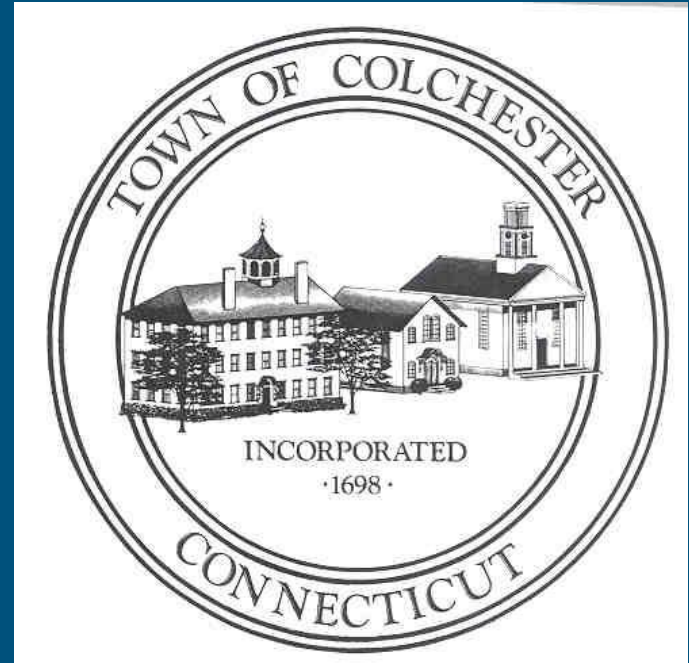


Colchester Town Budget Presentation FY 2024-25 Request

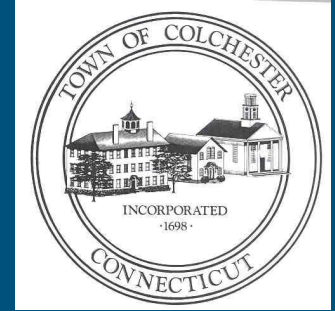


2024-2025 Town Budget Presentation

1. Balancing Priorities
2. Budgeting Environment
3. High-Level Budget Drivers
4. Department Highlights
5. Capital Budget
6. Managing Debt Service
7. Budget Summary & Conclusions



Balancing Budget Priorities



- *Restoring stability*
 - Adequately staff Finance Department to avoid delayed audits and costly outsourced work
 - Correctly and transparently budget for known costs
 - Stop runaway employee turnover after years of disruptive, costly turnover
 - Avoid cuts to services, layoffs, and other disruptions
- *Sustainable operations*
 - No new fiscal cliffs
 - Maintenance to keep roads from deteriorating (ex: crack sealing, repaving)
 - Maintenance to keep facilities safe and usable - including athletic fields
- *Affordability for residents and businesses to keep Colchester competitive*
 - Post-pandemic budget recovery cannot happen in a single fiscal year
 - Focus on operational side of budget rather than rebuilding capital budget
 - Ensure mill rate is competitive with similar surrounding towns

2024 Budgetary Environment

Current Town budget for FY23-24: \$15,660,140

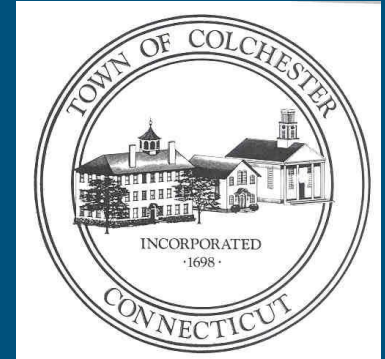
- Currently in budget freeze

FY22-23: \$15,622,901

- Town balanced budget by deferring paving
- Unable to bond due to overdue audit - left surplus in debt service

FY21-22: \$15,704,962

- Town exceeded its budget in FY21-22 - required supplemental appropriation to balance

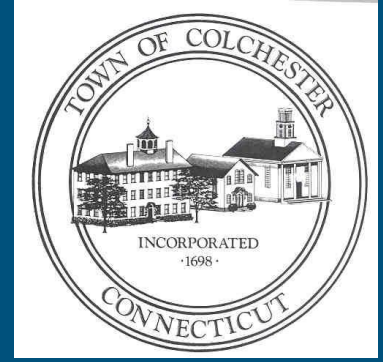


Town has made strategic decisions over last four years to cope with pandemic-economic forces

Current budget is \$44,822 LESS than in 2021...despite high inflation. Town budget buying power has decreased.

