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# **FY 2021/22 Recommended Budget Town of Manchester, Connecticut**

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March 9, 2021

# FY 2021/22 Recommended Budget

Town of Manchester, Connecticut

## 2021-22 RECOMMENDED BUDGET AT A GLANCE



The Recommended General Fund budget for FY 2021-22 totals \$197,980,211, an increase of \$3,614,787 or 1.86% over the current year.



**36.97**

Proposed General Fund  
Mill Rate



**+1.23%**

Compared to Current  
Mill Rate of 36.52



**+\$56**

Tax increase on Median  
Home (val. \$180,000)

The Recommended Fire Fund budget for FY 2021-22 totals \$18,541,172, an increase of \$501,453 or 2.78% over the current year.



**5.47**

Proposed South Fire  
District Mill Rate



**+2.24%**

Compared to Current  
Mill Rate of 5.35

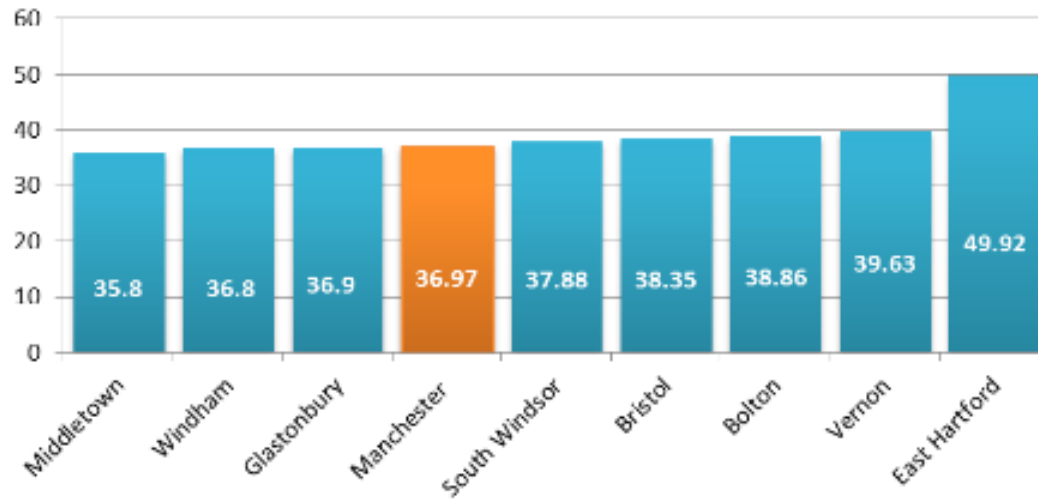


**+\$15**

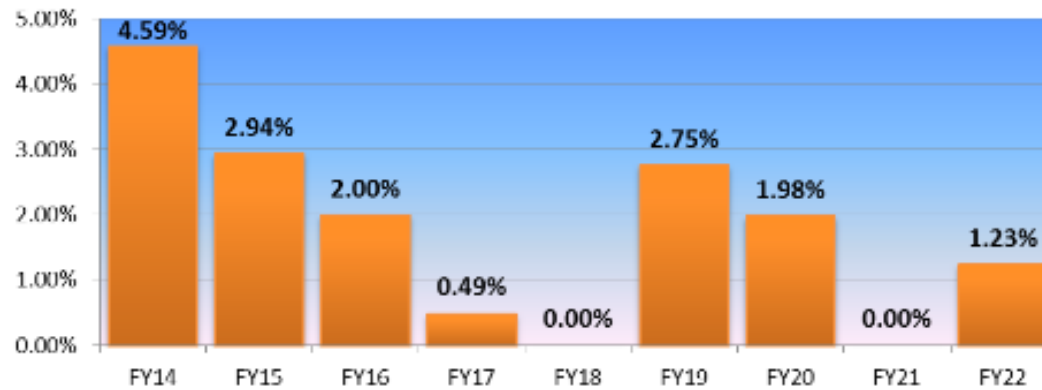
Tax Increase on Median  
Home (val. \$180,000)

