



# TOWN OF VERNON

OFFICE OF THE MAYOR

14 PARK PLACE, VERNON, CT 06066

Tel: (860) 870-3600

Fax: (860) 870-3580

E-mail: mayor03@ci.vernon.ct.us

March 15, 2006

Vernon Town Council  
Memorial Building  
14 Park Place  
Vernon, Connecticut 06066

Dear Town Council Members:

I am pleased to submit my recommendations on the proposed budget for the Fiscal Year July 1, 2006 through June 30, 2007. Along with my recommended budget, I forward to you the enterprise budget of the Water Pollution Control Authority for the operation of the Wastewater Treatment Facility. A copy of the Education budget as approved by the Board of Education was distributed to the Town Council under separate cover. Also included is my recommended six-year capital improvement plan.

## Budget Format

- a) This message, budget highlights, and supporting documents.
- b) Recapitulation of actual **revenues** received in Fiscal Year 2004-2005; estimated revenues to be collected in Fiscal Year 2005-2006; and the estimated revenues to be collected in Fiscal Year 2006-2007.
- c) Recapitulation of budget accounts by total departmental **appropriations**, inclusive of departmental requests and mayoral recommendations, in three sections:
  - General Government operating budget
  - Education operating budget
  - Capital Improvement and Debt Service budget
- d) Budget comparison by object description showing dollar and percentage increases or decreases in each account.
- e) Statistical tables and graphs.

- f) Department narratives and a summary of budget accounts by appropriations, expenditures, departmental requests and Mayor's recommendation by sub-account.

At the back of this budget document are the following special revenue and enterprise fund budgets:

- i. **Ambulance Division Account** – This is a special account funded through revenue received from the service provided by the Town of Vernon Fire and Ambulance Department.
- ii. **Dog License Account** – This is a special account funded through revenue received from the sale of licenses, the Town of South Windsor, Town of Coventry, and funds appropriated in the general government budget under the Animal Control account.
- iii. **Vernon Cemeteries – Operation** – This is a special fund that accounts for the maintenance and operation of the five town cemeteries. Supporting revenue is derived through lot sales; investment income from the perpetual care trust fund; and from the general fund.
- iv. **Wastewater Treatment Facility – Operations** – This is an enterprise fund financed through sewer user charges.
- v. **Center 375** – This is an enterprise fund financed through payments received for the rental of space in the building.
- vi. **Data Processing Center** – This is an internal service fund, which is jointly financed by the Education budget and by the Town General Government budget.

## Budget Message

*Excerpt from The Connecticut Magazine, second quarter, 1908, on the Centennial of Vernon.*

Vernon (Rockville), has indeed reason to be proud of her record at the end of her first century. A wonderful change has come to the quiet little hamlet of an hundred years ago. Then there were seven hundred souls, mostly Yankee farmers, but a few manufacturers. To-day Vernon is nine thousand strong, with a reputation for manufacturing that extends far and wide, and reaching the high-water-mark of excellence, being first in the states in the manufacture of the finest worsted and woolen goods, silk fish-lines and spool sewing silks. If change is great to-day, think what it will be in an hundred years from now! Surely Vernon (Rockville) lives up to her name, the "Loom City," in which looms of industry are building honest riches; whose hills loom into the regions of pure air and invigorating health, crowned by good old New England homes in which abide industry and integrity; whose achievements in all the pursuits of life and whose contributions to the state and the nation loom high in the estimation of the American brotherhood of municipalities.

In October, 2008, the Town of Vernon will commemorate its bi-centennial, and we have assembled a committee to organize all the necessary preparations to embrace and preserve the historical significance of the day for future generations. In all save one manufacturer, the textile industry of the "Loom City" is a proud and precious memory. We have emerged into a community with historic charm, mixing long-standing and new neighborhoods, graced with some of the finest recreational facilities, the center in the area for the delivery of medical and judicial services, educational opportunities for all ages, and a wide array of civic amenities that compare with the best this state has to offer. With a great sense of pride, I submit my third budget plan, dedicated to preserving our strengths and re-investing in our community for future generations.