This is not sustainable.

2024 Budgetary Environment



Global and U.S. inflation has been historically high since 2020 pandemic

Cumulative inflation since 2021: +14.5%

Labor Negotiation Environment Changing

- Town union contracts locked in from 2020/2021 until this year: average 2.5% COLA increase
- National wage growth (all non-farm payroll) year-over-year
 - January 2022: +5.7%
 - January 2023: +4.6%
 - January 2024: +4.5%

Wage growth environment affecting union contracts renegotiated this year for the first time since 2021

The U.S. Inflation Calculator measures the dollar's buying power over time.

Inflation Calculator

If in

(enter year)

I purchased an item for \$

then in

(enter year)

that same item would cost:

\$17,985,969.07

Cumulative rate of inflation:

14.5%

Calculate

Learn how this calculator works. The US Inflation Calculator uses the latest US government CPI data published on March 12 to adjust and calculate for inflation through February (See recent [inflation rates](#).) The U.S. Labor Department's Bureau of Labor Statistics will release inflation data for March on April 10, 2024.

2024 Budgetary Environment

2023 Board of Selectmen Town Budget - Failed

Yes 741, No 1,335

Too High 728, **Too Low 1,164**

- 61.5% of respondents said budget was too low
- 57.1% of voters said budget was too low (takes into account voters who did not answer question)

2024 Budgetary Environment

Environment is national - not unique to Colchester

Surrounding Towns facing difficult budget years

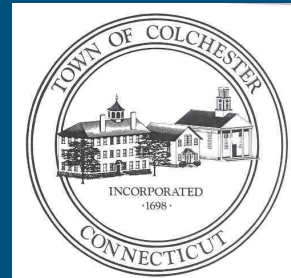
- Marlborough: Proposed increase of 3.21 mills (9.3% tax increase)
- East Hampton: Proposed 3.05 mill increase (8.5% tax increase)
- Hebron: Proposed increase of 1.92 mills (5.8% tax increase)
- Andover: 16.5% increase in Town budget proposed



Budget Driver: Errors in FY23/24 Budget

Inaccurate numbers in the FY23/24 budget have underrepresented the real costs of running the Town

- Police Benefits and Taxes Underrepresented in FY23/24 Budget
 - Approximately \$100,000 in unbudgeted costs due to errors calculating FICA, Pension, 401a
- FICA not calculated across other departments for overtime
- Municipal Insurance and Workers' Comp. Underrepresented
 - Approximately \$70,000 in unbudgeted costs
- Town contracts underrepresented across numerous departments
 - Examples:
 - Public Works Facilities - Service Contracts
 - Public Works Facilities - Telephone
 - Youth & Social Services - Telephone
 - Fire Department - Telephone
 - Fire Department - Service Contracts



Budget Driver: Restoring Other Cuts from FY23/24

Widespread cuts to the FY24 budget have been restored in the FY25 request

Examples include:

- Restoration of Youth & Social Services programming (\$8K)
- Restoration of Cragin Library book budget (\$3K)
- Restoration of Cragin Library media supplies (\$2K)
- Restoration of Highway Department Equipment Rental (\$6K)
- Restoration of fill-in senior transportation drivers (\$2K)



Budget Driver: Maintenance of Facilities, Roads, Athletic Fields

Maintenance of Town roads and facilities is a safety issue

- Chronic staffing turnover has paralyzed Public Works - lack of cracksealing accelerating road deterioration, lack of capacity for roadside mowing, other maintenance
- Road improvements budget repeatedly cut
 - Road improvements budget intentionally underspent to balance previous budgets

