

Fiscal Year 2026-2027 Town Budget Proposals

Town of Colchester, CT



Building and Maintaining Financial Stability

Where we were...

- **FY21-22: \$15,704,962**
 - Town exceeded its budget in FY21-22 - required supplemental appropriation to balance
- **FY22-23: \$15,622,901**
 - Town balanced budget by deferring paving
 - Unable to bond due to overdue audits, making interest only payments
- **FY23-24: \$15,660,140**
 - Town health insurance fund in deficit over \$700,000 as of November 2023
 - Deficits across fixed line items included underfunding of pension contributions, FICA, 401a contributions, service contracts, and municipal insurance

January 2024:

- Town Finance restructuring begins
- Budget freeze implemented
- Overdue town health insurance payments contributed

September 2024:

- 2023 audit report completed
- AA+ bond rating secured

October 2024:

- Permanent financing completed for Senior Center/Fire Apparatus — \$1.2 million bond premium received
- WJMS state audit completed — \$3.5 million note paid, additional \$700,000 reimbursement received

February 2025:

- Permanent Town Finance Director hired

April 2025:

- 2024 audit report completed – unassigned fund balance growing, recommendations on internal controls
- Town health insurance fund goes positive

July 2025:

- Efficiency measures go into effect — Water/Sewer Tax Dept. Consolidation, cannabis tax revenue offset, regional animal control service through Montville, shared VOIP telephone service for all town buildings
- \$500,000 from unassigned fund balance used to lower taxes

March 2026:

- 2024 audit report released with no Town findings — Unassigned Fund Balance still at highest level

April 2026

- Town portion of health insurance fund covering Board of Education claims temporarily – BOE will reimburse fund



Focus on Safety and Stability

- **No new non-public safety positions**
 - Final required firefighter position for equalized staffing, effective January 1, 2027 – per BOF plan in 2025
 - Police traffic officer funding offset by retirements and DOJ Cops grant
- **Budget Survey Top 3 Priorities Ranked**
 - #1: Schools/BOE
 - #2: Fire/Police/EMS
 - #3: Public Works (Roads/Building Maintenance)
- **Maintain existing plans without new initiatives**
- **Maintain new efficiency operations implemented in FY25/26**
- **Continue to utilize non-budgetary funds to deliver services without creating fiscal cliffs**
- **Continued focus on operational side of budget**
 - Capital budget – Focus on completion of existing approved projects — no new capital requests for FY 26-27
- **Responsibly reduce contributions to certain capital reserves for FY 26-27**

Budget Drivers

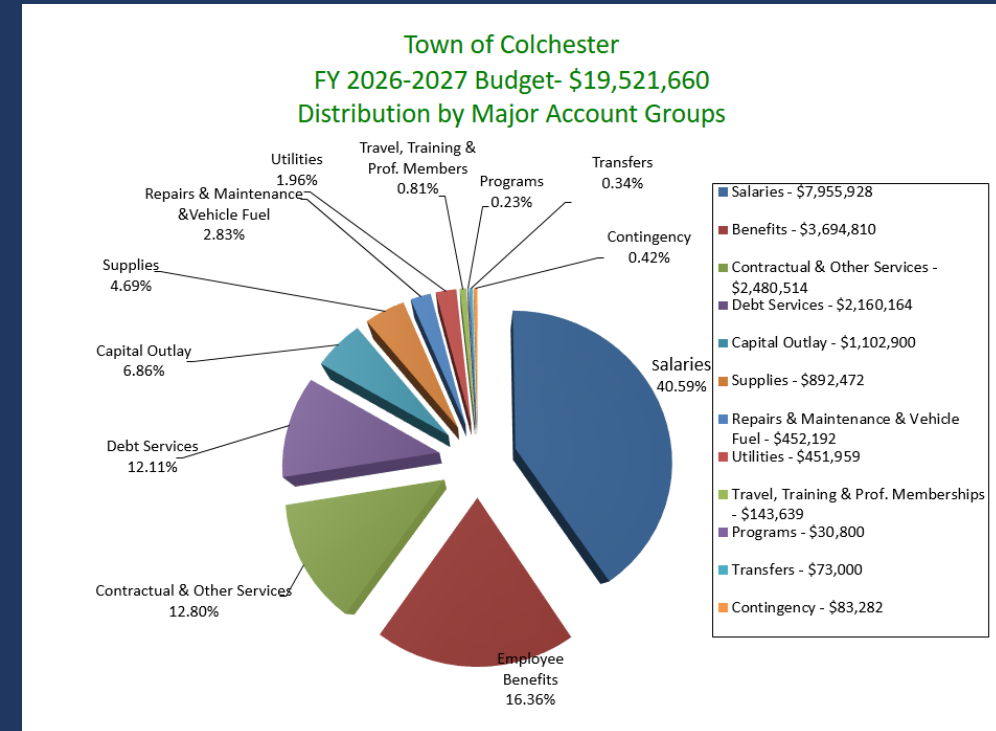
- **Wages: +\$562,274**
 - Increase driven by contractually obligated increases
 - Public Works is in year three of a four-year phase-in wage adjustment contract
 - Bringing positions to market rate due to years of chronic turnover
 - Includes funding to complete firefighter staffing plan as discussed in FY25/26 budget process
- **Employee benefits: +\$547,158**
 - Vast majority of increase driven by cost of health insurance/projected claims
 - FICA/Retirement benefits also increase as wages rise
- **Contractual services: +\$168,877**
 - Ex: Information Technology Management Contract, Transfer Station hauling fees, Chatham Health District, State Police Contracts
- **Debt Service: +\$85,000**
 - Athletic Complex and Bacon Academy Roof projects approved, part of cost share with BOE
- **Cost of supplies: +\$68,031**
 - Ex: increase in cost of road salt
- **Increased utility costs: +\$32,179**

