



OFFICE OF THE TOWN MANAGER
(860) 742-6324

May 23, 2020

To the Coventry Town Council and Citizens of Coventry;

In accordance with the Coventry Town Charter, I am presenting to the Town the Town Council's recommended budget for Fiscal Year 2020-21 in the amount of \$41,608,025. The Town, Debt Service, Capital, and School budgets have increased by only \$266,461. This is a 0.64% spending increase in year over year compared to last fiscal year. The proposed mil rate required to fund the proposed FY 21 budget is 31.17 a (1.03) mil, or 3.30% reduction. Comparisons this year are complicated by the implementation of the Statutory revaluation. Our grand list grew by 4.58%, but that is a combination of market value adjustments and new construction. Some households will see a reduction in their overall property taxes, and others will see an increase due to their property increasing in value at a faster rate than others. We have prepared an on line tax calculator to allow property owners to complete a comparison for their own property. Please see the Revenue section for further discussion and impacts on sample property comparisons.

This budget started out as a normal budget season with a low spending increase proposed requiring a small tax increase. Connecticut then started feeling the true impact of the Pandemic Covid-19. The budget was already in the hands of the Council which was required under several Executive Orders by Governor Lamont to take charge of the budget and adopt a budget and set a mil rate. The traditional Annual Town Meeting and adjourned meeting and vote were prohibited. The Council held many special meetings and agreed upon a goal to avoid an overall tax increase. Working with the Board of Education reductions in proposed budgets and additional revenues were considered. Throughout this process public input was sought through electronic means and on line meetings held. To reach the goal of an average of no tax increase the proposed budgets were reduced as follows:

General Government	(\$181,197) or (1.74%)
Board of Education	(\$200,058) or (0.71%)
Debt Service	(\$35,500) or (1.24%)
Capital	(\$664,000) or (43.37%)
Total	(\$925,855) or (2.18%)

To add to the difficulty, State Education Aid (ECS) is being reduced by \$149,599 (-1.85%) over last year's adopted budget which is equal to 0.15 mils. The ECS grant reductions are scheduled to continue into the future until FY 2028 at a rate of approximately \$165,000 per year, subject to adjustments for enrollment. To put this context, it will be a shift of at least 1.0 mil of taxes from State aid to local property taxes. The good news is all of the other grants are stable. It is very important to note that we are using the adopted State budget revenue estimates. We also had to adjust downward our projected tax collection rate by .87% to reflect our best guess at the new economic reality.

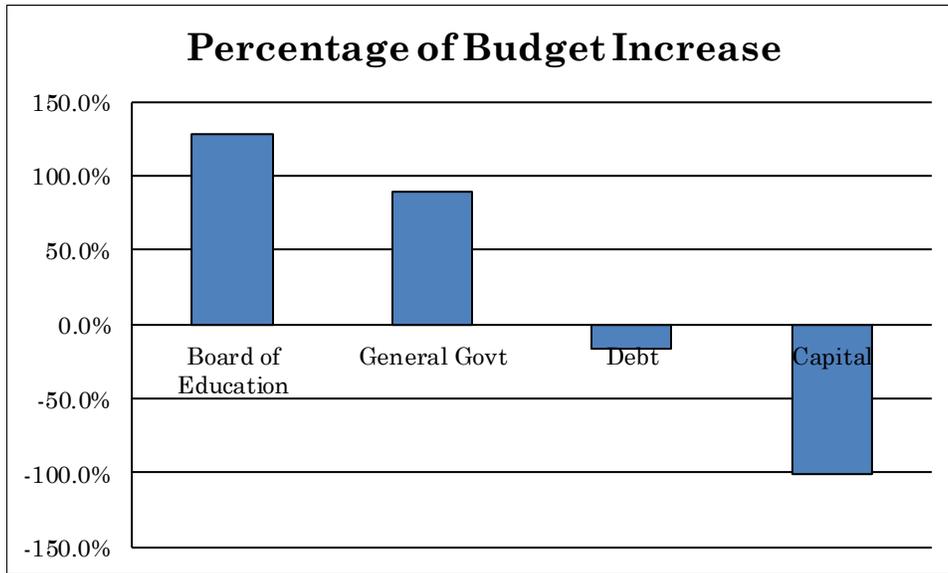
Finally, we had to use \$310,000 of fund balance to fill the budget hole to reach the Council's goal. This will still leave General Fund unassigned fund balance in the range of 13 % or so, which is below our peer comparison group but still healthy. We believe that a good portion of these funds may flow back at year-end from savings generated by not having school students in the school facilities. This will be a net after many unexpected expenses related to distance learning.

