



TOWN OF LEDYARD
CONNECTICUT
LEDYARD TOWN COUNCIL

FINANCE COMMITTEE
SP JOINT MTG TC FINANCE CMT & BOE FINANCE CMT
~ AGENDA ~

741 Colonel Ledyard Highway
Ledyard, CT 06339
<http://www.ledyardct.org>

Thursday, January 18, 2018

5:30 PM

Council Chambers - Annex Building

I. CALL TO ORDER

ROLL CALL

II. BUSINESS OF MEETING

1. Discussion regarding State Funding pertaining to Ledyard's Fiscal Year 2017/2018 Budget.
2. Discussion and possible action regarding a Fiscal Year 2017/2018 mill rate adjustment and supplemental tax bills.

III. ADJOURNMENT

DISCLAIMER

Although we try to be timely and accurate, these are not official records of the Town and there is no guarantee of such accuracy.

The Town Council Official Agendas are on file in the Town Clerk's Office

Financial Business Request

(ID # 7270)

TO: Mayor
DEPARTMENT: Ledyard Town Council
FROM: Roxanne Maher, Administrative Assistant
DATE: December 27, 2017

REQUEST AS FOLLOWS:

Discussion regarding State Funding pertaining to Ledyard's Fiscal Year 2017/2018 Budget.

BACKGROUND:

FINANCE DIRECTOR NOTES

<<Enter Finance Director Notes>>

RECOMMENDED:

MAYORS RECOMMENDATION

<<Enter Recommendation>>

Ledyard, CT

S&P Questions

Finances

Please discuss fiscal 2017 results

- Balanced budget. Used the budgeted \$100,000 from Fund Balance. Expenditure budget was overspent by \$64,697; revenue budget higher than projections by \$64,697.
- Non-budget items: Fund balance was reduced by transfer of Board of Ed FY16 operating budget surplus (transferred in FY17 after completion of audit) to Board of Ed capital reserve in the amount of \$302,571. This transfer is done annually if Board of Ed has a surplus, to allow them to make capital improvements in the schools, per a Town Council resolution.

Please discuss the fiscal 2018 budget considerations including thought process for projections on state aid.

The Mayor, Finance Director, and Finance Committee Chair are monitoring the State budget updates on an hour-by-hour basis, and changes to the Town's fiscal position are being planned as follows:

Revenue Sources

- The Town has sufficient cash flow from July tax proceeds to keep paying necessary bills until January. In mid December we will start receiving January tax proceeds totalling \$16M; that will get us through late April/early May. We want to wait to issue any needed supplemental tax bills until we have an approved State budget. If additional funds are needed until a State budget is finalized, we can borrow from our capital reserve accounts. The Town budgets a general fund contribution to the Capital fund every year to fund reserve accounts. Balances in the reserve accounts are:
 - Capital and Nonrecurring Fund -- \$2,665,200
 - Ambulance Fund -- \$838,000
- The Town-owned Gales Ferry Landing (a decommissioned elementary school) is being sold in November for a net revenue of \$235,000. This is unbudgeted revenue.
- The former police station is being marketed for sale at \$230,000; we are planning for a net revenue of \$205,000. This is unbudgeted revenue.
- We just sold a fire engine for \$38,700. This is unbudgeted revenue.

Spending Cuts

- The Mayor has announced closure of the Gales Ferry Library effective November 3. The Town has a main library that will remain open but at five fewer hours per week. Projected savings of \$140,000 for the remaining eight months of the fiscal year.
- The Mayor has requested furlough days — one day per month — of the Town Hall Union (AFSCME), Supervisors Union (AFSCME), Public Works (Teamsters), Nurses (AFSCME), School Health Assistants (AFSCME), Non-Union Department Heads, and all non-union parttime employees. The unions are voting on the request throughout this week. Savings over eight months would be \$75,000.

- Layoffs are being considered pending results of the unions' furlough votes. Savings would be \$75,000.
- The Mayor has asked all emergency services employees— Police, Firefighters, and Ambulance —to give back one vacation day per month. They are not being asked to do furlough days because their shifts would still need to be covered by employees on overtime, costing more than the furlough day would save. No dollar value for immediate savings but lowers the long term liability.
- The Mayor has enacted a hard freeze on discretionary Operating fund and all Capital fund expenditures until the State passes a budget. No travel, meeting registrations, books, office supplies, training, new vehicles, computers, equipment, or road work.
- One position (Social Services assistant) was eliminated for a net savings of \$25,000.
- A vacant position in the Mayor's office, at \$32,000, has been put on hold until a State budget is passed.
- Parks and Recreation are turning the lights off on their sports fields at 5:00 p.m. indefinitely for a savings of \$15,000.
- Public Works is closing the Transfer Station on Sundays; that and other public works cuts will save \$14,000.
- The Senior Center director and Senior Center program director are providing the transportation for senior medical appointments and grocery shopping, saving \$11,433 over eight months on budgeted van driver wages.