Keeping Fields Safe and Protecting Investments

- Review of Bacon Academy athletic complex reveals lack of maintenance for years has accelerated drainage issues there
 - Plugged and covered drainage pipes found by Public Works Director and Town Engineer in March 2024
- Town has invested in field irrigation at Recreation Complex with ARPA funds
- Town invested in field sustainability study with ARPA funds
- Need to protect investments and fields



Budget Driver: Maintenance of Facilities, Roads, Athletic Fields

Board of Selectmen supports implementing Grounds Maintenance Plan as recommended by Field Sustainability Study

- Includes top-dressing of fields, regular seeding, application of biostimulus, and herbicides
- Requires additional three part-time seasonal laborers to perform work at Recreation Complex and school athletic fields
 - At school fields: Town provides labor, school provides materials
- Outpouring of community support for field maintenance and improvements demonstrates the need



Drainage pipe for Bacon athletic field, plugged/buried - March 2024

Budget Driver: Inflation and Costs of Labor

National wage growth year-over-year: 4.5% increase from January 2023 to January 2024

The Town of Colchester has six labor unions: Administrators, Clerical, Library, Public Works, Firefighters, and Police

All six unions last negotiated their contracts in 2020 or 2021 - prior to skyrocketing inflation

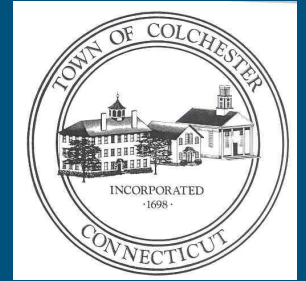
All six unions came up for negotiation during FY23-24 with new contracts entering effect in FY24-25

- Library, Firefighters, Public Works negotiated prior to Election 2023
- Administrators and Clerical negotiated post-Election 2023
- Police under negotiation now

Colchester faced a staffing turnover “tsunami” (as described by HR Director) due to non-competitive wages

- Turnover produced temporary savings in budgets, but reduced capacity for departments - especially Public Works

Labor Contracts



Library Union (negotiated Summer 2023)

- 3% COLA increase

Firefighters Union (negotiated Summer 2023)

- 3% COLA increase for firefighters
- 6% COLA increase for career officers
- Significant changes to overtime structure and mandatory minimum staffing reqs

Public Works (negotiated Fall 2023)

- Significant wage schedule restructuring for all positions
- Approximate additional cost of \$115,000 in FY24-25