Originally the budget was developed by the Town Manager with the goal of minimizing any tax increase but still addressing urgent community needs. Working with Staff and the Schools we were able to absorb a portion of the reduced aid and maintain essential services. While there are adversities, there are also opportunities. We have received significant grants for road and bridge improvements which will soften long term obligations. We also have paid off significant debt allowing us to consider other future capital improvements such as school roofs. The pencil had to be sharpened to find additional savings.

The Council and staff are very aware of the economic conditions that exist in our state and nation. While Coventry is better off than many communities, and continues to see some grand list growth and real estate sales, the state economy is not predicted to come roaring back and more likely it will be a very slow climb to better times. This is compounded by the new emerging issue of crumbling concrete foundations. We have already lost almost over five million in grand list value (approximately \$160,000 in tax revenue) and believe it will get much worse before the crumbling concrete foundation issue is resolved. However, the State assistance program has helped get some of these houses fixed and back on the full tax role.

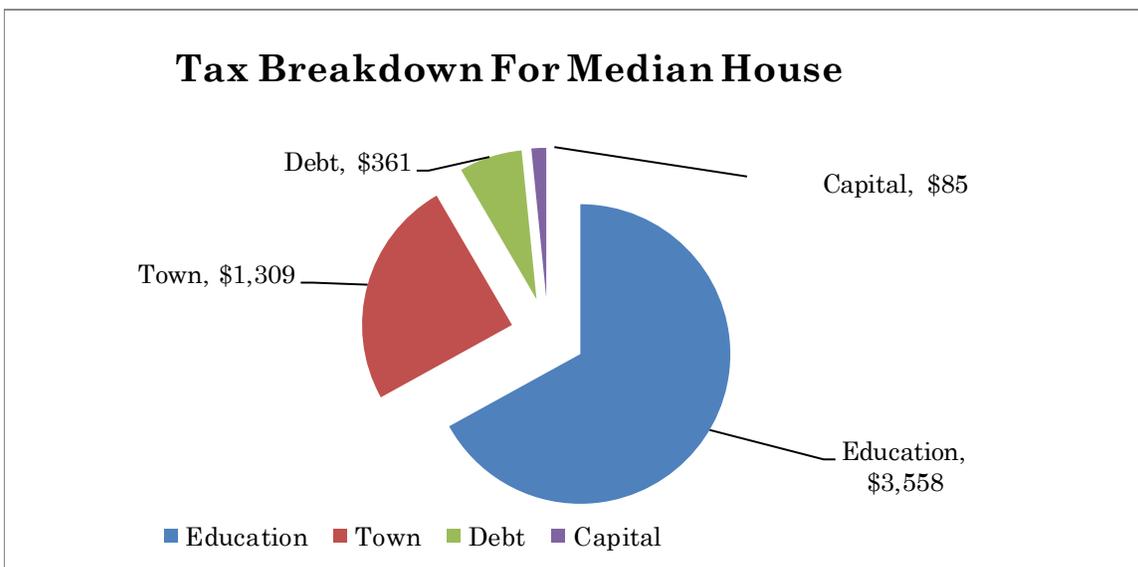
We do still see positive signs for an economic recovery with good home sales and commercial growth. However, we recognize that many in our community will not easily absorb tax increases. The future will hold many new challenges as new work and teaching practices become the new normal. Many of these new approaches will have price tags attached to them and the work between the Town Council and the Board of Education will need to continue to adapt to the new socially distant world. Our community continues to show its generosity and resiliency. Our food bank has not gone bare, people are helping others adapt and accept the changes.

