Office of the Mayor
Daniel A. Champagne
Vernon-ct.gov

MAYOR'S BUDGET MESSAGE

For

Town of Vernon

Fiscal Year 2014-2015

Dear friends and neighbors,

I would like to present you with a brief description of my budget proposal for the fiscal year 2014-2015. To start I would like to thank all of those who assisted in preparing this budget. This budget will provide the funds that are necessary to continue the level of services that the Town of Vernon has provided for many years. The budget will also help strengthen our infrastructure and capital assets.

My total budget, inclusive of General Government $27,270,026; Capital Improvements $ 765,565; Debt Service $ 5,649,295; and the Board of Education $51,495,456, totals $85,180,342. This figure is $13,367,541 less than what was requested by the Department Heads. The result is an increase of $2,380,882 or 2.88% over the 2013-14 budget. The impact to the taxpayer in the Town of Vernon is a mil rate increase of 0.91. Some highlights are as follows:

Group Insurance

We went out to bid again for health insurance and also for self-insured plans. Deliberations continue, and we are consolidating with the Board of Education to generate an overall rate that will benefit the taxpayer. Rates began in the area of 15%, and my proposal utilizes a premium increase of 6%. When combining increased employee participation in the Health Savings Account program, the town's group insurance budget actually decreases by $26,363.

Property and Casualty Insurance

Municipal property insurance premiums have increased by an estimated $50,993. The increase is comprised of compensating for a shortfall in the current budget and projecting increases in the next year at varying rates depending on the coverage, but not exceeding a 10% cap. We will continue to monitor the market, which is extremely narrow, but if there are adjustments, they will be forwarded during budget deliberations.

Pension

My proposal includes an increase of $146,773 for the various retirement plans. Although our investment performance exceeded assumptions, and we will now be one year beyond the "deficit smoothing" from 2008, other factors impact the pension plans, including the lowering of the assumed investment rate next year from 7.5% to 7.0%; and updating the mortality tables used for calculating plan liability. There are some other areas that are in current discussions and we hope to moderate any further increases. Enrollment in the defined contribution plan continues to increase as all new town employees are restricted to that plan. The result is a budget increase of $25,400. Lastly, the town is required to make contributions to the "Other Post Employment Benefit (OPEB) Trust", and that amount increased by $50,000.

Police

I restored to the Police vehicle budget two cruisers at an estimated cost of $66,000. This is a recurring item that will require funding in succeeding years. This was recognized several years ago when a special task force on capital improvements removed police cruisers from the capital program, recognizing that this represents an operating cost for the Police Department. My budget recommendation agrees with that concept.

Building Inspection

To increase the level of code enforcement, to reach the stage of a more pro-active approach, included in the budget are two new positions, an additional inspector and a new secretary. The ultimate goal is that the success of this program will enhance the quality of life in our community.

Education

I want to thank the Superintendent and the Board of Education for their efforts in developing the Education budget for fiscal year 2014-2015. It is also important to recognize the time contributed by our town liaisons and administration. After careful consideration of the Board's budget request, it is my recommendation to reduce the proposed increase from $1,608,669 to $1,000,669. The reduction of $608,000 was determined after negotiating lower rates and contributions in the Board's medical insurance budgets. I have communicated with the Superintendent the areas that can be adjusted, constituting "soft cuts" with minimal impact to educational programs.

APPROPRIATIONS DATA

The General Government increase is **$875,023**; and the increase to Capital Improvements & Debt Service = **$505,190.** The Board of Education increase has been revised from $1,608,669 to **$1,000,669.**

General Government

- Wages – all wages, inclusive of overtime, increase by $379,586 / 3.08%
  [Building Inspection = $90,791 for the additional inspector and a new secretary to increase the level of code enforcement.]
- Employee benefits – increased by $139,797 / 2.15%
- Refuse Tipping fees – decreased by ($50,399)
- Hauling contracts – decreased by ($12,005)
- Bulky waste disposal – increased by $36,000
- New budget; Invasive Aquatic Plant Management - $19,000
- Property & Casualty insurance – increased by $50,993
- Retirement plans – increased by $146,773
- Medical insurance – decreased by ($26,363)
- Heating fuels – decreased by ($15,800)
- Police cruisers – increased from -0- to $56,000; plus $10,000 for vehicle accessories
- Streetlights – Condos – Increased by $10,400
- Hydrants – Condos – Increased by $6,000

Revenue

This budget proposal contains the supporting revenue estimates, and in recent years, due to reductions in state aid, an additional burden has been placed on expanding other revenue items. We were able to do so in some areas and will continue to pursue non-tax sources of revenue, and growth in the grand list. Overall, my estimates of non-tax revenue, inclusive of state aid, decrease by $146,712, with a decrease in revenue from the Board of Education of $312,012 being a significant factor, along with loss of revenue from past sewer assessment projects of $107,065. Those projects have fully reimbursed the General Fund. Helping to offset those decreases is a projected increase in prior taxes and supplemental motor vehicle taxes of $137,000; building permits of $85,000; and medical and gasoline reimbursements of $52,923.

