

**BOARD OF FINANCE
PUBLIC HEARING ON
BOARD OF SELECTMEN BUDGET
March 27, 2018
7:30 P.M.
MIDDLEBROOK SCHOOL AUDITORIUM**

RECEIVED FOR RECORD
TOWN OF WILTON

2018 APR 12 P 1:14

BY: *LK*

PRESENT

Board of Finance: Jeff Rutishauser, Richard Creeth, Peter Balderston, John Kalamarides

Absent: Walter Kress, Stewart Koenigsberg

Board of Selectmen: First Selectman Lynne Vanderslice, Second Selectman David Clune, Michael Kaelin, Lori Bufano, Deborah McFadden

ALSO PRESENT: Anne Kelly-Lenz (Wilton CFO), members of the press and public

Board of Finance Chairman Jeff Rutishauser called the Public Hearing to order at 7:31 p.m.

Mr. Rutishauser introduced the Board of Finance and gave a short overview of the Town's financial position and the projected mil rate (slides are attached). The presentation depicts Budget Highlights and the role of the Board of Finance in the town budget. He noted that prior to Mil Rate deliberations, total funds requested for both the town and school budgets is approximately a 2.56% increase over last year. The Grand List is up approximately 65 basis points over last year. He noted that there is a budget deficit of \$2.33 million or 1.95% of the budget. The deficit can be closed by budget cuts, tax increases or a combination of both. Mr. Rutishauser thanked, on behalf of the BoF, the BoS for coming in under the 1.5% recommended guidance.

His comments concluded at approximately 7:49 p.m., at which time he turned over the podium to First Selectwoman, Lynne Vanderslice.

Ms. Vanderslice introduced the members of the Board of Selectmen and thanked those in attendance. She specifically thanked the Wilton Library Board for attending the meeting. She thanked all the department heads for their efforts in putting together the budget. She also thanked the department heads and all employees for the service they give to the community. Her presentation (attached) reviewed the FY19 BOS Budget. The BoS is requesting a budget of 33.5million, which is .88% higher than last year.

At 7:58 p.m. Mr. Rutishauser opened the floor to public comment. Approximately 12 citizens spoke and expressed their opinions on the BOS budget and other concerns.

After comments Mr. Rutishauser adjourned the hearing at 9:05 p.m.

Respectfully submitted,

Jacqueline Rochester
(from video recording)

Att: Board of Finance slide presentation
Board of Selectmen slide presentation

BOARD OF FINANCE
FY 19 BUDGET - PUBLIC HEARING
MARCH 27, 2018

AGENDA

- Introduction
- Overview and Preliminary Mill Rate
Projection
- Budget Presentation - Board of Selectmen
- Public Comment

FY 19 BUDGET HIGHLIGHTS

- Prior to Board of Finance deliberations, total funds required is up \$3.05 million (2.56%)
- Net Taxable Grand List is up \$0.72 million (0.65%)
- Budget Deficit of \$2.3 million (1.95%)
 - Requires Budget Cuts or Tax Increase
- BOE budget request is up \$1.8 million (2.24%)
- BOS budget request is up \$0.3 million (0.88%)
- Tax Relief for Elderly/Disabled increased to \$1.15 Million

FY 19 BUDGET HIGHLIGHTS

(CONT'D)

- FY19 General Fund balance (reserves) is set at 10.0%
- Pension is funded at 96% of liabilities, leaving a \$4.1 million net liability (June 30, 2016)
- Other Revenues are down \$287,000, mainly from State cut of Municipal Aid to Wilton
- Debt Service is down 845,749 (7.2%) as fewer bonds were issued than were retired
- Moody's reaffirmed Wilton's Aaa bond rating – Feb 2018

THE ROLE OF THE BOARD OF FINANCE IN THE TOWN BUDGET

The Town Charter governs the Board of Finance's actions

- The BOF is required to hold hearings on both the BOE and BOS budget requests
- The BOF considers the following when developing the Mill Rate:
 1. The views of the voters expressed at the Town hearings and in direct communication (boardoffinance@wiltonCT.org)
 2. The financial resources of the Town
 3. Whether the BOE and the BOS can find savings in their respective budget requests
 4. The appropriateness of revenue, debt service and General Fund balance amounts

