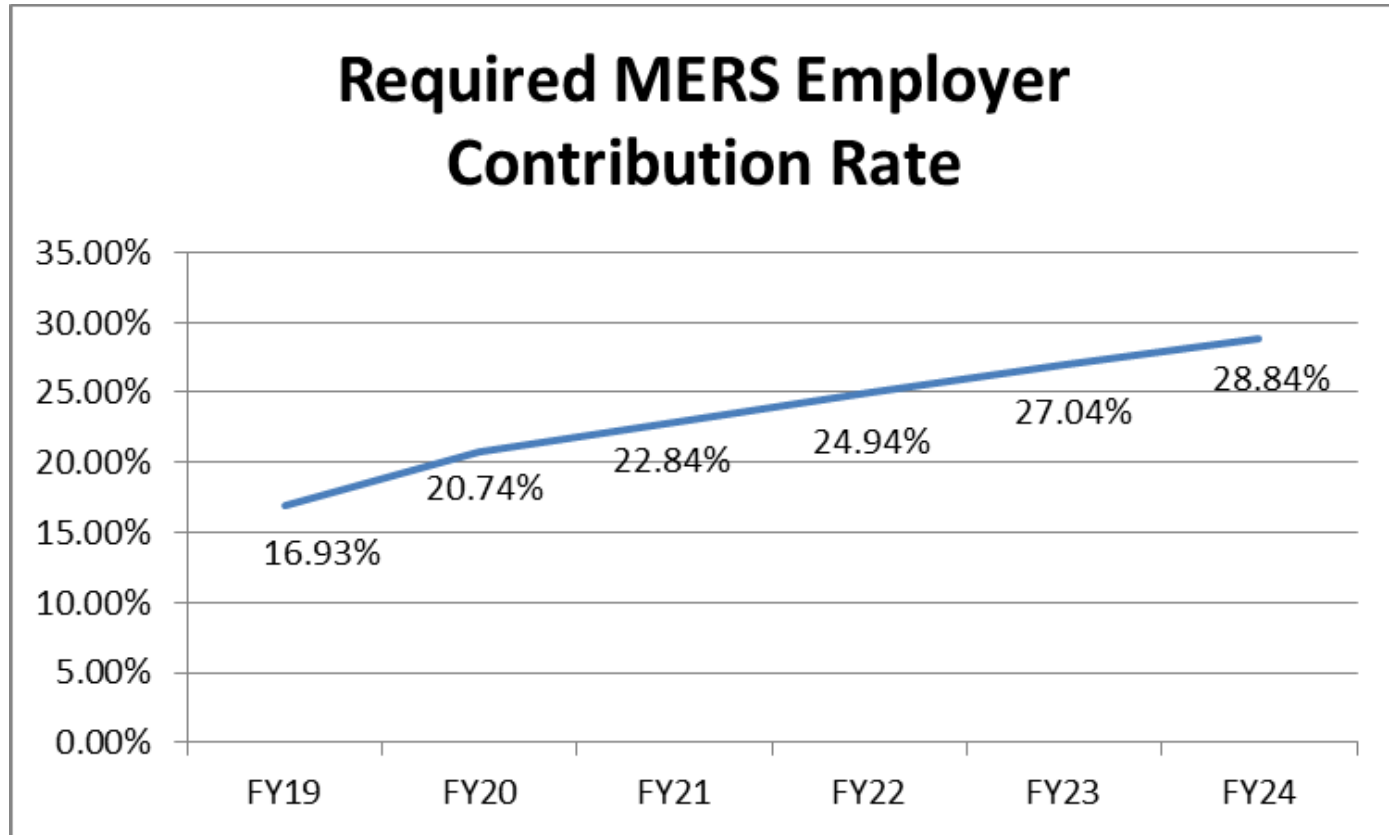
General Fund Only (8th Utilities District)