# FY 2021/22 Recommended Budget

## Mill Rate Comparison to Nearby/ Comparable Towns



## General Fund Mill Rate Increases, FY14-FY22

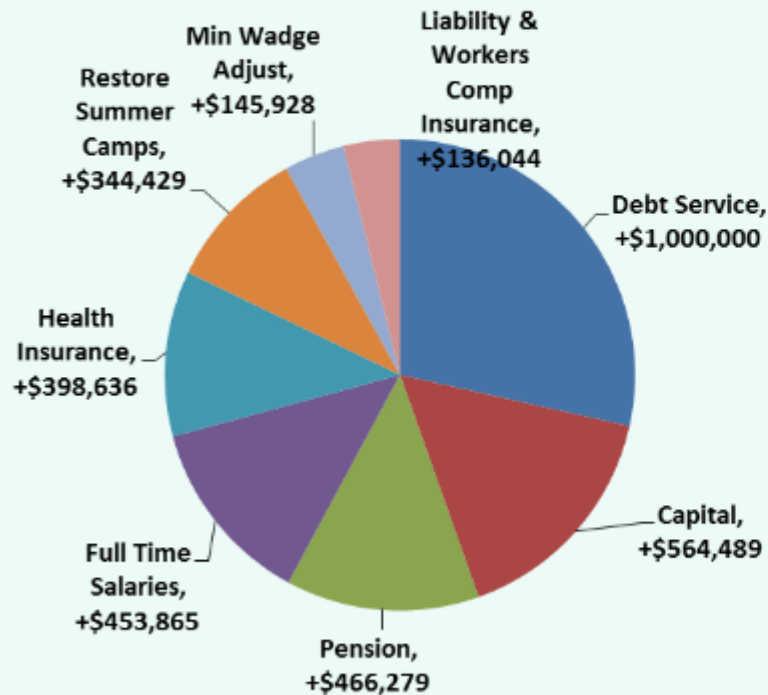


# FY 2021/22 Recommended Budget

Water Rate: +3%

Sewer Rate: +4%

## General Fund Increases:



*Rate increases to keep pace with the water & sewer utilities' infrastructure & environmental needs & declining billed consumption*

- Debt service increases \$1M for bond issues on authorized infrastructure & school projects
- Summer Camps were not funded in the current year due to Covid but are restored for next year (cost net of fee revenues is \$184,429).
- The Capital budget relied on one-time funding sources in the current year; FY22 restores funding & also provides for PD locker room renovations to accommodate growing percentage of women officers in the Department.
- Increases to pension and insurance costs determined by actuarial analysis of the level of funding required.
- The Education budget reflects a 0% increase based on anticipated Federal stimulus funding

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# FY 2021/22 Recommended Budget

## ■ Summary

- ❑ Total General Fund recommended budget \$197,980,211
- ❑ Expense increase of 1.86%
- ❑ Results in mill rate of 36.97 (increase of 1.23%)
- ❑ 4.0% increase in sewer rates and 3.0% increase in water rates
- ❑ Fire Fund: 2.24% tax increase: new pumper, State pension costs, Worker's Comp & liability insurance

# FY 2021/22 Recommended Budget

Category	Manager's		Dollar Change	% Change
	Adopted 2019/20	Recommended		
Town-Side Operations	\$ 51,506,983	\$ 53,299,160	\$ 1,792,177	3.48%
Capital & Non-Operating	\$ 11,627,565	\$ 12,450,175	\$ 822,610	7.07%
<b>SUBTOTAL- TOWN</b>	<b>\$ 63,134,548</b>	<b>\$ 65,749,335</b>	<b>\$ 2,614,787</b>	<b>4.14%</b>
Board of Education	\$ 117,774,174	\$ 120,522,676	\$ 2,748,502	2.33%
Redirected Costs		\$ (2,748,502)	\$ (2,748,502)	
Private School Health & Welfare	\$ 426,145	\$ 426,145	\$ -	0.00%
TLC	\$ 68,622	\$ 68,622	\$ -	0.00%
<b>SUBTOTAL- EDUCATION</b>	<b>\$ 118,268,941</b>	<b>\$ 118,268,941</b>	<b>\$ -</b>	<b>0.00%</b>
<b>DEBT SERVICE</b>	<b>\$ 12,961,935</b>	<b>\$ 13,961,935</b>	<b>\$ 1,000,000</b>	<b>7.71%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 194,365,424</b>	<b>\$ 197,980,211</b>	<b>\$ 3,614,787</b>	<b>1.86%</b>

# FY 2021/22 Recommended Budget

## ■ Financial Highlights- Town

- Includes overall Town government increase of 4.14%, or \$2,614,787 (excluding debt service)
- Town government operations (excluding all non-operating expenses) increase by \$1,792,177, or 3.48%
  - Increase of \$344,429 to restore Summer Camps (also creates \$160k additional revenue; net impact of \$184,429)
  - Full time salaries increase by \$453,865 or 1.82%
  - Part time salaries increase by \$76k or 4.1% due to minimum wage increase
  - Net pension increase of \$460,682 for uniformed officers; based on valuation of pension funds- new mortality tables.
  - Health insurance for active employees increased by 3.9%, or \$398,636; total general fund (Town-side) cost \$7,159,009