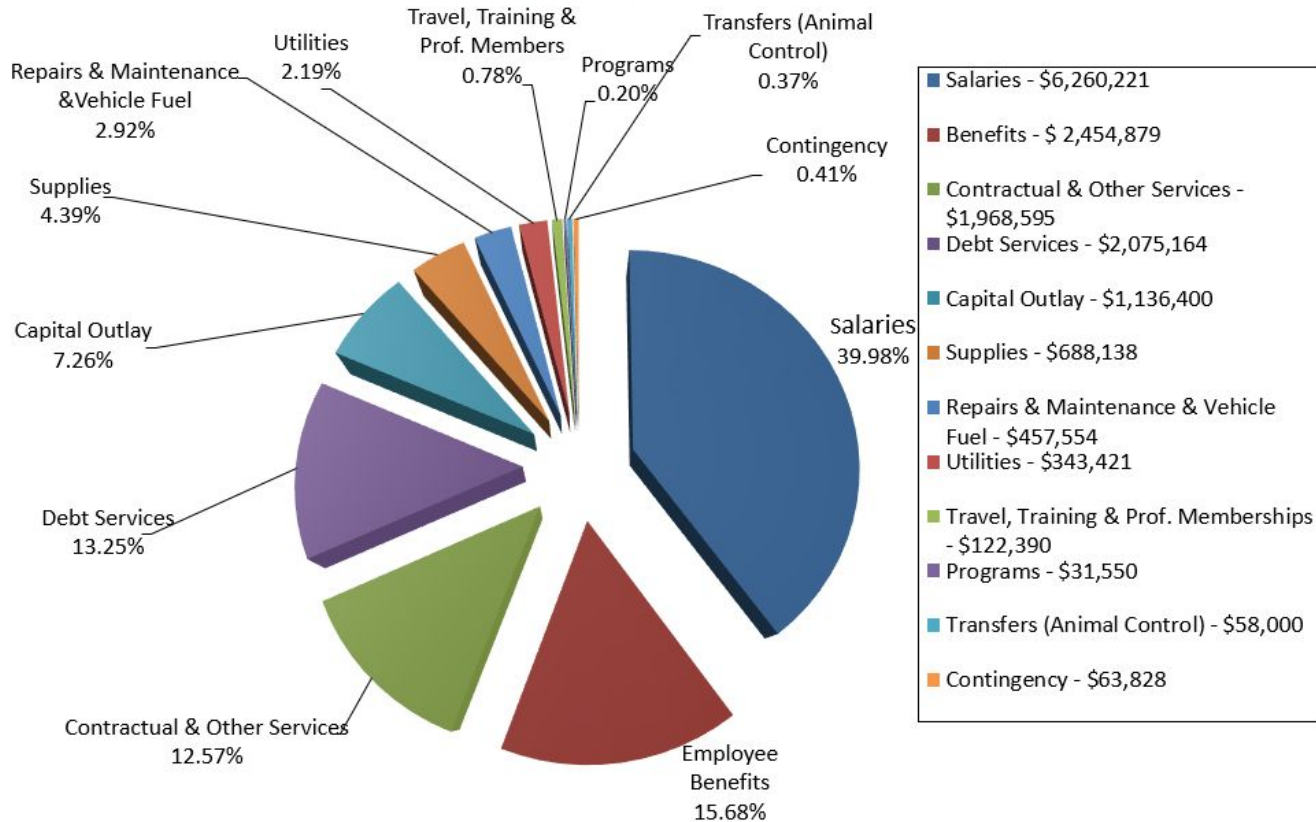
Administrators Union (negotiated Winter 2023)

- 3% COLA
- Adjustments to positions of Assessor, Senior Services Director, and Fire Chief

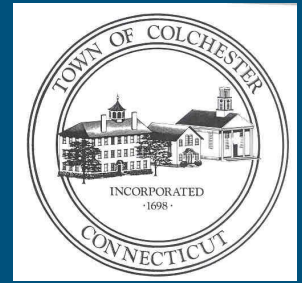
Clerical Union (negotiated Spring 2023 - T.A. only)

- 3% COLA

Town of Colchester FY 2023-2024 Budget- \$15,660,140 Distribution by Major Account Groups



*Salaries
make up
about 40% of
the budget*



Budget Driver: Stabilizing Financial Operations

Budget includes position of Deputy Director of Town Finance

- Position hired by Board of Selectmen in January 2024 to help stabilize operations - needs to be included in FY24-25 budget
- Joint Finance Department had Deputy CFO to ensure continuity

Since break-up of joint Finance Office Town has spent over \$150,000 on outside help

- \$118,000 paid to Robert Half to perform bank reconciliations
- \$63,000 paid financial advisor to perform services on FY21-22 audit (May 2023-December 31, 2023)
- \$29,000 in additional payments to auditors for additional work

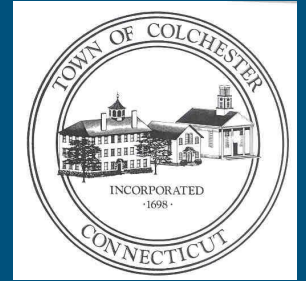
Incomplete audit = Town unable to bond for senior center and fire apparatus debt

- Affecting debt service plan and prolonging interest from temporary Bond Anticipation Notes - more costs to taxpayers

Town cannot currently take on new debt or pursue large capital projects with incomplete audits

- Ex: athletic complex and field proposals

Department Highlights



Police: Total increase \$207,601

- FICA & Retirement Correction/Increase: +\$116,000
- Resident Trooper Contract (provided by State) Increase: +\$25,000
- Overtime to align with actuals: +\$40,000