HOW THE BOARD OF FINANCE ASSESSES RESOURCES AND FINANCIAL CONDITION

Debt, General Fund Balance and Pension Fund Levels

- Bonds Outstanding are \$82 Million – Debt Service at 8.5% of Budget
- Maintaining Aaa rating – Minimum 10% General Fund Balance
- Unfunded Pension Liabilities – \$4.1 Million; 96% Funded

Operating Expenses

- Evaluate budget requests versus prior actual expenditures
- Focus on Efficient Staffing and Headcount Control

FY 2019 BUDGET SUMMARY

\$ Thousands

	FY 18 BUDGET	FY 19 REQUEST	\$ FROM FY 18	% FROM FY 18
Education	80,573	82,376	1,804	2.24%
Selectmen Operating & Capital	33,209	33,502	293	0.88%
Debt Service	11,768	10,922	(846)	(7.2)%
Charter Authority	1,255	1,268	13	1.0%
Tax Relief for Elderly & Disabled*	1,121	1,121	--	--
TOTAL OPERATING REQUIREMENTS	127,925	129,189	1,264	0.99%
Non-tax Revenue	(4,746)	(4,459)	(287)	(6.1)%
Drawdown of previous year's ending fund balance	(4,115)	(2,616)	(1,499)	(36.4)%
TOTAL TO BE FUNDED FROM PROPERTY TAX	\$119,064	\$122,114	3,050	2.56%

* Not including \$50,000 increase approved by BOS & BOF

FY 2019 PRELIMINARY MILL RATE

\$ Thousands

	FY 18 BUDGET	FY 19 REQUEST	\$ CHANGE FROM FY18 BUDGET	% CHANGE FROM FY18 BUDGET
TOTAL TO BE FUNDED FROM PROPERTY TAX	119,064	122,114	3,050	2.56%
Grand List	4,314,084	4,342,154	718	0.65%
Collection Rate	99.4%	99.4%	--	--
REQUIRED MILL RATE*	27.7685	28.3091	2,332	1.95%

* Including \$50,000 increase in Tax Relief for Elderly and Disabled, the FY19 Mill Rate would increase to 1.99%

BOARD OF FINANCE BUDGET SCHEDULE

March 26 & 27	Board of Finance Public Hearings
April 3 & 4	Board of Finance completes deliberations on budgets and mill rate
May 1	Annual Town Meeting
May 5	Adjourned vote of ATM

Board of Selectmen
Proposed FY2019 Budget

March 27, 2018

FY2019
BOS BUDGET REQUEST

For the last 28 months, this BOS has been focused on providing quality services at the lowest possible cost.

- *Actual results have consistently been under budget:*
 - \$1 million under budget in FY2016
 - \$.450 million under budget in FY2017
 - Forecasted to be \$.500 million under budget in the current fiscal year

*In Developing the FY2019 Budget,
We Were Mindful that the Town & the State Have Not Recovered from the Recession*

*There Remains Uncertainty as to If and When Prior Income Levels
and Housing Values Will Return*

- ***Eight Years Out:***
 - Earnings have only increased by 1.1% for residents with an AGI of less than \$200,000. This group represents more than half of taxpayers
 - Earnings for those with an AGI greater than \$200,000 are down 16.4% versus 2007
 - Total AGI is down by more than \$200 million versus 2007
- ***The 2017 Average Sales Price for a Single Family Home is down 17.5% versus 2007***

Source: IRS statistical data and MLS

We are mindful that high earning residents are leaving Wilton and surrounding Fairfield County communities and the State

- *Fairfield County and the State are Losing Residents*

- In Calendar Year 2016, there was a net loss of 12,700 federal tax returns with a Connecticut address
- 2,473 of those net losses were those with Fairfield County addresses

- *Outgoing Residents are Higher Income Residents versus Incoming Residents*

- In Calendar Year 2016, there was a net loss of approximately \$2.7 billion in Statewide AGI
- Of those with a Fairfield County address, there was a net loss of approximately \$1.5 billion in AGI