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# FY 2021/22 Recommended Budget

## ■ Financial Highlights- Town

- \$250,000 in snow removal costs are moved to a non-lapsing reserve account to only be used if operating funds are exhausted during particularly costly winters
- \$12,000 is added at the Library budget for more culturally diverse children's programming and efforts to have more materials & communications in other languages spoken by Manchester residents
- Decrease of \$25,000 in Registrars election costs; 2020 was Presidential election, 2021 is local only



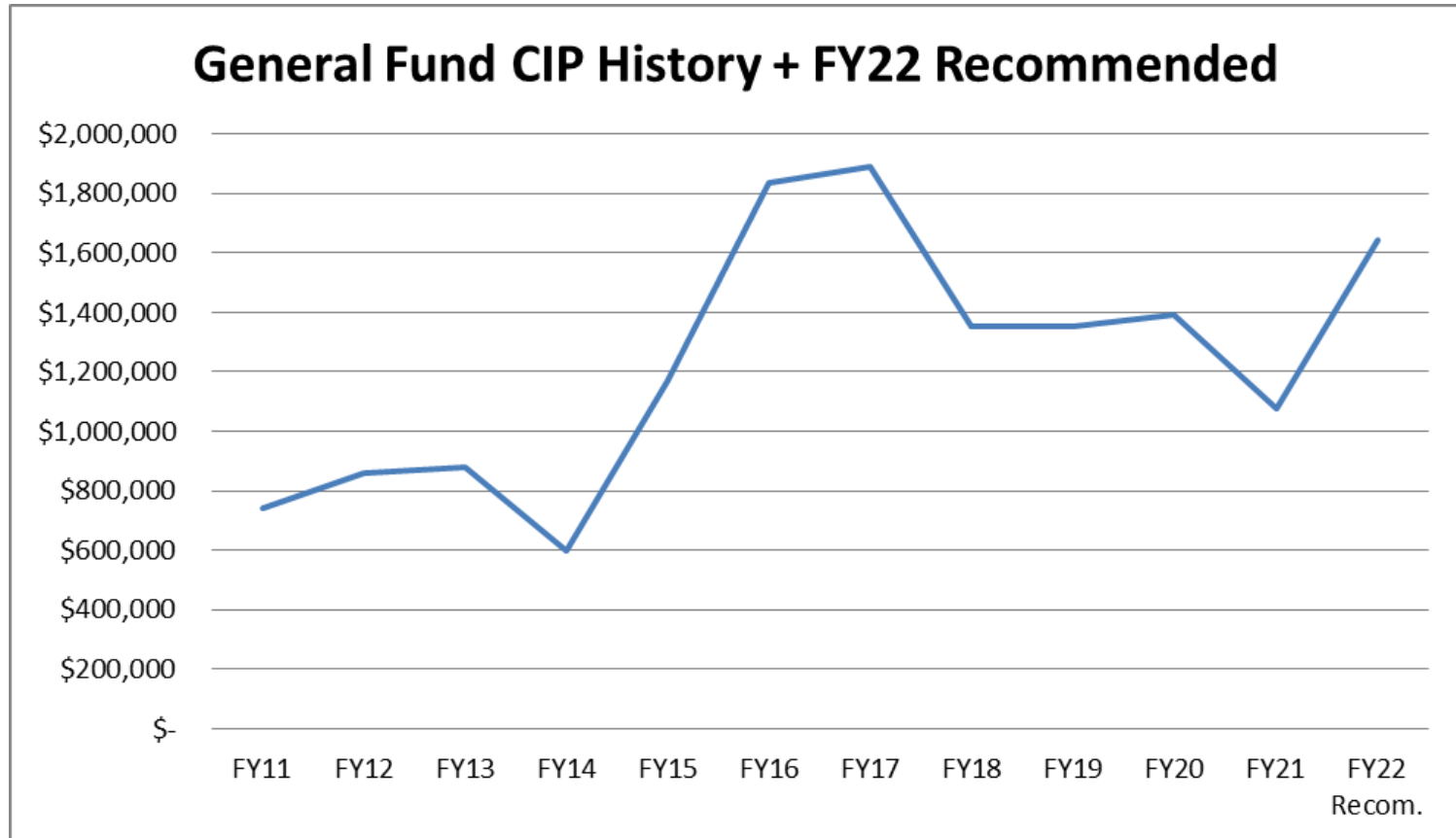
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# FY 2021/22 Recommended Budget