The chart below shows the percentage of the total proposed increase allocated by budget:



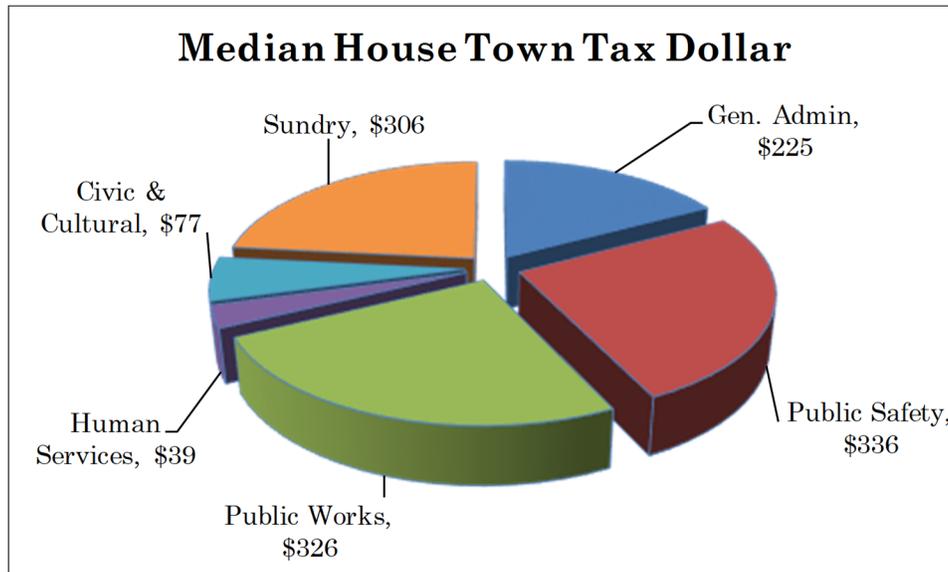
This budget should not be classified as a status quo budget. Both the Town and school district have proposed changes to move the community forward. The focus is on prioritizing services and developing the most cost effective ways to accomplish them. “Status Quo” alludes to standing still. Neither agency believes the times allow this as an alternative. Instead, we are moving forward toward a goal of providing better and more cost effective services. Resources are being reallocated to areas of need. Some services may be reduced and/or curtailed. Others with demonstrated need may receive more attention.

The following chart shows how the proposed taxes on a median house are allocated between the four budgets:



Town Operating Budget – a \$236,907 increase: 2.37%

The General Government is seeking an increase of \$236,907. We have tried to make adjustments without creating too many negative impacts on service to the citizens. We have evaluated many options to reduce expenses and to bring in additional revenues. The budget is presented to show how some of the proposed budget initiatives are designed to address the adopted goals of the Town Council. Please review that section found later in this budget letter. The following chart shows how the tax dollars on the median house are divided by service delivery area.



Capital Budget – a \$268,000 decrease: (28.76%)

The Capital Budget is proposed to decrease by \$268,000 from current levels to \$664,000. The proposed amount reverses progress made toward the sustainability level, but given the Covid-19 emergency it was necessary. It will put additional pressure on future projects and how to avoid steep increases in the future. Historically, many proposals were delayed until more funds were available. The long backlog of essential projects and equipment replacement continues to grow. Many of these projects increase in costs over time and the Town ends up borrowing to “catch up”. If we could, we should be paying cash now to reduce the long term costs to the community, but ability and willingness to pay are real factors which always must be considered. We continued the practice of limiting lease purchases to equipment costing at least \$50,000. Please see the Capital section of the budget for a list of proposed projects and purchases. The Capital program can also be used as a hedge against receiving less than expected State Aid. If the revenue does not come through as promised by the State, portions of the Capital Budget could again be frozen or reduced to assist in balancing the budget.

Debt Service – a \$42,397 decrease: (1.48%)

Debt Service will decrease by \$42,397. Debt service is only 6.79% of the annual budget. The scheduled decrease in FY 22 (the next budget) is now proposed to be used to cover the cost of a proposal to implement several long-standing projects. These include school roof replacement on the school additions added twenty two years ago, replacing the fire alarm system at the high school/middle school complex, resolving the library water intrusion and , addressing code issues and renovating the 32 year old addition (and match a \$850,000 state grant), and finally to construct a girls softball complex. There is also a proposal to use lease purchasing to replace one dump truck, on police car, and one fire service pickup truck. (See Debt Service section of budget).