The primary objective in the development of this budget document is to maintain the high level of services desired by our residents and to plan the future needs of the Town of Vernon, consistent with the priorities recognized by the Town Council. Once again this budget focuses particular attention on capital improvements and the replacement of aging equipment; moving forward with the implementation and funding of both the public bond improvements and school bond renovations; meeting the elevated costs of energy; public works improvements and innovations; expanding economic and community development through capital projects; increasing public safety personnel to meet the demands of a diverse community; maintenance of our roads, parks, and buildings; and for those departments that provide direct services to improving the quality of life to citizens of all ages. We have made progress in establishing stability in all of our departments despite budget reductions. For years we have under funded many areas, constantly striving to keep expenditures at zero and relying on one-time revenues and reserves, as well as implementing hiring freezes to meet operating costs. This budget attempts once again to fully fund several of those neglected areas in an effort to manage our affairs in a sound fiscal manner.

All of these important services provided by the Town of Vernon including police and fire protection, utilities and transportation infrastructure, programs for our youth and disadvantaged, recreational parks, support for our public library, and a wide array of other services, promote and secure our identity as a community of strong civic and social ideals. To continue to provide these important services, my proposed 2007 budget for the Town of Vernon is \$72,276,291. Approximately 34% of the proposal is for services provided in the general government portion; another 60% is for our schools; and the remaining 6% is for capital projects and debt service.

### **General Government Operating Budget Features and Issues**

#### **Primary factors contributing to cost increases are:**

- Implementation of Elderly/ Disabled Property Tax Credit Program. Included in this proposal is \$100,000 for tax relief, affecting approximately \$2.6 million in assessments.
- Part-time zoning code compliance officer to enforce the housing code and blight ordinance [\$14,820].
- Additional community police officer (budget includes 50% of wages)
- Personnel cost increases due to negotiated and anticipated agreements [\$408,308]; includes funding additional 30% of youth service counselor wages due to termination of grant.
- Police overtime; holiday pay; compensated absences; and snow overtime [\$154,318]
- Other part-time wages for Senior Center coverage; parks maintenance; and other [\$36,265]
- Increased energy costs **\$402,978** inclusive of electricity [\$79,000]; street lights [\$47,000]; natural gas [\$95,000]; heating fuel [\$17,600]; and gasoline and diesel [\$164,378]
- Reducing the length of the leaf pickup and street sweeping programs; developing storm water out-flow mapping [\$25,400]. Amongst other scheduling benefits, this will allow our public works employees to continue working on road reconstruction, with savings far exceeding these costs.

- Increase contribution [\$30,000] to the workers' compensation self-insurance fund, as a result of claims experience.
- Increasing the contribution to the Rockville Public Library by [\$32,000].
- Increase to snow removal budget for gravel/sand salt of [\$26,900]. An average of \$54,000 is spent from the Town Aid for Roads grant annually. If the snow budget can capture this cost, the grant can be used to pave roads.
- Increased funding for police vehicles (2); laptops and computers; and safety equipment [\$78,817]

Primary factors contributing to cost reductions are:

- Group medical insurance decrease of (\$213,498) due to successful plan re-design and self-insurance for prescriptions.
- The tipping fee for refuse disposal decreases from \$70 to \$69 a ton (\$10,942); Public works has changed the brush program from a disposal process to a recycling process, which will produce additional revenue of \$9,000.
- The in-house revaluation is in the third and final phase of funding, (\$21,000)

In the past two years I had the privilege of witnessing at close hand, the dedication and hard work of the Town team, as well as their resiliency in delivering quality services to our community under increased demands. In all areas of service our goal is to train a professional workforce that is diverse, knowledgeable, and with the ability to multi-task. I am proud of the dedication demonstrated by our employees, and the pleasure they take in a job well done. At the onset of budget preparation, I asked department heads not to exceed a 1% increase in non-wage accounts; and not to propose any new full-time positions that were not self-sustaining. This was a problematic request, when considering past budget reductions, but the expectation of extraordinary increases in energy costs, coupled with the need to replenish the capital improvement program, made this a necessity. With that understanding, and the exceptions in the list above, the response from our departments was commendable.