Source: IRS Statistical Data

FY2019
BOS BUDGET REQUEST

***Highest Earners Leave Fairfield County Primarily for No Income Tax States and/or
Warmer Climate Including***

<u>To:</u>	<u># Federal Tax Returns</u>	<u>Average AGI</u>
<i>FL-Miami Dade County</i>	<i>136</i>	<i>\$847,235</i>
<i>FL-Collier County</i>	<i>123</i>	<i>\$748,098</i>
<i>CA-Marin County</i>	<i>27</i>	<i>\$695,963</i>
<i>FL-Palm Beach County</i>	<i>360</i>	<i>\$514,261</i>
<i>TX-Collin County</i>	<i>42</i>	<i>\$454,000</i>
<i>CA-San Mateo County</i>	<i>40</i>	<i>\$453,625</i>
<i>FL-Indian River County</i>	<i>41</i>	<i>\$408,220</i>
<i>SC-Beauford County</i>	<i>41</i>	<i>\$300,220</i>
<i>CA-Santa Clara County</i>	<i>77</i>	<i>\$273,453</i>
<i>TX-Harris County</i>	<i>150</i>	<i>\$273,453</i>

Source: IRS Statistical Data

*The State's Fiscal Position is Forecasted to Worsen
Increasing the Risk of More Costs Being Transferred to Municipalities*

- *Deficits are forecasted as follows:*
 - (\$2.3) billion in FY2020
 - (\$3.0) billion in FY2022
 - (\$3.5) billion in FY2022
- *Fixed Expenses, which represent 52% of the current budget, are growing*
- *Liabilities are accelerating*
 - As of 6/30/16 **Liabilities** were approximately **\$83 billion**, based on an **inflated investment earning rate** for pension.
 - **Pension payments** are forecasted to **increase from \$2.7 to \$4.7 billion** in FY2032 based on **inflated 8% investment income rate** for the teachers' pension
 - A more **realistic rate of 5.5%** would result in an increase in payments from **\$2.7 to \$8.4 in FY2032**

Source: Report by Commission on Fiscal Stability and Economic Growth

FY 2019
BOS BUDGET REQUEST

BOS HISTORICAL AND CURRENT BUDGET REQUESTS

	FY2015	FY2016	FY2017	FY2018	FY2019
	Budget	Budget	Budget	Budget	Request
Operating Expenses	\$ 30,582,460	\$ 31,078,978	\$ 31,015,191	\$ 32,034,470	\$ 32,319,728
Operating Capital	\$ 1,071,324	\$ 1,353,217	\$ 1,186,689	\$ 1,174,406	\$ 1,182,271
Total Budget	\$ 31,653,784	\$ 32,432,195	\$ 32,201,880	\$ 33,208,876	\$ 33,501,999
Change Versus Prior Year		\$ 778,411	\$ (230,315)	\$ 1,006,996	\$ 293,123
% Change		2.46%	-0.71%	3.13%	0.883%
Three Year Average Increase					1.10%

FY2019
BOS BUDGET REQUEST

The FY2019 budget request includes the following savings or cost avoidance versus the FY2018 budget

- **Consolidation** of DPW Director and Facilities Director positions
- **Shared** CFO with Board of Education
- **Elimination** of one police officer mid-year
- **Reduction** in required OPEB funding
- **Favorable changes** in employee benefits and employee contributions
- **Creativity** with the Town grant to encourage direct donations to the WLA
- **Reduction** in the Trackside Teen Center grant

FY 2019
BOS BUDGET REQUEST

BUDGET DETAILS BY COST

	2019	2019	%
	Request	vs 2018	Increase
Wages	\$ 14,171,809	\$ 83,841	0.595%
Medical	\$ 3,830,208	\$ 262,712	7.364%
All Other Benefits	\$ 3,629,714	\$ (195,612)	-5.114%
Workman's Comp & Other Ins	\$ 812,922	\$ 83,237	11.407%
Utilities	\$ 869,131	\$ 23,386	2.765%
Wilton Library Grant	\$ 2,778,004	\$ 25,551	0.928%
All Other Operating Costs	\$ 6,227,940	\$ 2,143	0.034%
Operating Capital	\$ 1,182,271	\$ 7,865	0.670%
Total Increase in budget request	\$ 33,501,999	\$ 293,123	0.883%