Board of Education - a \$339,951 increase: 1.23%

The Town Council reduced the Board of Education operating budget request by \$200,058. The Board of Education budget originally requested \$540,009 in additional funds for a total request of \$28,066,606, a 1.96% increase. Additionally \$3,030,000 in education capital projects were proposed. This was broken down into a capital budget request of \$300,000 for network/classroom computers, classroom furniture, matching an E-Rate grant to install new fiber connections to Coventry Grammar and G.H. Robertson schools and a grant match for a replacement of an accessible van. All of these items were cut from the budget. Some will be funded from year end savings and some may come from a Board capital reserve account if needs warrants. Bonding for the replacement of the school roofs in sections of the High school complex and G.H. Robertson and replacing the fire alarm system for the high school/middle school complex are still proposed for future consideration this fiscal year. Please refer to the separate Board of Education budget document for a more in-depth discussion of their spending proposal.

Adopted 2020 – 2022 COUNCIL GOALS

The Town Council provides the oversight and leadership required to establish policies which guide the direction of the Town and ensure the optimum delivery of services to residents in the most cost-effective manner possible. Members of the Town Council serve without compensation and elect their own chairperson and vice chairperson. The policies that are established by the Town Council are delegated to the Office of the Town Manager for execution. [Note: The Council goals are in bold and the strategy to work toward these goals follows each. Strategies with budget impacts are in italics.]

Coventry Town Council Goal statement: The State of Connecticut has suffered and continues to suffer from the negative effects of its immense financial disorder; including \$100 Billion of unfunded liabilities, mishandling of the Special Transportation Fund, and ever-growing debt burden. Because of this mismanagement, the State Legislature has proposed and implemented numerous tax increases and is now exploring even more taxes on Connecticut residents and business owners including highway tolls. It is prudent to plan for large budget cuts to Coventry's State grants in the immediate future beyond the planned ECS cuts. The Town Council's top concern is to protect the interests of our taxpayers, and to mitigate the threat of real damage to Coventry's public schools, town services, and the general well-being of our Town because of irresponsible State management and the expected funding cuts to municipalities. Through proper planning and by aligning our efforts with this critical concern in mind- we present the following goals to preserve and protect The Town of Coventry:

FISCAL RESPONSIBILITY:

- 1) Prioritize town projects on "Needs" vs. "Nice to have" without negatively affecting long-term planning.**
 - Redirect the library renovation project towards solving the water intrusion problem in the most reasonable way possible, maintaining and stabilizing the building while working to assess and recommend improvements for computer and internet technical issues. Once we get firm costs, we will consider matching the \$850,000 grant if we feel the proposal is warranted. **The Library Renovation Committee will be presenting to the Council in March. A placeholder project is included in the Capital Budget.*
 - Complete the projects paid for in the already passed in the recent bond referendum. **The second year of the 3-year Road bond project is planned and detailed in the Capital Budget. The Northfields subdivision is the largest of the projects. School projects are also planned for this summer pending the outcome of the Design Build unit ventilator RFP. The Jones Crossing road project is complete.*

2) We will work to maintain the current tax rate or lower it while providing sufficient resources for needed services and projects.

- Gather information from surrounding towns regarding joint fiscal environments. Evaluate the information and consider hiring a consultant to study the feasibility of combining the Town and BOE Finance Departments. If a study is undertaken, share results of study and have an open dialogue with the Board of Education on results and recommendations. **Staff will work with CCM to gather information for the first phase of the study. If the information seems promising, the Council will need to decide next steps including considering funding and hiring a consultant.*
- Communicate with our elected State Legislators and encourage them to pursue spending cuts at the State level with the least negative effect to municipal governments, eliminate unfunded and burdensome mandates on the Town and Board, and streamline efficiencies in government departments. **We have worked with CCM and COST to get Coventry priorities on their legislative lists including: Simplifying sewer expansions, State provision of water in cases of contaminated wells, State aid for tree removal, releasing TAR and other grants funds and 5G coverage for rural areas. We will testify on specific bills of interest to our town.*
- Ensure continued excellence in fiscal reporting resulting in award-winning, clean audits and continued increases in our positive bond rating with the goal of reaching the highest rating possible. **Plans include continuing to submit for GFOA's Certificate of Achievement for Excellence in Financial Reporting Award for our audit and for the first time in years submit our Annual Budget for the GFOA's Distinguished Budget Presentation Award.*