Through the budget process I have been able to identify areas where savings can be attained, now and in the future; and have stabilized budgets that were far exceeding the appropriation. One such area is the Law account which came under budget last year for the first time in eighteen years, sustained by developing a working relationship with our Town Attorney that provides expert legal advice, while remaining fiscally conscious. In the repair of motor vehicles, this budget reflects the move of appropriations from the

police and fire departments, to public works. The budgetary result is an overall increase of just \$2,400 for all motor vehicle parts; and we anticipate this centralization will allow for improved control and future stability. We are continuing the necessary preparation to perform an in-house revaluation of property for the October 1, 2006 grand list. The success of this endeavor will achieve fiscal benefits immediately and in the long-term for our residents. Funding for the third of three phases is provided in this proposal. Also the funding to external human service agencies remained stable for the third straight year, with a reduction of \$7,369. The position of Police Captain is funded in this proposal, but the budgetary impact is minor as the recommendation is to leave the fourth lieutenant position vacant, thereby proceeding with a Captain and three lieutenants.

The residents of our community have requested that we maintain the traditional leaf pickup program and I remain attentive to those concerns. This budget fully funds the leaf pickup program along with appropriations for temporary help and equipment to improve collection and disposal methods, while shortening the time needed to cover our neighborhoods in a comprehensive approach. Also, the public works department has established a program of recycling our brush, rather than paying to have it disposed. This allows residents to pickup quality wood mulch that is used for landscaping, free of charge. The budgetary savings will be used to process leaves in much the same manner resulting in a valuable product that will be sold at auction. The revenue created will cover the cost of grinding the leaves and produce an estimated net profit of \$9,000.

The cost of medical insurance had been imposing double digit increases not just in Vernon, but nationwide. In this proposal, total group insurance decreases by (\$213,498) offset partially by co-pay decreases of \$89,714, for a net budgetary reduction of (\$123,784). The overall decrease to employee plans that were re-designed is 3.94%; and 2.10% for all other. Another factor in the decrease is that both the town and school administration sought competitive bids, with Anthem Blue Cross being retained as the provider. The self-insurance program for prescriptions began this year. It is too early to determine the savings, but one measure is that industry averages for prescription insurance went up 13%, while we maintained at the current rate.

In Emergency Management, there is an increase of \$11,510, mainly comprised of the advancement to our emergency response system, initiated in the current year. The FEMA grant awarded to the Town in the amount of \$203,575 will fund the ventilation systems at the Birch Road and Nye Street fire stations; along with fire retardant uniforms for ambulance personnel; all-terrain vehicles; and a rescue boat. Without the grant, these items would have been part of the budget proposal.

Initiatives in other areas include continued support of the Rockville Public Library. Although the library is a separate entity from town government, it has served all of our residents for many decades utilizing an endowment fund for the majority of its' operating expenditures. They presently are addressing their financial dilemma with

various improvisations. Understanding the contributions the library provides to the quality of life of our residents, the responsibility of continuing that standard for now and future generations, is an essential component of this budget. If this proposal is approved, the Town's contribution will have increased by \$97,000 in just the past three years, an increase of 63%.

### **Elderly Tax Credit**

One other important initiative is the implementation of an elderly/disabled tax credit program for homeowners. A healthy community needs a wide mix of residents of all ages, and it is reasonable that the town establish a tax policy which, to the modest extent it is able, encourages the elderly members of the community to stay in town and share their wisdom and experiences with the young. This proposal includes an estimated credit of \$100,000.

## **Capital Improvements and Debt Service**

Primary factors contributing to cost increases are:

- Replacement of equipment [\$485,607]
  - Public Works – leaf machine
  - Public Works – skid steer loader
  - Fire Marshal – vehicle
  - Senior Center vehicle
  - Police – cruiser for Captain
  - Town wide vehicle assessment study
  - Public Works – dump truck
  - Parks Maintenance – dump truck (one-ton)
  - Parks Maintenance – dump trucks (2) (1/2 ton)
  - Parks Maintenance – Tractor
  
- Projects [\$584,008]
  - Community pool – sand blast and paint: \$55,000
  - Hartford Turnpike Fire Station – roof replacement: \$23,500
  - Town Hall Annex – roof replacement: \$16,900
  - Intermodal Transportation Center – phase 1 of 4: \$250,000
  - Vernon Avenue Bridge – Reconstruction: \$97,000
  - Vernon Avenue – Road reconstruction: \$27,000
  - Village Street area reconstruction – Phase 2 of 2: \$65,000
  - Pavement crack filling – Various roads: \$49,608
  
- School Projects [\$68,000]
  - Central Administration – Re-point brick on north side of building: \$15,000

- System wide engineering fees: \$53,000
- Debt Service [\$741,550]  
Represents the initial phase of funding for the public improvement bond and school renovations bond. This budget also includes \$105,308 for the lease purchase of dump trucks and a refuse packer approved during the prior budget deliberations.

