

TOWN OF VERNON



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MAYOR'S BUDGET MESSAGE

Fiscal Year 2022 - 2023

Dear Friends and Neighbors,

It is my privilege to submit this budget proposal inclusive of all revenues, expenditures and capital improvement plans for Fiscal Year 2023. Although recent news regarding the COVID-19 pandemic has been encouraging, all of us remain impacted by the significant rise in inflation which has increased the cost of daily necessities together with ongoing supply chain issues that continue to impact the availability of many goods and services.

Careful consideration was put into the development of this balanced budget to minimize the financial impact in these uncertain times. The directive to department heads was to develop a budget on what is needed with a focus on cost containment. As proposed, this budget provides funds necessary to enhance the level of services that the Town of Vernon has proudly delivered for many years and supports a commitment to education and economic development while maintaining and improving infrastructure.

Once every five years, the Town is required by the State to conduct a revaluation on all properties; 2022 is one of those years. As a result of strong demand for real estate and motor vehicles, particularly used vehicles, the grand list has increased by \$367,621,002 or 19.7%. As a result of this significant increase, this budget includes a proposed reduction of the mill rate from 39.63 to 33.39. In addition, as I write this, I am awaiting details on the recently proposed cap on the Motor Vehicle mill rate and will adjust our proposed budget upon finalization of any act related to the mill rate.

This budget is the product of a collaborative approach and I would like to thank our residents for providing feedback and input on what is important to our community. As always, it never escapes me that this is always your budget and I am confident that the result of our planning will lay achievable plans for Vernon's future. Thank you also to our departments, school system, local elected and appointed officials. All our efforts have resulted in the Town maintaining strong fiscal reserves and liquidity which is important as it will reflect positively when Vernon is evaluated by the bond rating agencies.

For fiscal year 2022-2023, the operating budget proposed equals \$95,647,105 an increase of \$1,258,047. While the budget is 1.33% higher, as a result of the recent revaluation, the proposed mill rate is 33.39, a decrease of 15.75%.

For the second year in a row, I am proposing that an additional allotment of funds is put towards capital improvement and infrastructure related projects. To accomplish this, with no impact to the mill rate, \$1,667,710 from the general fund balance and \$2,500,000 of funds Vernon received through the American Rescue Plan Act (ARPA) is proposed for expenditures dedicated to road, sidewalk, and parking lot improvements, improving outdoor spaces for recreation, economic development projects and building renovations. This is a very prudent use of funds for extremely important parts of Vernon's infrastructure.

As a result of this added investment of funds, the overall budget will show an amount of \$99,814,815 an increase of \$3,925,757 or 4.09%. Our remaining fund balance continues to be at the recommended level communicated by the bond rating agencies.

This budget proposal contains the supporting revenue estimates, which are developed with the same consideration as the expenditure side of the budget, a process that reviews current activity, to establish the basis for refinement in the present and future fiscal years. At this time, the Governor has committed to providing level funding and we have included that in our projections for the relevant state aid line items inclusive of education.

Revenue

Total Revenue is increased by \$3,925,757. Key drivers:

- Grand List growth; estimated \$599,737 increase of collectable taxes.
- Use of an additional \$167,710 from fund balance and \$2,500,000 for restricted use related to Capital Improvements and/or one-time expenditures to minimize impact on the operating budget.
- Income related to investments – it is anticipated that interest rates will rise allowing us to earn higher interest on our cash balance, resulting in an estimated increase of \$250,000 for the year.

Expenditures

Total General Government net spending increased by \$515,170. Key drivers:

- Disposal of refuse; an increase of \$144,186.
- Fire Protection/Hydrant rentals have increased by \$65,809 per directive of the utility company.
- Ongoing investment in technology, cyber security and related services; increase of \$149,316.
- Debt Service increased \$99,281. Included is an increase in debt service for the Water Pollution Control Facility upgrade currently in progress to meet federal and state environmental standards, the replacement of an Automated Side Loader Refuse Truck and ongoing payments of the Road Improvement Program and School Renovations project of recent years.