Original proposed budget: \$19,521,660



Budget Driver #1: Wages & Employee FICA/Retirement Benefits

- Wages and FICA/Employee retirement contributions rise together
 - Wages: +\$562,274
 - FICA/Retirement: +\$81,151
 - Firefighter position from FY25/26 fully funded
 - Funded only for six months in FY25/26
 - Final firefighter position (recommended by BOF in FY25/26 budget process) funded effective Jan. 1, 2027



Wages and Labor Environment

Firefighters Union (2023-2027) – Negotiated Summer/Fall 2023

- 3% COLA

Public Works (2024-2028) – Negotiated Fall 2023

- Year 2 of 4 for wage restructuring phase-in

Administrators Union (2024-2028) – Negotiated Winter 2023

- 3% COLA

Clerical Union (2024-2028) – Negotiated Winter 23/24

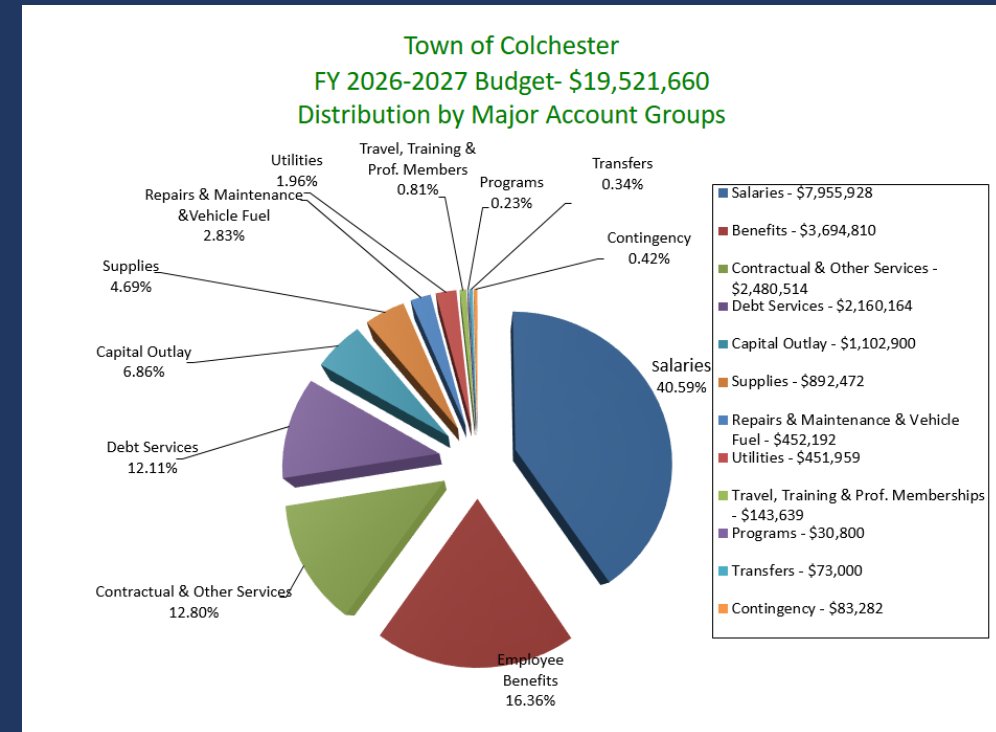
- 3% COLA

Police Union (2024-2028) – Negotiated Spring/Summer 2024

- 3% COLA

Library Union (2023-2026) – Currently in negotiation

National wage growth year-over-year: 3.4% increase from December 2024 to December 2025 (Bureau of Labor Statistics)



