

# Town of

Mark C. Nickerson  
First Selectman

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# East Lyme

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TO: Board of Finance

FROM: Mark C. Nickerson, First Selectman

Board Members:

You have been provided with my transmittal to the Board of Selectmen dated February 4, 2015. This updates the action taken by the Board of Selectmen prior to forwarding to you.

This proposed municipal budget that the Board of Selectmen present to you for review represents, \$692,941 increase for the Town, \$2,010,020 for the Board of Education, \$212,457 increase for debt service and \$202,310 increase for capital is a total dollar increase of \$3,117,728 or 4.79%.

The increase in the proposed Town and Board of Education budgets for the coming fiscal year are shown below in millions of dollars.

	<u>2014/15</u>	<u>2015/16</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
<b>General Government</b>	\$16.127	\$16.820	\$.693	4.30%
<b>Board of Education</b>	42.793	44.803	2.010	4.70%
<b>Debt Service</b>	5.105	5.317	.212	4.16%
<b>Capital</b>	1.088	1.290	.202	18.58%
<b>Totals</b>	\$65.113	\$68.231	\$3.118	4.79%

The proposed budget includes a 4.70% increase for the Board of Education a 4.30% increase for the Town, a 4.16% increase for Debt Service and a 18.58% increase for capital. Overall, the entire municipal budget increase is \$3.118 million or 4.79% prior to your adjustment.

## Budget Changes by Board of Selectmen

### Tax Collector (\$4,700)

We received confirmation that PA 14-19 will eliminate the annual fee each Town had been paying to the State for the DMV put-on/take off process effective July 1, 2015. The cost to East Lyme for this service was approximately \$4,700.

### Longevity Payments (\$700)

Our Collective Bargaining Agreements with various unions have a provision for Longevity Payments at certain years of service points. During a subsequent review of the accounts it was found an increase of \$100 was needed in the Engineering and Town Clerks Departments and a decrease of \$900 in Public Works. Therefore, the Board of Selectman adjusted those departmental budgets accordingly.

### Building Official \$8,000

In the original budget request to me, the Chief Building Official requested a full time assistant. The basis for the

request is to react to the sudden increase in commercial construction as well as many proposed developments in various stages of review. I originally supported an increase of \$12,500 funding. However, after discussion with the Board of Selectman we increased the request to \$43,000 which will allow for 25 to 28 hours per week of assistance.

#### General Government and Miscellaneous (\$19,373)

As a result of various wage reductions made during my review of department head budgets and by the Board of Selectman the FICA/Medicare account was reduced by \$19,373.

#### Payroll Contingency \$24,031

We have three Collective Bargaining Agreements that will expire on June 30, 2015. After consulting with our Labor Attorney, I was able to recommend a reduction in my earlier estimates for cost of living adjustments in the amount of \$20,969. In addition there is a proposal to charge Resident Trooper towns 100% of wages and fringe benefits which we estimate to be \$45,000. The net impact being an increase in the amount of \$24,031.

#### Police (\$64,605)

A review of the Police wage account subsequent to my submitting to the Board of Selectman noted we included the wages for the officer who recently retired; therefore, the Board was able to make the above captioned reduction.

#### Emergency Management (\$3,484)

The Part Time Dispatchers wage account included funding for 100% of all leave time each of the four employees are eligible to take each year. After an analysis of the time each of the Dispatchers took last fiscal year, I recommended the board reduce the account by \$3,484.

#### Capital Outlays/Equipment (\$41,500)

The Board made several reductions in the Capital area including \$1,000 for CAD Software and Survey Equipment, \$25,000 and \$15,000 respectively for transfer to CNRE for various town projects and town-wide sidewalk repair. The board also reduced the GIS planning request by \$500.

Overall, the town budget was reduced by \$60,831 and the capital budget by \$41,500 for a total reduction of \$102,331 in actions taken by the Board of Selectmen. The Board of Education did not act on the Superintendent's budget prior to the Board of Selectmen's final meeting, therefore, per charter we pass that to you.

#### Revenues

State revenues as proposed February 18, 2015 by Governor Malloy reflect a \$44,800 decrease for the Town of East Lyme. You will note an increase of \$48,777 in the projected PILOT State Owned Property account; however, it is a decrease of \$46,791 of the amount received in this fiscal year.

As we go through the budget process, we may need to make adjustments to the Town Aid Road and LoCIP budget and revenue accounts. I will be closely watching the actions of the State Legislature and will recommend that we make adjustments as necessary as we move forward in our budget process and as the State moves through theirs.

You will note an increase in the amount of \$226,563 in the Tuition from other districts provided by the Board of Education.

#### Conclusion

I am extremely proud of the General Government side of the budget. I worked closely with department heads since early January to develop a trim, efficient, and fiscally prudent budget. The Board of Selectmen worked together with Anna Johnson, our Finance Director to trim an additional \$100,000+ from our bottom line. The BOS believe that it

is their job to give you the most realistic budget possible. We didn't leave fat on the bone for you to trim. I believe it is good, responsible leadership to deliver a budget with integrity.

THIS IS A NEEDS BASED BUDGET. I passionately believe that this is the kind of budget that is best for East Lyme right now. There are times when towns need to grow, develop new programs, hire additional staff, and invest in themselves. There are other times when it is time to pull back and do whatever is necessary to simply hold the line and conserve our resources...a so called "survival mode". I believe we are in that period of time. I sincerely hope you agree with me.

I believe this is what is right for East Lyme. Our citizen's demand that we are as fiscally efficient as possible. They expect this from all levels of East Lyme government...including the public school system and the Water and Sewer departments.

As you review the proposed budgets department by department you will note many have very little or no operating cost increases. Although six new positions were proposed by department heads, I did not add ANY new personnel this year. I anticipate that there will be needs in the coming years to consider as our town grows to toward 20,000 citizens. These are conversations we should have together, as a town working together.

Of the \$692,941 general government budget increase 97% or \$675,424 are contract and necessary obligations. Witness the following increases: \$303,547 due to wages, \$34,479 payroll taxes, \$56,866 annual required pension contributions, \$138,955 health insurance, \$63,778 workers compensation and \$32,799 liability, auto and personal property insurance premiums. In addition, we set aside \$45,000 in wage contingency should the State of Connecticut impose 100% funding of the Resident Trooper Program.

I am extremely proud of this budget and these figures. Although I would relish a zero percent increase (or better yet, a decrease) that simply is not possible in today's world of contract obligations and increasing energy cost, insurance premiums and workman's comp obligations.

Please note: The Board of Selectman DID NOT have a chance to review the Board of Education budget. The BOE only finished their process on Monday night, March 9th. I understand that their budget review and "approval" was met with great discussion, controversy, and compromise. In years past, the BOS would have passed the budget to you with comments attached. Regretfully, we did not have that opportunity this year.

#### More Comments

We are in the process of obtaining an additional quote for workers compensation, liability, auto and personal property insurance coverage from another provider. The quote is due on March 20, 2015 and I will update you once the information is available. We will be analyzing more up to date data within the next month for health insurance, which I am hopeful will result in additional savings not included here.

For the second consecutive fiscal year we have an increase in debt service in the amount of \$243,810, which is primarily due to the Regional Water Interconnection. Although we have an increase, we continue to monitor our Debt Management Plan to keep our annual debt payments within a parameter of \$5 to \$6M annually. And, keep in mind the \$2M plus savings we have obtained in five bond refunding issues since 2009.

I believe that through your thoughtful discussion and coordinating with the State cycle, our budget will balance at a level that will be acceptable to your board and ultimately the entire town.

Respectfully submitted,



Mark C. Nickerson  
First Selectman