Department Efficiencies

The list below identifies some of the measures currently employed or planned:

Medical Insurance – collaboration amongst the Town and Vernon Public Schools resulted in a shift to a self-insured model for medical insurance beginning in July of 2021. It is anticipated that savings will materialize from this model into the future. If we chose not to take this step, in addition to the increase of 8.5% (approximately \$800,000) last year, we would be facing an additional increase of 8-10% equating another \$800,000 - \$1,000,000 to remain in a fully insured program.

Employee Self Service (ESS) – enhancements relating to employee use of the ESS portal via Munis to provide convenient, secure, user-friendly access to documents and tools for managing personal information. Looking ahead, further advancement to manage time and attendance is planned.

Education

I want to thank the Superintendent and the Board of Education once again for their careful and sensible efforts in developing the Education budget for fiscal year 2022-23. The COVID-19 pandemic has continued to create unparalleled challenges for our educators, staff, and administration. After careful consideration of the Board's budget request, it is my recommendation to move forward with a proposed increase of 1.35%, equating to \$742,867.

We continue to collaboratively review and evaluate operational efficiencies through our unique shared services efforts amongst town and schools related to the cost of facilities and maintenance services.

Capital Improvements

The proposed Capital Improvement Plan (CIP) has undergone a rigorous development process beginning at the department level, and then comprehensively reviewed by the Capital Improvement Committee. The Capital Improvement Committee provided a prioritized list of current and future projects to Administration and Finance where funding sources were explored, and further project review was evaluated. Other priorities factored into the process are a continuation of our replacement schedule for rolling stock (vehicles, equipment, etc.), as well as continued support for public safety equipment.

Included with my budget proposal is a six-year Capital Improvement Plan. The Capital Improvement Plan shows \$41,773,119 in proposed projects with \$15,962,037 in FY23 requests.

Capital Improvement budget spending is proposed at \$659,810, which is flat over last year, with the remainder of expenditures funded through a variety of sources, including but not limited to, grants, debt service (internal leasing) and Town Capital and Non-Recurring funds.

The list below elaborates on some of the projects and equipment purchases planned:

- Required maintenance and improvements to our Public Safety buildings
- Safety and communication equipment for our first responders
- Further enhancement of the Windermere Fields project
- Funding for ongoing maintenance of Roads, Sidewalks and Parking Lots

The Town has been extremely successful in securing grants and developing alternative funding sources for capital improvements. Grant funding is expected to assist in major projects including the ongoing Waste Treatment Facility upgrade, replacement of the Dart Hill Road and Kelly Road bridges, and the stand-alone sidewalk program. Regarding the appropriation of remaining funds allocated to Vernon from the ARPA program, all community members have been asked for feedback on what is important to them and we will hold a discussion with the Town Council to present that input. As with this budget proposal, the Vernon Town Council will review and recommend any significant use of such funds to taxpayers for approval.

The preservation and improvement of our infrastructure and capital assets is a necessary responsibility if we are to properly prepare for Vernon's future. Please join with me in support of this proposed capital plan. Collectively, these improvements will enhance the quality of town services and support our educational system and businesses.

In closing, I urge you to join us in the process of developing this budget. The Town Council has established dates for their budget review, with the first meeting to be held Saturday, March 19, 2022. I am happy to announce that each budget meeting will be held in person at the Vernon Town Hall and will have a Citizen's Forum or Public Hearing portion for your feedback.

The final step in the budgetary process takes place at the Annual Town Meeting, Tuesday, April 26, 2022, in the Rockville High School Auditorium beginning at 7:00 pm where the electors and taxpayers will consider the outcome. Please take part in this process.

For updates and further information, please visit the town website, www.vernon-ct.gov, where you will find additional information regarding upcoming budget meetings and many other topics of interest.

Please contact my office if you have any questions.

Sincerely,



Mayor Daniel A. Champagne