Wages make up about 40.5% of budget

Benefits make up about 16.4%

Total percent of Town Budget: 56.9%

Budget Driver: Rising Health Care Costs



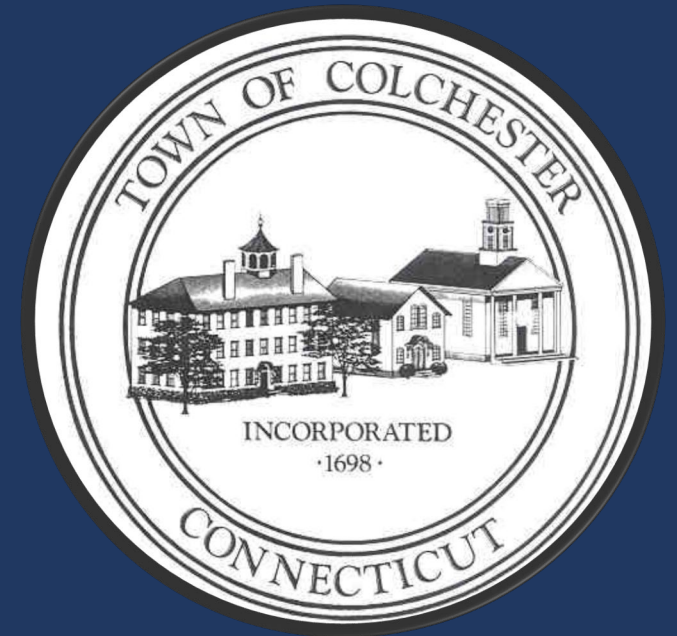
- The Town of Colchester is self-insured
 - Town pays all claims directly from a Health Insurance Fund (AKA Health Reserve) shared with Board of Education
 - Town has secondary “stop loss” insurance to reimburse when a single claimant goes over \$125,000 in a fiscal year
 - Town-side making net positive contributions to health insurance fund over last several— expect to break even for FY25/26
- 100% of projected claims estimates — using estimates provided by insurance broker
 - FY25-26: \$1,384,281
 - FY 26-27: \$1,845,288
 - Difference: +\$461,007

By budgeting appropriately, town insurance fund went from deficit of -\$700,000 in November 2023 to positive balance of \$260,000 as of March 2026

Department-Level Requests Not Funded FY 26/27

If all Department Level-requests were approved, the Town increase would exceed 15%...Items requested but not approved include...

- Beam Replacements at Fleet Garage (\$250,000)
- Fleet Generator Replacement (\$100,000)
- Senior Center Additional Staffing and Hours (\$51,148)
- Road Improvement Budget Increase (\$60,000)
- Tree Removal Budget Increase: (\$20,000)



Additional Reductions: FY 26/27

Budget Development Process - First Selectman and Department Heads meet as group to review budget and find reductions together

- Fire Dept: Start New Hire January 1: \$30,056
- Tree Removal Reduction: \$20,000
 - Perform additional work if department surplus available at end of fiscal year
- Road line painting: \$15,000
- Grounds Department Training Courses: \$7,000
- Street signs, cones, batch basin tops: \$7,000
- Land Use Admin Coverage: \$6,000
- File Digitization: \$5,000
- Youth Services Building Repairs: \$4,000
- Brush Removal: \$3,500
- Tax Office Postage: \$2,000
- Cuts to capital reserve: \$50,000
- Numerous other reductions: between \$100 and \$5,000 across departments



Mill Rate/Taxes - Next Steps

- **Board of Finance Chair stated intent to at least bring mill rate below inflation rate (currently 3.8% as of April)**
- **Discussion centered on cuts totaling over \$1.5 million between Town and Board of Education**
- **Discussion on bringing mill rate to increase of 1 mill (3.3%)**
 - **Need to net approx. \$1.7 million in cuts or revenue between Town and Board of Education**
 - **Avg. residential tax bill would increase by \$17 per month**

MILL RATE IMPACTS (PRE-REFERENDUM)

Budget Version	Potential Mill Rate	Potential Increase	Estimated Monthly Impact to Avg. Homeowner
Initial Combined Budget Projection (March 10, 2026)	33.50 mills	3.58 mills (11.9%)	\$61 per month
BOF Recommended (April 29, 2026)/Town Meeting (May 13, 2026)	32.38 mills	2.46 mills (8.2%)	\$42 per month
BOF State Aid Revenue Adjustment (May 13, 2026)	32.01 mills	2.09 mills (6.9%)	\$35 per month