INFRASTRUCTURE:

- 3) Support infrastructure projects to support residents and existing businesses, encourage and attract new businesses, fix insufficiencies/construction errors and improve town services and ability to respond to emergencies. Oversee the protection of the Town's investments by maintaining all town equipment, buildings, and infrastructure.** **The Transfer station is a target project for renovation or relocation. Minor projects are planned for the Senior Center. DPW staff is touching up paint inside the Town Hall. LED Lighting conversions are planned for the Library, Sewer Treatment Plant and both Elementary schools. All four Firehouses were completed this year as well as the High School/ Middle school complex. Funds for new software for the Library energy management system is in the Capital Budget, as well as for replacement key-entry systems for Town Hall and Fire Stations.*

- Evaluate the final offering for a Micro-Grid project to determine the value of the offer and recognize the value of the increased capabilities. Move forward with the Micro-Grid project if the final offer makes sense economically for the town. If the town does not move forward with this proposal, we will continue to explore other options. **We are continuing weekly meetings and design reviews. We believe a decision point is within several months and construction, if approved, could start this summer. The School Building and Energy Efficiency Committee is seeking Design Build contractors to implement the prior bonded work and designs will anticipate the microgrid to allow future air conditioning or dehumidification. * We continue to seek virtual net metering for other mid-sized Z-Rec projects as alternative, or in conjunction with, Micro-grid projects. Also, we are rebidding the Town and BOE's electric supply contract.*
- Work with our electrical provider to remove as many trees as possible that threaten our town electrical service and focus additional State, Town, and Grant resources on identifying and removing any trees (that the town is responsible for) that may represent a problem for Coventry citizens. ** The Town has provided a list to Eversource of hazardous trees.*
- Secure the promised TAR funds from the state and put in place a plan to enable the town to catch up on the postponed road work due to the delay of state funding. **We will be ready to implement the postponed projects this spring. A list is in the Capital Budget.*
- Develop a short-term maintenance plan for the Community Center at Patriots Park. **A replacement roof is in the LOCIP Plan. Other minor improvements will be reviewed.*
- Study the current community center, evaluate the building, and determine if a future replacement would be the most fiscally responsible solution to pursue. **Concept planning can start with the Recreation Commission. A replacement roof at the current center is in the Capital Budget as a LOCIP project as it cannot wait longer for replacement.*
- Work with the CHS Walls Code Compliance Building Committee to resolve the high school walls structural deficiencies for the safety of Coventry students in the most cost-efficient manner. **The Committee is working with the engineer to develop a plan for several walls as trial improvements. It is planned that the auditorium and band room walls will be repaired this summer. Funding will be needed further work.*

- Encourage the Senior Housing Options Committee to identify the scope of the need for alternative senior housing options and to consider market-based solutions. Ask the Planning and Zoning Commission to review regulations to address affordability. **The Committee has started their work and is being supported by the Planning Office. They have an aggressive work plan to complete within 6-months. This will include a review of Zoning regulations.*
 - Maintain current Town properties and assets, and explore having the Town take the lead for building facilities maintenance and janitorial care of all Town and School buildings. **I suggest this start with a discussion between the Council Finance Committee and Board Fiscal Committee.*
 - Work to complete projects for the realignment at the intersection of Swamp Road and Route 44, South Street LOTCIP project, Main Street Community Connectivity sidewalk and both Folly Lane and Hop River Road Bridge replacements. **Swamp Road intersection was delayed by State DOT until the summer of 2021. The Main Street connectivity project and Folly Lane Bridge are anticipated for summer of 2020. We will be seeking funds for South St. LOTCIP for design.*
 - Pursue grants for Orchard Hills Senior housing renovations and upgrades. **CDBG grant application for \$1.5 Million for renovations at Orchard Hills is being submitted before the May deadline and we will await decision in late summer.*
- 4) Continue our efforts to improve sports facilities. Conduct a study to determine additional needs.** **I will have the Recreation Commission call together a coalition of the sports teams, Public Works and School Athletic Director to conduct a short and long-term needs assessment.*
- Work to provide short-term solutions to the immediate needs for Girls' Softball fields and determine the most advantageous and economical way to find suitable permanent fields for their use. **Engineer studies of new locations for Softball fields are complete. A placeholder was put in the Capital Budget for consideration for Bonding for construction.*
 - Continue to improve the other sports fields through increased water availability, rest room facilities where appropriate, and continue the coordination of maintenance and care with the Recreation Department, Board of Education and various town sport leagues. **We will be finishing Miller Richardson irrigation system in advance of the spring opening. We are working on septic testing at Laidlaw and put LOCIP grant funding in the Capital Budget to allow for the install of trailer bathrooms acquired through State surplus. Middle School Softball fields' drainage is complete and ready for spring. We will continue to push to get permits to do minor repair to the Football field.*