The **Education Cost Sharing grant (ECS)**, is at $17,645,165, which has not changed in seven years. The **Alliance District funding, which goes directly to the Board of Education**, will increase by $602,747, from $1,402,214 to $2,004,961.

REVENUE DATA

Overall:	Non-Current Tax revenue decreases by:	(146,712)
	Current Taxes increase by:	2,527,594
	Total increase to Revenue:	$2,380,882

Major Factors:

Education reduction:	(312,012)

The State aid portion = ($156,012), with the significant amount being the ($128,580) Student Based Supplement Grant, which the Board of Education will be able to use toward their excess cost in tuitions. This amount was always considered town revenue that offset Education tuition budget(s). The other reductions: Special Education tuition – ($134,000); and Vo-Ag tuition: ($51,000).

Note: The ECS grant remains at $17,645,165. This will be the 7th consecutive year with no increase. In that time span, the Board of Education operating budget has increased by $5,798,633; from $45,696,823 to $51,495,456; **and**, the Alliance District funding will **increase by $602,747**; from $1,402,214 to $2,004,961.

REVENUE DATA (continued)

Sewer Assessment past Projects: **(107,065)**

This represents the end of revenue from Sewer Assessment project – Ordinance # 167 – ($61,336); and Sewer Assessment project – Ordinance # 201 – ($15,462); and the last payment from Tolland for the East Street/East Main trunk line – ($30,267)

Prior Taxes/Interest/Supp. MV: **+ $137,000**

Building Permits: **+ $ 85,000**

Medical Insurance & Gasoline reimbursements: **+$ 52,923**

Grand List: The growth in the Grand List, produces an increase in the collectable amount of taxes of **$937,886**

Capital Improvements:

Included with my budget proposal is a six-year capital improvement plan. The formation of this plan began at the department level, then received a comprehensive and thoughtful weighing of priorities by the Capital Improvement Committee, leading to further input and funding suggestions from Administration and Finance. With that assistance and input from the community, I then took considerable time to focus on next year's capital projects, as well as the succeeding years to develop a short-term outlook and a long-term strategy for investment in our capital assets. The development of this capital plan took a great deal of time, and deservingly so. Restoring and maintaining our infrastructure and rolling stock, is critical to delivering the expected high quality of services, and at the same time, providing a safer, more enjoyable environment for our residents.

Engaging in a progressive capital plan requires the difficult task of identifying the funding sources. We explored alternative funding and fiscally responsible measures that includes a blend of grants, special funds, leasing, bonding and budgetary allocations, to support projects totaling $21,865,077 in the next fiscal year. Funding sources have been assigned to all but two percent of that amount.

Within the budget proposal, I am recommending an increase of $500,000 in the capital improvement budget, which is supported by the growth in the grand list. Looking to the future, and understanding the capital needs of the community, it is essential that we maintain a level of funding to address those needs, and at the same time control costs to our residents.

My proposal includes a diverse range of projects, inclusive of roads, sidewalks, bridges, dams, erosion control, park improvements, the completion of the optical fiber connectivity ring, rolling stock replacements, fire safety equipment, an emergency generator and the replacement of the senior center bus. In addition, we've requested state funding for the replacement of the Horowitz Pool and the restoration of the Fox Hill Tower.

The bonding portion of the plan involves the six-year $27 million road improvement initiative approved by voters in January, 2014. Next year's budget proposal is not impacted by the road bond, and we will continue to work on structuring future debt in a prudent manner. The same strategy is used in our leasing program, as the debt service portion of my proposal increases by just $5,190, and that includes the $465,000 toward the replacement of trucks for public works.

Please join with me in support of this capital plan. The preservation and improvement of our capital assets can be a demanding undertaking, but among the other benefits mentioned, accomplishment in this area brings about an even greater sense of pride in our community.

In closing, I urge you to join us in the process of putting together this budget. The Town Council will begin the next step on Saturday March 22, 2014 at 9:00 am, with the Town Council's first budget hearing. This meeting will have a public hearing where the public can make comments and answer questions about the process and budget items. The next meetings are: Monday, March 24, 2014 (7:30 pm), Thursday, March 27, 2014 (Second Public Hearing, 7:30 pm), Saturday, March 29, 2014 (9:00 am), Monday, March 31, 2014 (7:30 pm), Wednesday, April 2, 2014 (7:30pm) and Tuesday, April 8, 2014 – back-up date (7:30 pm). The last date will provide the Town Council with an opportunity to make any final adjustments to the budget that may be required. Each meeting will be held at the Vernon Town Hall on the third floor and will have a Citizen's Forum or Public Hearing segment, where everyone can speak. The final step in the process takes place at the Annual Town Meeting, Tuesday, April 22, 2014 at Rockville High School Auditorium beginning at 7:00 pm where the electors and taxpayers will consider the final outcome. Please take part in this process.

VERNON-CT.GOV ON THE MOVE

Mayor
Daniel A. Champagne

For updates and further information visit the town website www.vernon-ct.gov where you will find additional information about the budget and so many other topics of interest.

I would like to thank all of Vernon's residents and employees for helping create and form this budget. Please contact my office if you have any questions.

Mayor Daniel A. Champagne