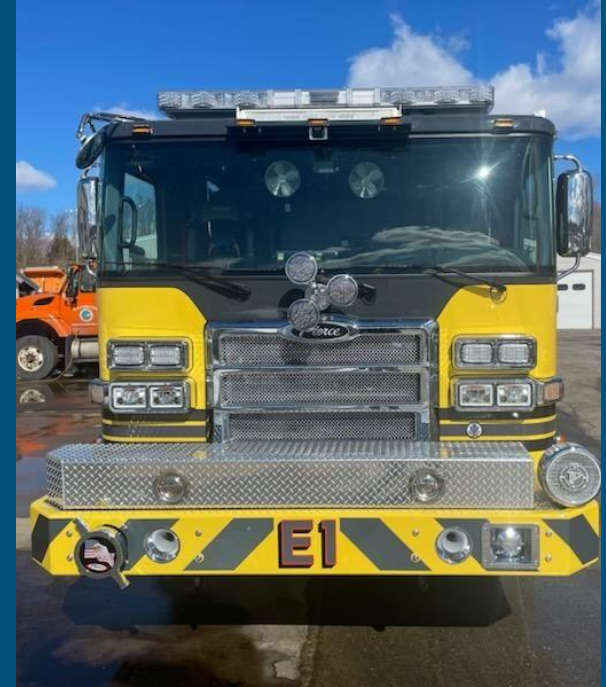
Legal & Insurances: Total Increase \$186,828

- Reclassification of Legal Costs from FS, HR, and Planning Depts: \$100,000
 - Difference between reclass and increase is +\$35,000
 - Town engaged in several high-profile litigation matters (ex: *Rudko v. Brown*; *NBG LLC v. Town of Colchester*)
 - Legal budget was been significantly overexpended in FY22-23 and will be over again in FY24-25
 - FY22-23: Total spend was \$241,704
 - FY23-24: \$160,638 (as of March 2024); budget is \$65,000
- Health Insurance Increase: +\$35,891
- Correction/Increase Workers' Comp: +\$48,727
- Correction/Increase Municipal Insurance: +\$70,710

Department Highlights: Fire Department

Fire Dept. Total Increase \$157,532

- Payroll Increase due to Contracts: +\$129,810
 - Mid-year contract implemented in September 2023 driving overages in current fiscal year which must enter the budget for the first time in FY24-25
 - September 2023 contract introduced minimum staffing requirement
 - Holiday pay not previously included in budget calculation
- Restoration of cuts from FY23
 - Ex: telephone service, required physicals
- Decreases:
 - Vehicle maintenance (-\$20k) based on new apparatus
 - Equipment supplies (-\$6k), other small reductions (-\$1k-4k)



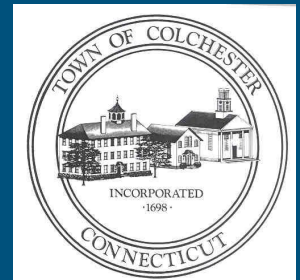
Department Highlights: Public Works - Highway

Highway Dept Total Increase: \$179,873

- Payroll Increase: +\$99,138
 - Partially reallocation from Snow to fund highway maintainer instead of seasonal contractor, as approved by Board of Selectmen
- FICA Correction & Increase: +\$27,417
- Increase to overtime: +\$5,200
- Safety training for new hires: +\$5,000
- Equipment rental restoration: +\$6,000
- Vehicle Maintenance partial restoration: +\$25,000
 - \$160,000 in FY22-23; cut to \$100,000 in FY23-24; FY25 Request: \$125,000
- Road Improvement partial restoration: +\$35,000
 - \$620,000 in FY21-22; cut to \$540,000 in 22-23; FY25 request: \$575,000

Decreases

- Purchased supplies: -\$27,743
- Fuel: -\$7,170



Department Highlights: Public Works, Grounds Maintenance - Addressing Field Maintenance Needs

Increase driven by need to maintain Recreation Complex and Fields

Grounds Maintenance Overall Increase: +\$143,325

Materials Increase: +\$91,000

- Needed for sand-top dressing of fields (~40k)
- Needed for proper seeding of fields seven times per year (~50k)