FY 2019
BOS BUDGET REQUEST
HEADCOUNT

<i>General Fund, Transfer Station, WPCA & P&R Self-Sustaining</i>							
	FY2016	FY2017	FY2018	FY2019	FY19 vs	FY2020	FY20 vs
	Budget	Budget	Budget	Request	FY16	Projected	FY16
First Selectman's Office	3	3	2	2		2	
Town Clerk*	4	4	4	4	0	4	0
Planning & Zoning	4	4	4	4	0	4	0
Human Resources	1	1	1	2	1	2	1
Finance	8	7	7	6.5		6.5	
Assessor	3	3	3	3	0	3	0
Tax Department	2	2	2	2	0	2	0
Registrar	2	2	2	2	0	2	0
Building Department	3	3	3	3	0	3	0
Information Systems	2	2	2	2	0	2	0
Police, Dispatch and Animal Control	50	50	50	49.5		49	
Fire	30	30	30	30	0	30	0
DPW and Facilities, including Transfer Station	22	22	22	21		21	
Parks and Rec Admin and Programming	4	4	4	4	0	4	0
Dial-a-Ride	2	2	2	2	0	2	0
Parks and Grounds	5	5	5	5	0	5	0
Health	3	3	3	3	0	3	0
Environmental Affairs	3	3	3	3	0	3	0
Social Services and Senior Services	5	5	5	5	0	5	0
WPCA	1	1	1	1	0	1	0
Total	157	156	155	154		153.5	
*includes floater							
Eliminated positions							
Additional positions		0	0	1	1	0	1
Total Change							

WILTON LIBRARY ASSOCIATION CHALLENGE GRANT

- *Prior to the new tax law, residents were indifferent as to whether they funded the Library grant through their property taxes or a personal charitable contributions as both were tax deductible.*
- *The change in the tax law may change that thinking*
 - The proposed grant will have a \$2.778 million cost to the all taxpayers when paid through property taxes.
 - If paid through personal contributions, the cost could be as low as \$2.15 million assuming all residential taxpayers itemize and receive the deduction

WILTON LIBRARY ASSOCIATION CHALLENGE GRANT, *cont*

- *The Board of Selectmen wants to encourage all residents to donate to the Library or to donate more if they are already a donor.*
 - *This will allow the local economy to benefit from the federal subsidy when the monies are paid as a contribution.*
 - *Will eventually allow the Town to reduce the amount paid through property taxes.*
- *The challenge grant and the associated communications are the beginning of that effort by the Board of Selectmen.*

FY2019

FIVE YEAR OPERATING CAPITAL PLAN

Department	Project	2019	2020	2021	2022	2023	Total
Police	Vehicles	155,000	157,000	159,000	161,000	163,000	795,000
	Protective Equipment	7,000	9,150	9,200	9,250	9,300	43,900
	Computer Equipment	20,300					20,300
	Medical Equipment	5,000	5,100	5,100	5,200	5,200	25,600
	Comunications Equipment	11,000	11,000	11,000	11,000	11,000	55,000
	Radar Equipment	6,000	8,000	6,500	8,100	7,000	35,600
	Weapons	2,200	2,250	2,300	2,350	2,400	11,500
	Police Total	206,500	192,500	193,100	196,900	197,900	986,900
Fire	Staff Vehicle		30,000	30,000	30,000	30,000	120,000
	Computer Hardware		9,780				9,780
	Radio Equipment	69,250					69,250
	SCBA and Scuba Air Compressor		79,000				79,000
	Resurface HQ Apparatus Floor			125,000			125,000
	Dive Truck		150,000				150,000
	Fire Total	69,250	268,780	155,000	30,000	30,000	553,030
Paramedic	Medical equ - Life pak		24,662		27,995		52,657
	Paramedic Fly Car 500-11 Replacement		46,728				46,728
	EMS Total	-	71,390	-	27,995	-	99,385
Central Dispatch	Radio	30,000	31,000	32,000	32,000	33,000	158,000
	Central Dispatch Total	30,000	31,000	32,000	32,000	33,000	158,000