Please discuss timing of disbursements by state and timing of significant town disbursements during the year.

- See answer to Question #2. In addition to the affects on the general fund, the Town is selling Bond Anticipation Notes to continue to fund the \$67.5M School Consolidation Project until a school bond package is approved by the State. The governor has said he will allow the school bond package to be voted on after a budget is implemented. The Town is set to receive 62.5% in reimbursements for the project.

Please discuss considerations of state support in the current year and going forward.

- Even before the current budget crisis, the Town Council convened a Committee to Transform the Budget Process. Their final report from December 2016 is attached. The Finance Committee is currently reviewing the report to see what other changes can be made to create more efficiencies and savings in the long term. Key among the long term plans are sharing services with neighboring municipalities, sharing services within the Town between General Government and Schools, and outsourcing certain services to private companies.

Some projections anticipate the town losing over \$7 million annually from state aid, excluding the potential effect from passing down teacher's retirement system costs; how will the town maintain balanced results if cuts were to be this significant?

- A combination of the spending cuts listed above, shared services with other municipalities, and tax increases.

Please provide an update on Union contract negotiations

- Teamsters In negotiation
- School Health Assistants In negotiation
- Supervisors In negotiation
- Police In negotiation

Documents

Please provide us with the latest budget to actuals.

If the town has recently adopted a reserves or debt management policy or undertaken a long-term financial plan, please send along.

See Committee to Transform the Budget Process document. We do not yet have a formal reserves or debt management policy but will be working on one in the next six months. Our unwritten but closely followed policy on debt and reserves is that we budget every year to contribute general fund dollars to capital reserve accounts for vehicles, equipment, roads maintenance, and technology upgrades. Because of this, we are able to purchase these items when necessary with cash instead of having to borrow. The \$2.6M we currently have appropriated in capital reserve funds is equal to 60% of our general fund fund balance.

Debt

Please confirm the town has no debt with acceleration clauses, which could pressure its liquidity.

- Confirmed



Ledyard Town Council

741 Colonel Ledyard Highway
Ledyard, CT 06339

SUBMITTED

AGENDA ITEM (ID # 7310)

Meeting: 01/18/18 05:30 PM
Department: Ledyard Town Council
Category: Budgetary Actions
Prepared By: Roxanne M. Maher
Initiator: Roxanne M. Maher
Sponsors:

DOC ID: 7310

Discussion and possible action regarding a Fiscal Year 2017/2018 mill rate adjustment and supplemental tax bills.

<<Enter Background Here>>

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HISTORY:

10/18/17 Finance Committee DISCUSSED Next: 11/01/17

The Finance Committee discussed the process should the Town be required to adjust the Fiscal Year 2017/2018 mill rate and issue supplemental tax bills.

Finance Director Marcia Hancock stated the mill rate calculation was contained in the budget spreadsheet, however, she explained that she was waiting for final revenue/budget numbers from the State, along with a better estimate of other sources of revenue or cost savings before calculating a new rate for the supplemental tax bill.

11/01/17 Finance Committee DISCUSSED Next: 11/16/17

The Finance Committee discussed the process should the Town be required to adjust the Fiscal Year 2017/2018 mill rate and issue supplemental tax bills.

Councilor Saums stated before they could recalculate a mill rate for a supplemental tax bill that they would need to have the revenue numbers from the State Municipal Aid and the numbers from the savings that will result from the measures the Town has taken (furlough days, library reduced hours, layoffs, etc.).

Finance Director Marcia Hancock stated that the town could issue a supplemental tax bill sometime between January - June, 2018.

Councilor Saums stated that the Finance Committee would keep this item on their Agenda.

11/16/17 Finance Committee DISCUSSED Next: 11/21/17

Councilor Saums stated that they have no new information this evening for discussion regarding supplemental tax bills.

Finance Director Marcia Hancock stated although the Town's goal was not to have to issue a supplemental tax bill, that the Connecticut Conference of Municipalities (CCM) State Budget and Legislative Update stated, if required, that Municipalities would need adjust their mill rate by February 1, 2018.

Mayor Allyn addressed the challenge to meet a February 1, 2018 deadline and stated that he and Ms. Hancock have discussed the need for a .25 mill increase in the Fiscal Year 2018/2019 Budget, noting that they thought that the town's best option at this time was to address the deal with the revenue short-fall internally this year from Fund Balance.