ENVIRONMENT:

- 5) Continue lake management treatments to contain and eradicate the Hydrilla and fanwort invasive species. Work with the State's new program that provides a dedicated stream of funding for invasive plant treatments and secure the maximum amount of funding we can through this program.** **Funds include assisting in fanwort treatment of Eagleville Lake and hydrilla treatment in Coventry Lake. We are seeking State funding and anticipate \$25,000 for Hydrilla.*

- 6) Protect our rural character while working to support our existing businesses and create an environment that will help attract new business.** **We are completing the Plan of Conservation and Development. We are also working on completing a four-town economic development strategy with CERC (now AdvanceCT). In addition, we are working with several interested businesses for new construction, pushing the Bolton Sewer connection, presenting small business workshops, working with the Main Street program, and seeking funds for a water tower to reduce insurance in Village area and allow mixed use.*

- 7) Support striving toward Sustainable CT Gold Certification, when available.** **We are continuing to monitor for announcements and working with funding sponsors for a possible crowd-sourced grant for a greenhouse at Camp Creaser through the Sustainable CT program to grow the Community Gardens.*

- 8) Continue to support our Open Space Stewardship Committee in efforts to continue to improve and maintain Town-owned land.** **We will continue to prioritize limited LOCIP funds on connecting trails. We have included funds to buy trail maintenance tools for volunteers in Conservation Commission budget. We re-opened Old Tolland Turnpike as a walking path to connect Gardener Tavern neighborhood to Main Street and Community Connectivity sidewalk slated for construction. We are working with Bolton and Andover on Plans for a Timber Harvest of the former Rt 6 land (Nathan Hale Greenway) as a first step in creating a well-worn pathway. We are also developing plans for grant submission to reestablish Bear Swamp Road as a Recreational Pathway.*

- 9) Support continued investment in Forestry management for public safety.** ** \$20,000 is sought for additional diseased tree removal. We will discuss the Council using Municipal Projects grant also.*

- 10) Continue to explore partnerships for open space acquisition.** **We worked with Joshua's Trust to help them acquire land on the Willimantic River. We are working with the Library Board for donation of land behind the library.*

PUBLIC SAFETY

- 11)** Work with the Board of Education to continue to improve security in our schools including consideration of one or more resource officers. **We started Staff discussions on a school resource officer grant and discovered that Connecticut towns do not qualify. I suggest that a Council/Board of Education discussion occur to re-focus the proposed school security person to a school resource officer funded by both agencies.*
- 12)** Continue to support the police department. Continue to support their technological capabilities that enhance their ability to perform their duties more efficiently and safely. **Core basics for this budget include replacing two cruisers with new hybrid interceptors. The gasoline budget was reduced in anticipation of savings. A proposal for a new police boat was delayed and we purchased and repaired a state surplus boat. New weapons were acquired this year and the new radio systems has greatly improved communications.*
- 13)** Continue to work with our Volunteer Fire Departments to develop a single Volunteer Fire Department serving the entire Town of Coventry. Work with the Fire and Emergency Service Department to retain current members, attract new members, and make certain they have the resources needed to properly train them, and support the equipment and apparatus needs of the department while managing costs effectively. **Phase 1 of the merger has been approved. We are working on the next phase for interim leadership of joint Department 18. Funds are included in the Fire/EMS fund for first phase of uniform and branding. We are awaiting committee recommendations of incentives (and stipends). The Capital Budget includes funds for the ET rebuild, small rescue/service truck replacement, and gear/hose.*
- 14) Explore, when appropriate, opportunities to work with other towns including possibly providing Public Safety services to other towns for appropriate fees.** **We will set up a meeting in fall with area Towns to solicit interest. In the meantime, we are working on building closer relationship with Tolland County Dispatch to provide radio support which would be required.*