Equipment Rental Increase: +\$5,420

- Includes rental of top-dresser and biostimulus sprayer



Department Highlights: Addressing Field Maintenance Needs (continued)

Increase driven by need to maintain Recreation Complex and Fields

- Temporary Employees Increase: \$53,568
 - Three part-time, temporary (seasonal) employees - four days per week April 1 - Oct 30
 - Needed to cover man-hours for RecPlex and School Fields - as recommended by the field sustainability study
- Service Contracts: \$16,600
 - Seven applications of various herbicides needed for fields and spraying of fence lines



Department Highlights: Public Works - Facilities

Public Works Facilities Increase: \$121,576

- Reclassification of Facilities Maintainer from Grounds: \$69,361 and \$11,441 FICA/Retirement
- Restoration of Building Repairs Budget: \$17,000
 - Needed for aging buildings like Youth Center
- Restoration of Service contracts: \$9,500
 - Annual inspections, HVAC, pest control, etc
- Restoration/Increase of Custodial/Maintenance Supplies: \$2,000



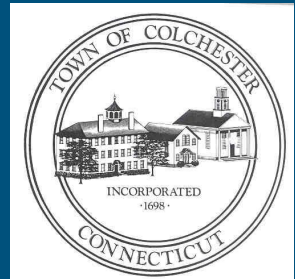
Department Highlights: Public Works - Transfer Station

Transfer Station Increase: \$68,457

- Payroll due to contract: +\$11,770; FICA/Retirement: +\$4,246
- Waste Hauling (disposal of garbage by contractor): +\$46,300
 - Underbudgeted since FY18/19 relative to actuals
- Professional Services: +\$20,000 for DEEP-required groundwater monitoring

Decrease:

- Landfill Operation Account: -\$28,800 (partially reallocated to professional services for DEEP-required groundwater monitoring)



Department Highlights: Public Works - Fleet

Fleet Increase: \$56,386

- Payroll due to contract: +40,894;
FICA/Retirement: \$9,117
- Restoration of fleet repair
supplies: \$5,000
- Replacement of salt shed cover:
\$6,000



Department Highlights: Public Works - Review

Highway: +\$179,873

Grounds Maintenance: +\$143,325

Facilities: +\$121,576

Transfer Station: +\$68,457

Fleet Maintenance: +\$56,386

*Total increase across all Public Works Departments:
\$569,617*



Capital Projects and Maintenance



To keep budgets flat while maintaining contractual increases in salaries, the Town has drastically reduced its capital projects and maintenance since the pandemic kicked off

- Pre-pandemic transfer to capital planning/projects: \$978,032 (FY19-20)
- Reduced every budget year since pandemic began
- Currently at \$653,000 in FY23-24
- Road improvements cut from \$650,000 (FY19-20) to \$540,00 (FY23-24)

Further cuts to capital are no longer a realistic means of balancing the budget

Capital Projects and Maintenance



What's Left in Capital Budget:

- \$351,000 to fund vehicle replacement schedule for town-vehicles
 - Will remain underfunded relative to schedule due to cuts in FY22-23 and FY23-24
- \$100,000 to Buildings & Grounds Maintenance Reserve - funds unexpected, large maintenance needs throughout year across all facilities (ex: furnace breaks)
- \$50,000 to Equipment Reserve - funds unexpected, large maintenance needs or purchases of equipment (ex: purchase or repair of a mower)
- Information Technology Equipment: \$19,900 - funds purchases of computers, repairs, etc
- Transfer to Open Space: \$10,000

Saving for future known expenses

- Town-wide revaluation (every 10 years): \$28,000
- Fire SCBA Replacement (every 15 years): \$18,000

Further cuts to capital are no longer a realistic means of balancing the budget

Mitigating Debt Service Impact

Overdue audits have affected Town's debt service plan

- FY23-24 budget factored in bonding for Senior Center/Fire Apparatus in October 2023
- Town now expected to bond in October 2024, after rolling short-term notes in October 2023 and April 2024
- Results in additional unplanned BAN interest payment for over \$300,000