Potential Town Reductions FY 26/27

Misc. Office Supplies across all departments - \$5,000

Planning/Land Use Part-Time Coverage -\$6,000

Police cut vehicle cleanings, overtime, uniform replacement, trainings - \$10,000

Furloughs for First Selectman, FS Office, Elected Officials, and Department Heads/Administrators - \$20,000

Public Works Asset Management Software - \$12,500

Hold library materials budget flat - \$10,000

Registrars reduce proposal - \$10,000

Cut Seasonal grounds maintainer - \$20,211

Cut part-time custodian - \$17,915

Reduce tree removal budget - \$10,000

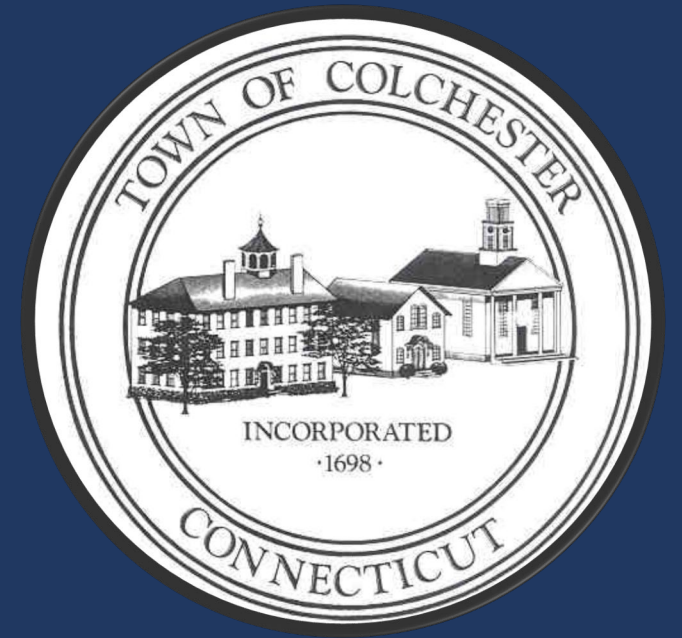
No public sand/salt pile - \$5,000

Reduce process/fill for dirt roads (supplement with state funding) - \$4,000

Reduce road improvement - \$30,000

Total: \$160,626

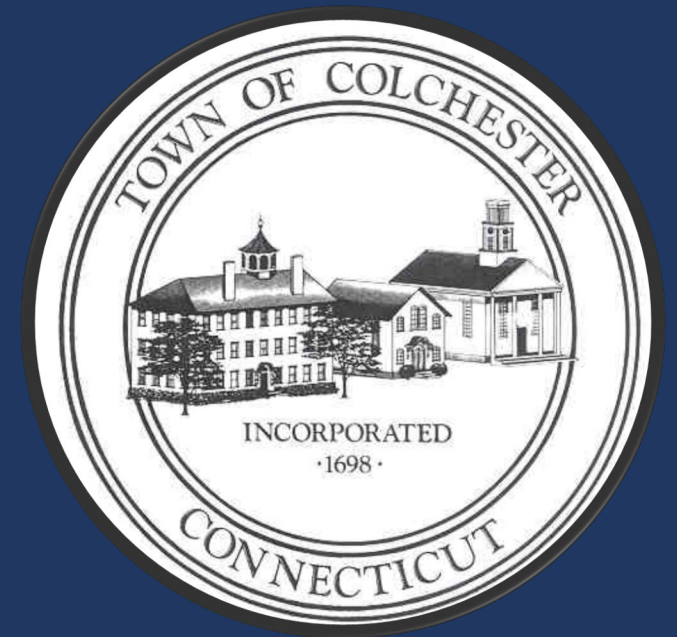
Proposal preserves firefighter coverage, police coverage, transfer station services, and library hours based on public priorities



Likely Sources for Further Town Reductions

- If Town-side budget requires further reductions, the Board of Finance will need to identify the departments where cuts will be made. Cuts cannot affect legal obligations and will likely be forced to target building, road maintenance, and personnel responsible for public programs...
- Possible impacts include
 - Reduced road maintenance including crack sealing, roadside mowing, and longer snow plow routes
 - Reduced maintenance of Town buildings/grounds, parks, and trails
 - Reduced services and/or hours at Transfer Station
 - Reduced hours and programming at Cragin Memorial Library
 - Reduced hours and/or programming at Senior Center
 - Reduced or eliminated Youth Services programs
 - Public safety staffing

These cuts are not recommended but may become necessary if cuts to Town budget exceed \$175,000 – public suggestions are welcome!





Full budget book available online at ColchesterCT.Gov/Budget2026 for review