The Public Improvement bond approved by voters authorized \$19.1 million for reconstruction to several roads; the replacement of three bridges; and drainage improvements for the Bolton Lakes area. Improvements to the waste treatment plant of \$1.3 million; and to the sewer system of \$1.2 million were also approved. These projects are well under way and made significant improvements to our community. In all sectors of town, other major projects are about to begin; are underway; or completed including the renovation of Central Park; the construction of the new public safety complex; the replacement of the police dispatch center; the renovations of the recreation hall at Camp Newhoca; the replacement of rest rooms at Valley Falls Park; the revitalization of several of our old mills; the reconstruction of Vernon Avenue; the Village Street area reconstruction; the restoration of the Valley Falls pond and the nature barn; a FHA grant to enhance the Talcottville village; and the re-pointing and roof repair for the Memorial Building; This reinvestment into our infrastructure allows us to use our valuable resources to their fullest advantage.

Included in my proposal is \$250,000 which represents the first of four installments of our local share for the Intermodal Transportation Center, funded by a U.S. Department of Transportation grant in the amount of \$5,400,560. Combined with the 20% local share, the project total is \$6,480,672. This project, proposed to be constructed in the Rockville section, is designed to accommodate a bus station, a transportation hub for Hockanum Valley Community Council for senior buses and a much needed parking structure. The funding represents a unique opportunity for the Town to expand upon its transportation program while simultaneously redefining downtown Rockville. This project is a cornerstone to our efforts to bring outside developers to Town in order to achieve a much needed revitalization in the area.

The capital improvement budget suffers the most when budget deliberations are prolonged. The table below discloses the approved budgets for the last three years as opposed to the proposed FY 2007 amount. The time has come to realize that the amount proposed in FY 2007 is befitting to a community of our size.

FY 2004	FY 2005	FY 2006	FY 2007
\$113,000	\$353,000	\$295,160	\$1,069,615



With many of the capital projects currently funded by grants and bond proceeds, it is time to address our equipment needs. Our average cost of replacing equipment for each of the next six years is approximately \$939,000 and the current year budget is \$195,160. There is a direct relationship between the services we provide and the available equipment. My budget proposal allocates \$485,607 for major equipment, a positive step toward fully funding our rolling stock. The lease purchase of public works trucks last year, carries forward debt service of \$105,308.

## **Education**

The school administration has undergone budgetary pressures as well, most significantly in wages, energy costs, tuitions, instructional equipment and transportation. Careful deliberation was given to their original request and my recommendation for their budget includes both academic and fiscal considerations. I am proud of the strong relationships we have forged with the school system, most notably the successful school improvement bond authorization and support for the Lake Street School playscape; our undertakings to control escalating health benefits have produced a positive result to the proposed budget, as well as those in the future. Ongoing collaborative efforts will continue to enhance both our school system and the entire community.

## **Summary of Budget Changes**

On the appropriations side of the budget, I reduced General Government, Capital Improvements and Debt Service, and Education department requests by \$1,254,382, \$6,089,250 and \$400,000 respectively, for a total reduction of \$7,743,632. Overall, I am recommending an increase in the General Government budget of \$1,121,857; an increase in the Capital Improvements and Debt Service budget of \$1,544,005; and an increase in the Education budget of \$1,657,452. The combined budget amounts to \$72,276,291. The breakdown of dollars and percentages follows:

### **GENERAL GOVERNMENT BUDGET**

2005-2006.....	\$23,067,973
2006-2007.....	<u>24,189,830</u>

DOLLAR INCREASE:      \$ 1,121,857

PERCENTAGE INCREASE IS 4.86%



## **CAPITAL IMPROVEMENTS AND DEBT SERVICE BUDGET**

2005-2006.....\$ 3,043,686  
2006-2007..... 4,587,691

DOLLAR INCREASE:     \$ 1,544,005

PERCENTAGE INCREASE IS 50.73%



## **EDUCATION BUDGET**

2005-2006.....\$41,841,318  
2006-2007..... 43,498,770

DOLLAR INCREASE:     \$ 1,415,840

PERCENTAGE INCREASE IS 3.96%



## **TOTAL BUDGET**

2005-2006.....\$67,952,977  
2006-2007..... 72,276,291

DOLLAR INCREASE:     \$ 3,472,013

PERCENTAGE INCREASE IS 6.36%



### **Pension**

The actuarial valuation report for the police pension and non-police pension will not be issued until March 31, 2006. Traditionally, the Mayor's budget does not provide for any change in the employer contribution. Because the performance in the investment fund is less than plan assumptions; there have been a large number of retirements in the recent plan year; and plan amendments have been negotiated with several employee groups, it is most likely that an increase will be needed for that budget. This indication was made evident subsequent to the printing of the budget, so a provision of \$110,000

was included in the calculation of the mil rate. If this estimate is realized, the mil rate will not be impacted during Town Council budget deliberations. If the actuarial determined contribution is less than \$110,000, the mil rate will decrease accordingly.

### Comments on Revenue Estimates

Other than current taxes, revenue estimates for fiscal year 2006-2007 increased by \$421,360. This is attributable to an increase of \$283,500 in anticipated investment income; \$146,100 in non-current tax levies; \$77,688 in grants and tax exemption reimbursements from the State of Connecticut; \$70,346 in State of Connecticut school constructions grants; and \$59,258 in other revenue. Offsetting those increases is a reduction of \$108,818 in reduced tuitions in special education and vocational agriculture; \$89,714 in medical insurance reimbursements; and \$17,000 in licenses and permits. The net growth of 2.02 % to the grand list provided for approximately 24% of the tax revenue required. The following table summarizes the revenue necessary to fund the proposed budget increase.

Fiscal Year 2006-2007 Proposed Budget Increase	\$ 4,323,314
Net Revenue Increase - (Other than Current Taxes):	421,360
	<hr/>
Current Tax Revenue Required	\$ 3,901,954
	<hr/>
Current Taxes Generated by Growth in the Grand List	\$ 916,471
Mill Rate Increase of 2.54 from 35.79 to 38.33:	2,985,483
	<hr/>
	\$ 3,901,954
	<hr/>

THIS BUDGET, IF ADOPTED AS PRESENTED, REPRESENTS AN INCREASE OF

2.54 MILS (7.10%) ON THE TAX RATE

OR AN INCREASE FROM 35.79 TO 38.33 MILS

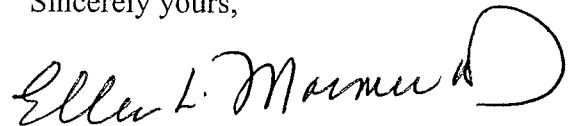
*(Following this message is a detailed compilation of the individual factors that  
comprise the increase to the mil rate.)*

Vernon is a great place to live, work, raise families, and visit, and I will continue to focus on maintaining and nurturing our town's prosperity through reinvestment in the elements that produce that result. Improving our community is the natural result of the love I have for Vernon. In the past two years we have all looked at Vernon in a new light, reflecting on our rich history, and understanding the future of great promise and opportunity has arrived.

Council members, commissions, department heads, staff and residents have come together on a number of occasions to discuss ways to address the pressing needs facing our community. It is through the cooperation of all involved that we are able to develop solutions that satisfy our collective interests and promote a vigorous potential for continued growth. I believe this budget recognizes the importance of our existing services and stresses the need to continue the improvement of our financial position into the future. By working together we can realize our opportunities and remain the community we envision for years to come.

I look forward to a full discussion of this document at our upcoming budget meetings and hearings.

Sincerely yours,

A handwritten signature in cursive script that reads "Ellen L. Marmer". The signature is written in dark ink and is positioned to the left of a large, stylized capital letter "D" that serves as a decorative flourish or part of the signature.

Ellen L. Marmer, M.D.  
Mayor