## ■ Financial Highlights

- Non-operating budget (excluding debt) increase of \$822,610, or 7.07%
- Retiree health costs: \$129,644 increase (4.0%)  
total GF retiree health costs: \$3,370,745
- General fund capital budget increases by \$564,489
- Capital improvement plan for FY22 utilizes:
  - \$1,642,185 in General Fund
  - \$186,815 in one-time funding sources from unallocated balances and available surpluses in capital project accounts
  - \$450,000 in LoCIP funding
  - Fund balance designations:
    - \$200,000 for equipment & vehicles
    - \$250,000 police locker rooms
    - \$250,000 LED streetlights

# FY 2021/22 Recommended Budget



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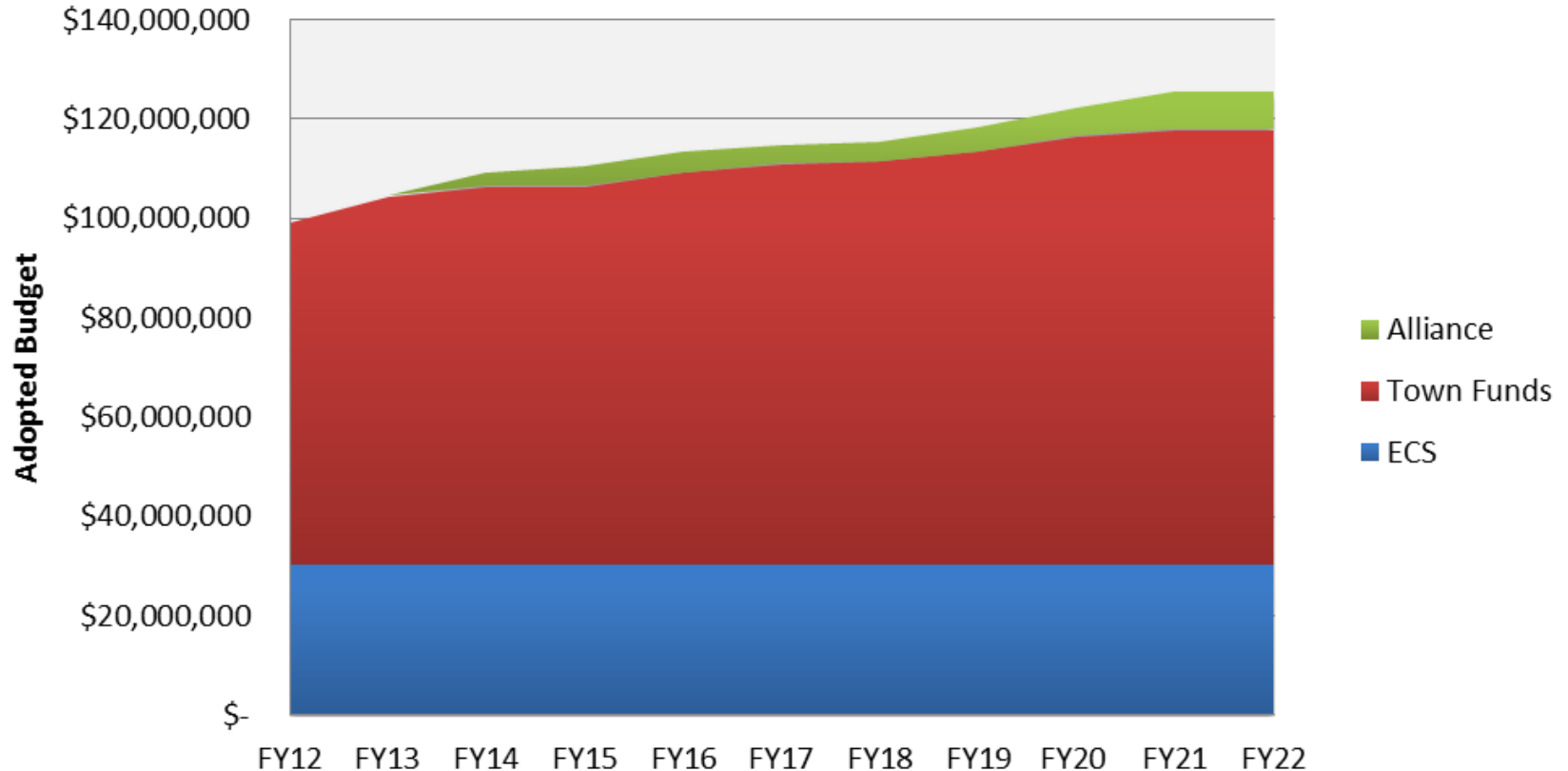
# FY 2021/22 Recommended Budget