11/21/17 Finance Committee DISCUSSED Next: 12/06/17

1. The Committee continued to discuss a Fiscal Year 2017/2018 mill rate adjustment and supplemental tax bills noting the following:

- Budget Reductions Required:
 - General Government \$330,00
 - Board of Education \$700,000

If they cannot find all the savings required that a Supplemental Tax Bill could then be issued for the balance of revenues required to support the Budget.

- Possible Savings:
 - The Police Department has gone from replacing two police cruisers each year to only replacing one police cruiser to stretch out the life of the vehicles. This would provide a savings of about \$37,000 - 40,000 a year.
 - Senior Center has a \$164,000 operating budget that essentially serves 30 - 50 residents.
 - Senior Center Budget supports:
 - \$44,517 Municipal Agent/Senior Center Director (State mandated)
 - \$21,836 -Program Director/Center Assistant
 - \$29,437- Nutrition Site Server (State mandated if they serve food)
 - \$5,000 (Community Health Program) is used to subsidize the Program Instructors to help keep the programs affordable for the Seniors.
 - The programs are projected to generate \$11,000 per year in registration fee revenues, and the cost of the programs is about \$14,000 per year, therefore the Town subsidizes around \$3,000 for the programs.
 - The Senior Center facility was being underutilized and the facility could be used for meetings, Parks & Recreation Programs, etc.
 - Review the Senior Center Fee Policy relative to the use of the facility (town agencies, other organizations, outside group, etc.).
 - Senior Citizens Lunch currently serves about 25- 30 people. In years past they would serve about 125 Seniors.
 - Consider combining some functions of the Senior Center with the Parks & Recreation Commission (running programs, trips, etc.). Share one employee between the Senior Center and Parks & Recreation; which would eliminate one position.
 - Parks & Recreation has a \$475,000 operating budget and generates about \$47,000 in revenues:
 - Combine Parks & Recreation with the Senior Center and generate more revenue thru the programs that would more closely support the operating budget.

- 50% of Conveyance Taxes from real estate transactions in town are allocated to the Parks & Recreation Commission per Ordinance #116 “*An Ordinance Providing for the Transfer of Certain Revenue from the Real Estate Conveyance Tax to Specific Town of Ledyard Funds*”.
- \$141,000 is budgeted for contracts to maintain grounds/fields.
- Parks & Recreation has stated that will come-in with a proposed Fiscal Year 2018/2019 that is 12% - 15% less than the current budget year.
- Review Ordinances establishing Committees and assigning authority; there was overlapping duties between the Commissions and Town Staff. Commissions think that they have authority that they really should not have and it could be a liability to the Town. Authority should be centralized back to where it belongs and funds for Commissions should be under the control of the Town Council.
- Cut Budgets by 8% - 10% across the board - It would not be prudent to cut all Departments by 8% - 10% because some Departments that were revenue generators such as the Ledyard Visiting Nurses Association (LVNA- Nursing Department) and the Ledyard Ambulance (LVES) would not be able to generate the same level of revenue if their budgets were cut by 8% - 10%.
- Adjust/Reduce public service hours for savings.
- Average Teacher Salary was \$78,000; which does not speak to the Administrators’ Salary in the Central Office. A gross wage increase coupled with a step increase was a significant increase for the Town. Although the Town has recognized that that these salary increases have been unsustainable for quite some time that they have now reached a tipping point.
- Average Town Hall Staff Salary was \$35,000.
- Southeastern Area Transit (SEAT) - Discontinue SEAT Membership would provide a savings of \$5,672 for the remainder of this year.
- Sinking Funds - If the Town uses funding that has been set aside in Capital Sinking Funds for the replacement of large pieces of equipment such as fire trucks, snow plows or road repairs to make up the short-fall in State Municipal Aid (Revenues/Grants) and delay those purchases or road repairs that it would cost the Town more later. By recently purchasing the Ferrara HD107 Ladder Truck R-25 this past spring with cash that they did not have to finance \$1 million and by paying cash the Town saved \$125,000 up front and they did not pay any interest by amortizing the town’s large expenses.

The Finance Committee discussed the importance to strike a middle ground noting that if the School system declined to a point that people do not want to live in Ledyard then they have hurt the town. However, if they give the Schools everything and nobody can afford to live in Ledyard then the town and everyone suffers.

The Finance Committee also discussed what the role of government relative to what they should and should not be providing (subsidizing). It was noted that the government is supposed to provide services that citizens cannot provide for themselves such as police, fire, schools, etc.