GOVERNMENTAL TRANSPARENCY:

- 15) Increase transparency where possible and ensure that the Council has the proper time to review and/or vet what is proposed.**
- Educate the public on the budget and mil rate setting process. Consider creating educational videos regarding the budget process to assist in the education. **We will update budget presentations and Budget in Brief. Also, we will try a Facebook live on the budget process.*

- Review and repeal unnecessary or obsolete ordinances or policies. **We are currently working through Steering Committee to identify target ordinances and policies for consideration.*
- Reduce local government regulatory roadblocks for citizens, when possible, and streamline services. **PZC is reviewing regulations in light of new Plan of Conservation.*

16) Continue joint Town Finance/BOE fiscal committee meetings and have an open dialogue with the Board of Education to obtain comprehensive information for the Town Council and community.

**We have set meeting dates for quarterly meetings.*

ECONOMIC DEVELOPMENT:

17) Continue to work with Bolton/Vernon and the State to secure permission for the extension of the Bolton/Vernon sewer line into Coventry along Route 44. Focus on the need to improve failed septic issues and the potential for future economic development.

- Continue to work with WPCA to determine how we can increase capacity and meet any new requirements that the State places on the operation of the sewer plant. **WPCA is proposing capital projects to reduce the risk for water infiltration and awaits the results of recent DEEP plant inspection before looking other options. We can consider updating the facilities study from 10 years ago.*
- Continue to support Main Street business development. **Funds for Main Street program are included in the economic development budget.*
- Work to promote/educate small and home businesses. **EDC continues education workshops, including a 12-week Facebook for Business, scheduling a follow-up Google Workshop, and coordinating a business plan workshop with Willimantic Chamber and Small Business Development Center for fall. Brought in 10 Nichols College interns for direct business assistance in social media and business planning.*
- Review the Regional Economic Development Plan and implement as appropriate. **We will consider setting up a regional working group to implement portions of the CERC regional plan.*
- Continue to support both Farmers' Markets and develop and strengthen linkages to local businesses. **We need to renegotiate the lease with the Antiquarian and Landmarks for summer of 2021. This summer the market will be changed due to social distancing requirements.*

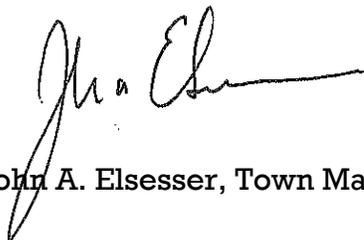
2020-2021 Budget Summaries

The 2020-2021 budget request calls for an increase in spending of \$266,461 or 0.64% increase over the previous year. The new mil rate will be 31.17 a reduction of 1.03 mils from the current mil rate. This should provide an average of a Zero tax increase overall but due to revaluation some may pay more and some may pay less. The previous charts illustrate how the proposed increase in spending and the tax rate are allocated between the various budgets.

The following chart compares major revenues and expenditures for Fiscal Years 2019/2020 and 2020/2021.

COMPARISON OF FY 2019/2020 and FY 2020/2021 BUDGETS

	<u>Adopted FY20</u>	<u>Requested FY21</u>	<u>Inc/Dec</u>	<u>%</u>
<u>REVENUES</u>				
Property tax	\$ 31,904,484	\$ 32,020,145	\$ 115,661	0.36%
Intergovernmental	8,842,630	8,652,030	(190,600)	-2.16%
Reserves	-	310,000	310,000	
Other Local	594,450	625,850	31,400	5.28%
Total	<u>\$ 41,341,564</u>	<u>\$ 41,608,025</u>	<u>\$ 266,461</u>	<u>0.64%</u>
<u>EXPENDITURES</u>				
Gen. Government	\$ 10,012,102	\$ 10,249,009	\$ 236,907	2.37%
Bd. Of Education	27,526,597	27,866,548	339,951	1.23%
Debt Service	2,870,865	2,828,468	(42,397)	-1.48%
Capital	932,000	664,000	(268,000)	-28.76%
Total	<u>\$ 41,341,564</u>	<u>\$ 41,608,025</u>	<u>\$ 266,461</u>	<u>0.64%</u>



John A. Elsesser, Town Manager