FY2019
FIVE YEAR OPERATING CAPITAL PLAN

Department	Project	2019	2020	2021	2022	2023	Total
Town Clerk	Office Furniture	7,521		5,161			12,682
	Town Clerk Total	7,521	-	5,161	-	-	12,682
	Shared Vehicle P&Z and Env Affairs			30,000			30,000
	Planning & Zoning Total	-	-	30,000	-	-	30,000
Assessor	2017 Revaluation	74,000			100,000	-	174,000
	Assessor Total	74,000	-	-	100,000	-	174,000
Finance	TCM	20,000					20,000
	Finance Total	20,000	-	-	-	-	20,000
IS	Computer Software	50,000	37,500	37,500	37,500	37,500	200,000
	Computer Hardware	55,000	35,000	35,000	180,000	35,000	340,000
	GIS	20,000	20,000	20,000	20,000	20,000	100,000
	Fiber Backbone	10,000	10,000	10,000	10,000	10,000	50,000
	Information Systems Total	135,000	102,500	102,500	247,500	102,500	690,000

FY2019

FIVE YEAR OPERATING CAPITAL PLAN

Department	Project	2019	2020	2021	2022	2023	Total
Public Works	Sweeper				225,000		225,000
	Large Dump Truck	160,000	165,000	170,000	175,000	175,000	845,000
	Small Dump trucks	75,000		75,000		75,000	225,000
	Sanders	42,000	24,000	48,000	28,000	48,000	190,000
	Plows	38,000	24,000	44,000	28,000	44,000	178,000
	Tri-Axle Truck		190,000				190,000
	Pick Up Truck	40,000	45,000	50,000		50,000	185,000
	Bush wacker	140,000					140,000
	Wood chipper			55,000			55,000
	20 Ton Trailer					30,000	30,000
	Hot (asphalt) Box			34,000			34,000
	Public Works Total	495,000	448,000	476,000	456,000	422,000	2,297,000
Parks & Grounds	Dump Truck Replacement			95,000			95,000
	Pick Up Truck Replacement	60,000			80,000		140,000
	10 Ton Trailer			10,000			10,000
	Replace 580D		110,000				110,000
	Replace 1986 Massy	60,000					60,000
	Replace 6 ft cut mower	25,000			30,000		55,000
	DAR Van Replacement					65,000	65,000
	Parks & Grounds Total	145,000	110,000	105,000	110,000	65,000	535,000
Transfer Station	Rolloff Truck		210,000				210,000
	Transfer Station Total	-	210,000	-	-	-	210,000
	Total Operating capital	1,182,271	1,434,170	1,098,761	1,200,395	850,400	5,765,997

Questions?

IS DEPARTMENT OVERVIEW

- *The IS department is a **24/7 operation**.*
- *It consists of **two full-time employees**: a director and a level one technician.*
- *There are also **part-time employees** who share responsibility for the **video taping** of meetings, maintaining the on-line meeting video files and one may perform up to 2 hours per week of website work. The hours for videotaping have increased as the number of meetings being videotaped has increased.*
- *The **remaining work** for the department is **outsourced**. It is more **cost effective to outsource the work** than to hire employees with specialized skills sets.*

INCREASES IN OTHER COSTS VERSUS PRIOR THREE YEAR ACTUALS

Medical costs are a major driver of increases in all departments.

- We are investigating alternative plans
- In addition, all new employees, with the exception of Teamsters, are eligible for only the HD-HSA plan.
- We achieved negotiated increases to contributions for PPO plans and the Teamsters plan.
- Upcoming contract negotiations for FY2020 and FY2021 provide additional opportunities

Non reoccurring savings in prior years include the following:

- General fund cost avoidance was achieved in the previous fiscal years as the cost of operating Comstock (utilities and such) were absorbed by the building project.
- There were numerous extended vacancies in prior years, which are filled or budgeted to be filled in FY2019 including positions within police, fire, DPW, parks& grounds, environmental affairs, finance and social services.

SOCIAL SERVICES
INCREASE IN SPENDING OVER THE LAST FOUR YEARS

With the community having never fully recovered since the recession, the result is the need for additional personnel to address the increasing needs:

- Adult services coordinator's hours were increased to a level to qualify for benefits
- Expanded hours for part-time adult services social worker
- Expanded hours for youth services coordinator and part-time social worker

In addition

- The Director's position was vacant for 4 months in FY2017.
- Changes in employee selections on medical coverage (i.e. from one to family)
- Increase in programming at the Senior Center due to increasingly aging population.
- The Social Services Director has asked the BOS to reconsider the policy for benefit eligibility for non-union employees so as to allow her greater flexibility to size staffing up and down as needed. Sarah Taffel will be bringing a proposal to the BOS at an upcoming meeting.