Market Value	Assessed at 70%	Current Tax	New Tax	Change in Tax
\$150,000	\$105,000	\$3,835	\$3,922	\$87
\$250,000	\$175,000	\$6,391	\$6,536	\$145
\$350,000	\$245,000	\$8,947	\$9,151	\$203

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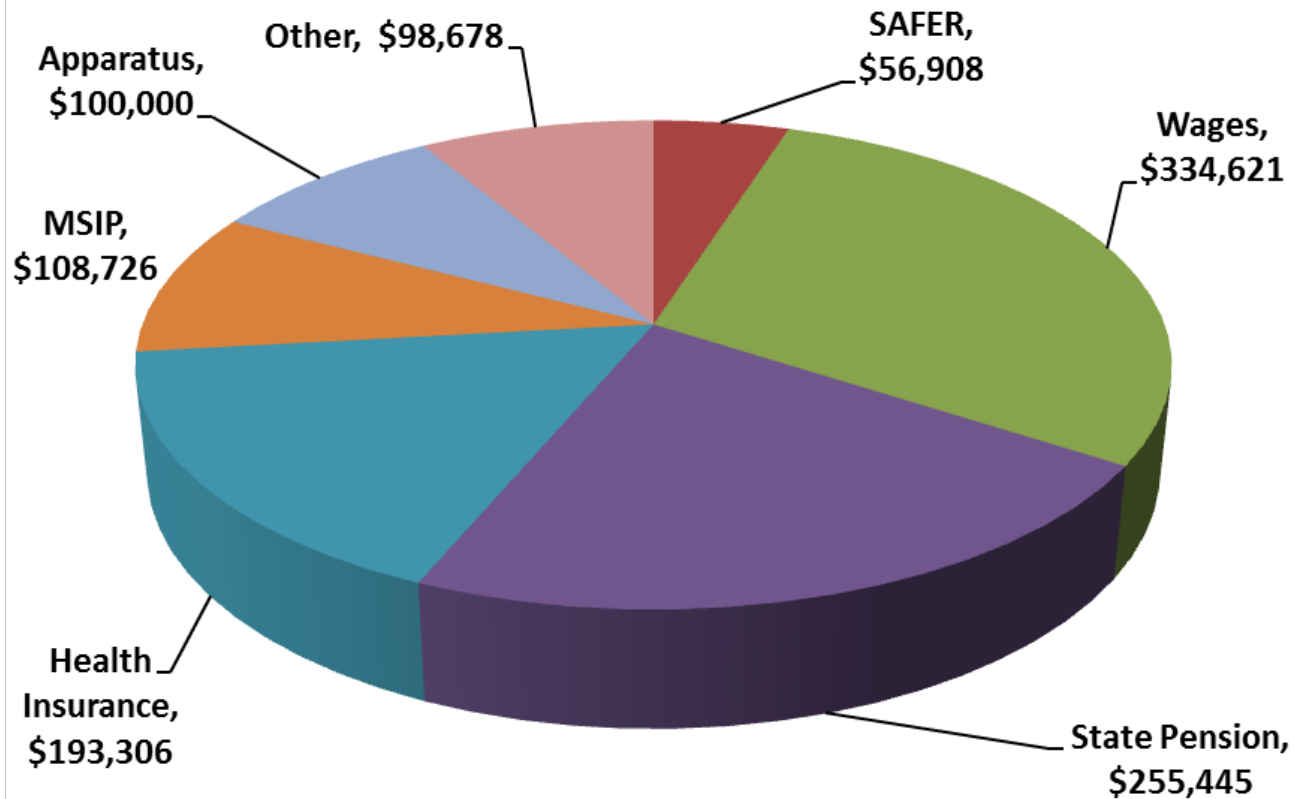
- Fire Fund
 - Expenditure increase of 6.35%
 - Proposed mill rate of 5.43
 - Increase of 4.83% compared to current mill rate
 - Increase to State-managed retirement plan (MERS): \$255,445
 - Phase-in of increased contribution to Town's liability insurance: \$108,726 based on worker's comp history
 - 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