Mitigating Debt Service Impact

Proposed solution

- Unexpended funds from planned debt service expenditures in FY22-23 (\$182,180) and 23-24 (\$236,000) budget are transferred to Debt Service Fund
- Debt Service Fund is used to pay October 2024 BAN interest payment and offset portion of April 2025 bond interest payment to keep debt service budget flat
 - Requires BOS/BOF approval - budget proposal includes flat debt service in anticipation of support for this plan



FY24-25 is a Correction Year for the Town-side of Budget



Before developing a plan to mitigate debt service, Town increase was over \$2 million. Over \$390,000 in reductions made by First Selectman to Department-level requested budgets (not including mitigation of debt service)

FY24-25 Proposed Town Budget is \$17,140,569

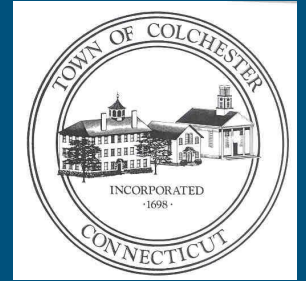
- Increase: \$1,480,429 (9.45%)
 - Corrects underbudgeted/miscalculated items from FY23-24
 - Partially restores funding cut across departments since pandemic
-

Town of Colchester has made deep cuts to capital projects, general maintenance, and other areas to keep the budget flat since the pandemic.

FY21-22 Budget: \$15,704,962

- IF this budget had increased by 3%, the budget in FY22-23 would have been: \$16,176,110
- IF that budget increased by 3%, the budget in FY23-24 would have been: \$16,661,393
- **At \$17,140,569, the FY24-25 budget would only be a 2.87% increase**

2024-2025 Budget Summary



Town Budget

- Current: \$15,660,140
- Proposed: \$17,140,569
- Increase: \$1,480,429.00

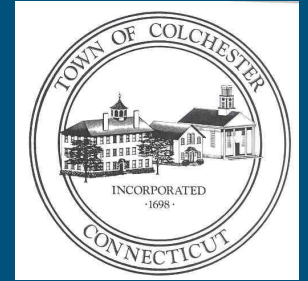
Board of Education Budget

- Current: \$43,979,351
- Proposed: \$45,726,075
- Increase: \$1,746,724

Combined Budget

- Current: \$59,639,491
- Proposed: \$62,866,644
- Increase: \$3,227,153
(5.41%)

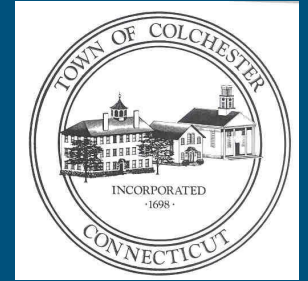
2024-2025 Revenue Summary & Projection



- Estimated Revenue: \$17,115,173
- Amount to be Raised by Taxes: \$45,751,471
- Assumed Collection Rate: 98.9%
- Projected Mill Rate: 28.80
 - Increase 1.58 mills (5.8%)

Town	Marlborough	East Hampton	Hebron	Colchester
Current Mill Rate	34.73	36.06	33.19	27.22
Proposed Mill	37.94	39.11	35.11	28.80
Difference	3.21 (9.2%)	3.05 (8.5%)	1.92 (5.8%)	1.58 (5.8%)

2024-2025 Closing Thoughts



- Budget proposal is transparent and detailed
 - Return to classic budget book format - available online for all to review
- Department heads will be available throughout budget process for detailed presentations on individual departments
- A flat budget for four consecutive years is not possible with inflation without cutting services
- Increase is less than or comparable to similar neighboring towns - and leaves Colchester with lowest mill rate
- Let's work together to look at options for savings or to mitigate impacts to taxpayers

Town	Marlborough	East Hampton	Hebron	Colchester
Current Mill Rate	34.73	36.06	33.19	27.22
Proposed Mill	37.94	39.11	35.11	28.80
Difference	3.21 (9.2%)	3.05 (8.5%)	1.92 (5.8%)	1.58 (5.8%)