The consensus of the Finance Committee concluded the following:

- Gales Ferry Landing (fka Gales Ferry School) sale proceeds to be used for Capital Needs rather than borrow the funds required for the most critical facility improvements.
- Combine Parks & Recreation with the Senior Center to run the facility/programs.
- Issue Supplemental Tax Bill rather than use Fund Balance because the town would have to pay back the funds to the Fund Balance by imposing a larger tax increase in the Fiscal Year 2018/2019.
- Healthcare Reserve Fund needs to remain at \$1 million because it off sets what the amount the General Fund would contribute to the Healthcare Plan the following year. The current projections indicate that the Healthcare Reserve Fund should end the fiscal year with a balance of \$1 million.

12/06/17 Finance Committee

Finance Director Marcia Hancock addressed the State's deadline for Municipalities to make a mill rate adjustment and to issue supplemental tax bills. She stated the Public Act that the Legislature passed at a Special Session in June, 2017 stated any adjustment of the tax levy would need to be done by February 1, 2018 and that it referred Municipalities to a state statute for guidance on how to adjust their tax levy. She went on to state that the State Statute stated that the "Due Date" of any supplemental tax bills can be determined by the Municipality. Therefore, she stated their reading of this State Statute was that the Town Council would need to set the

Mill Rate of the Supplemental Tax Bill by February 1st, and that they could determine the due date for the collection. Ms. Hancock stated that Tax Collector Joan Carroll stated that it would make sense to issue the Supplemental Tax Bill on January 1st to coincide with the second half of this year's (FY 17/18) tax collection. In speaking with Walsh, the tax collection software company, they learned that it would not be a problem to issue the Supplemental Tax bills at a different time noting that the Walsh Software would do all the tracking and that the system would apply the interest automatically, if required. Ms. Hancock stated the Tax Collector was neutral on the best time for the collection of the taxes to be due.

The Finance Committee discussed the timing to issue/mail the Supplemental Tax Bills and agreed to eliminate any confusion on the part of the taxpayer that there should be some separation time between the mailing of the second half of this year's tax collection bill and the mailing of the Supplemental Tax Bill, noting that they thought waiting until February may be better.

The Finance Committee reviewed a chart and some samplings showing what the Supplemental Tax Bills would be, based on the following mill rate adjustments 1.50 mill; 1.25 mills and 1.00 mills.

Mayor Allyn stated that his preference would be to implement a mill rate adjustment of 1.00 mills and that the Supplemental Bill be sent to all taxpayers, including the elderly who were currently receiving a tax benefit. He went on to state for a modest house a 1.00 mill rate adjustment/supplemental tax bill would be about \$67.00; and for a house in a neighborhood such as Sablewoods that a 1.00 mill rate adjustment/supplemental tax bill would be about \$338.00.

The Finance Committee agreed to wait as long as possible to make a decision regarding a mill rate adjustment noting that there could be additional reductions in State Municipal Aid during the State's February, 2018 Legislative Session.

12/07/17 Finance Committee

Supplemental Tax Bill and the mechanics of how to implement an increased mill rate if the Town had to; and whether the town could increase the mill rate and issue a Supplemental Tax Bill.

Councilor Saums stated at their December 6, 2017 meeting the Finance Committee reviewed the following chart showing what the Supplemental Tax Bills would be based on the following mill rate adjustments 1.50 mill; 1.25 mills and 1.00 mills and he reviewed some samplings.

Councilor Malone noted a mill rate adjustment of 1.00 mills for a modest house at an assessed value of \$70,000 would provide a supplemental tax bill in the amount of about \$67.00; and for a house at an assessed value of \$400,000 - \$500,000 the supplemental tax bill would be about \$300.

Councilor Saums noted the ALICE Report (Asset Limited, Income Constrained, Employed) indicated that one out of five (20%) households in Ledyard were at or below the poverty level and he stated any additional amount would be a burden for these households.

Mr. Hartling stated the poverty impact is felt by all aspects of government noting that one out of five children in Ledyard Public Schools were at or above the poverty level and he stated this number continues to increase. He went on to state that this requires their Team to provide additional support for these children to have the same education opportunity as others and be successful.

Councilor Saums stated on behalf of everyone present this evening from the Town and Board of Education that he would like to thank the teachers, town employees and everyone else who have stepped-up on the Furlough Day Plan noting that it has provided the majority savings for Ledyard.

01/03/18 Finance Committee NO ACTION Next: 01/17/18

Councilor Saums stated based on their discussion regarding Item #2 this evening that the Finance Committee would not discuss a mill rate adjustment or supplemental tax bill this evening. He stated that the Town would wait as long as possible before they make a decision on mill rate adjustment or supplemental tax bill.

01/03/18 Finance Committee DEFERRED Next: 01/18/18

The Group agreed to defer discussion regarding a Supplemental Tax Bill or a Mill Rate Adjustment.