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Fire Fund Increases Over Current Year



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South Manchester Fire District (Fire Fund only)

Market Value	Assessed at 70%	Current Tax	New Tax	Change in Tax
\$150,000	\$105,000	\$544	\$570	\$26
\$250,000	\$175,000	\$907	\$950	\$44
\$350,000	\$245,000	\$1,269	\$1,330	\$61

General Fund + South Manchester Fire District

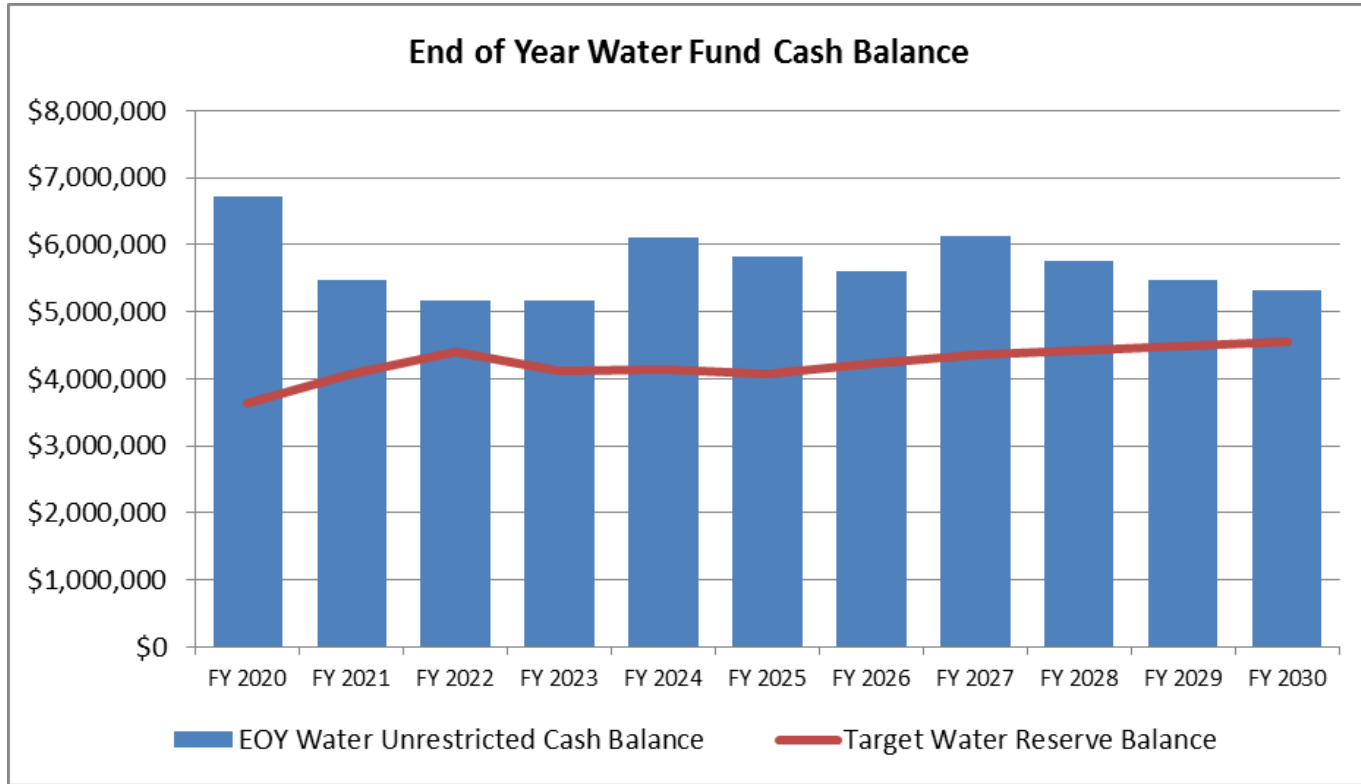
Market Value	Assessed at 70%	Current Tax	New Tax	Change in Tax
\$150,000	\$105,000	\$4,379	\$4,492	\$113
\$250,000	\$175,000	\$7,298	\$7,487	\$189
\$350,000	\$245,000	\$10,217	\$10,481	\$265

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■ 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

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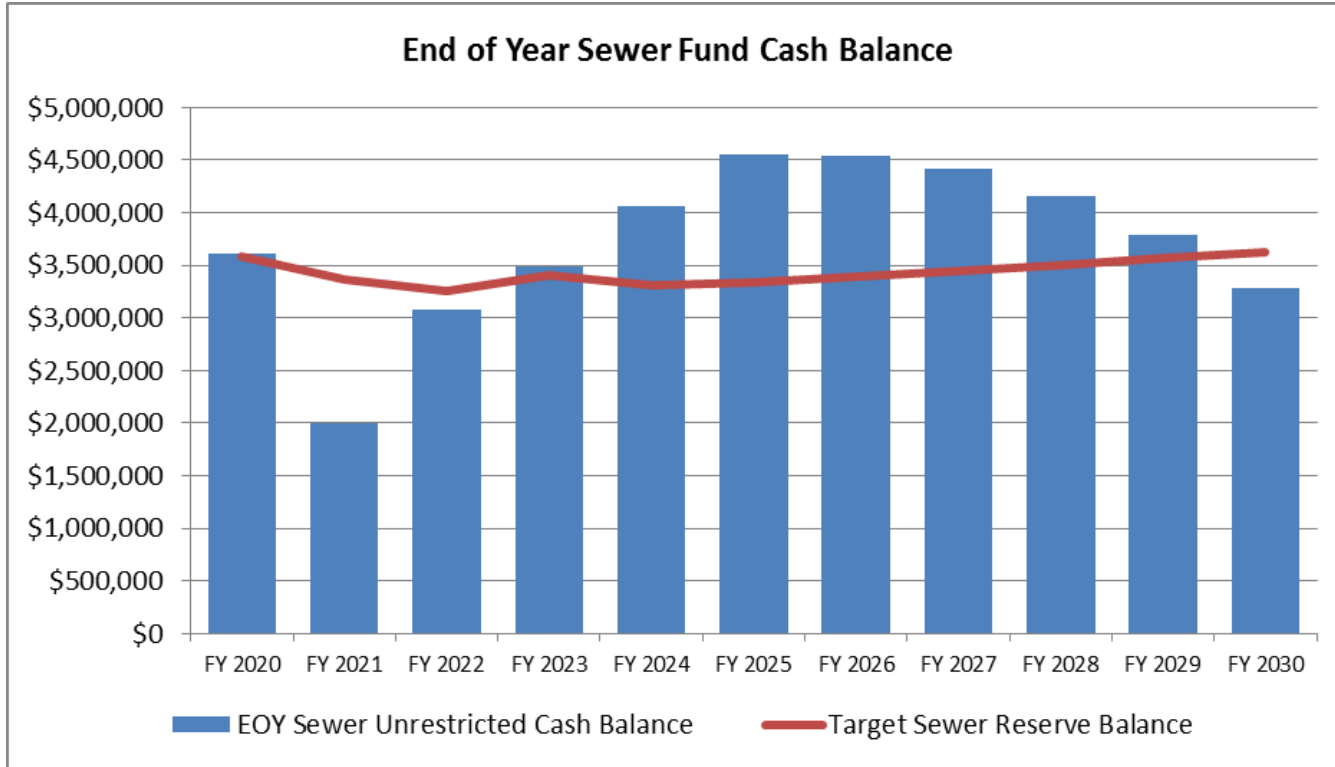
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Water Rate Increase	2.0%	1.5%	1.5%	1.5%	1.5%	2.0%	2.0%	2.0%	2.0%	2.0%

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■ 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

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	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Sewer Rate Increase	3.5%	3.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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■ 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)

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■ 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

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Thank you.