## ■ Financial Highlights

- ❑ Board of Education operations increase 2.33% or \$2.75 million;
- ❑ Anticipated Federal stimulus funding is expected to fully offset this increase, so a 0% budget increase is proposed by the Board of Education

# FY 2021/22 Recommended Budget

## Manchester Education Funding- 10 Year History



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# FY 2021/22 Recommended Budget

## ■ General Fund Revenue

- Loss of Hospital PILOT: -\$552,286
- Decline in interest earnings: -\$200,000
- Town Clerk & Building Inspection fees: +\$250,000

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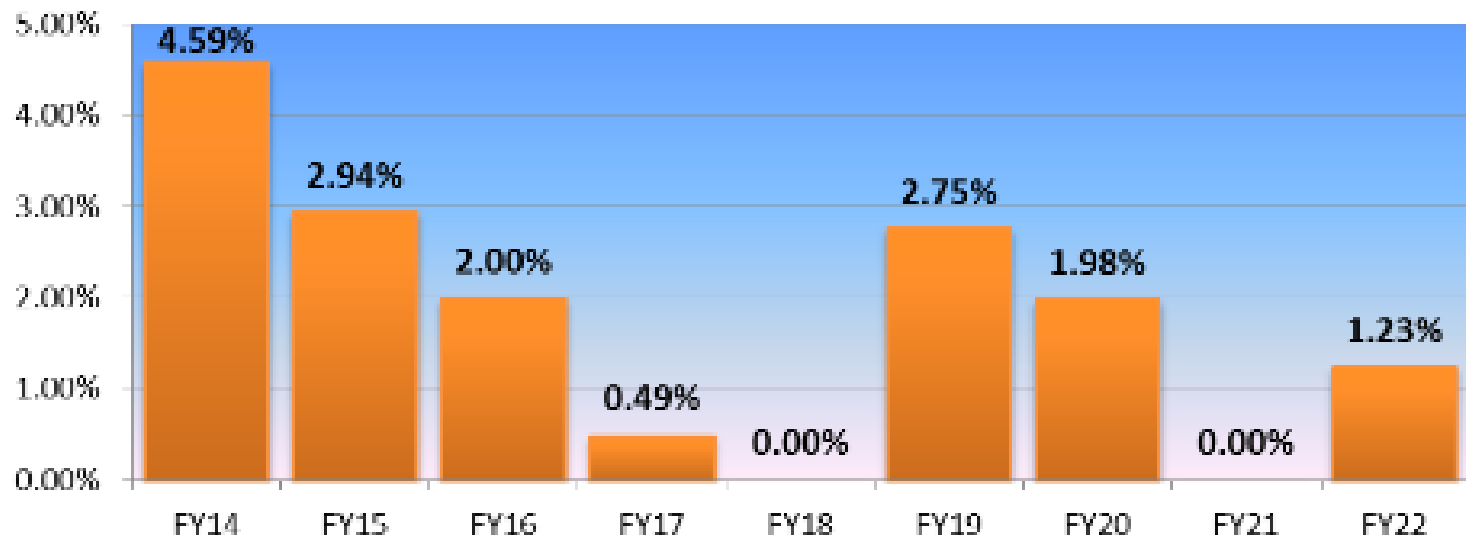
# FY 2021/22 Recommended Budget

## ■ General Fund Summary

- ❑ Proposed budget requires mill rate increase of 1.23%
- ❑ Last year's increase: 0%
- ❑ Five year average: 1.05% mill rate increase
- ❑ Places \$2,500,000 of fund balance at risk (thus far, budgeted use of fund balance has not been utilized)
- ❑ Grand List growth of 1.47%
  - ❑ Generates about \$2.15M in new revenue at the current mill rate

# FY 2021/22 Recommended Budget

**General Fund Mill Rate Increases, FY14-FY22**



# FY 2021/22 Recommended Budget

## ■ Tax Impact

- Resulting mill rate of 37.35 (currently 36.52)
- Examples of tax increases on vehicle & homeowners  
(\$18k represents typical car value)  
(\$180k = 2017 median home value)

### Taxes Paid by All Manchester Residents (General Fund)

Market Value	Assessed at 70%	Current Tax	New Tax	Change in Tax
\$18,000	\$12,600	\$460	\$466	\$6
\$180,000	\$126,000	\$4,602	\$4,658	\$56
\$250,000	\$175,000	\$6,391	\$6,470	\$79
\$350,000	\$245,000	\$8,947	\$9,058	\$111

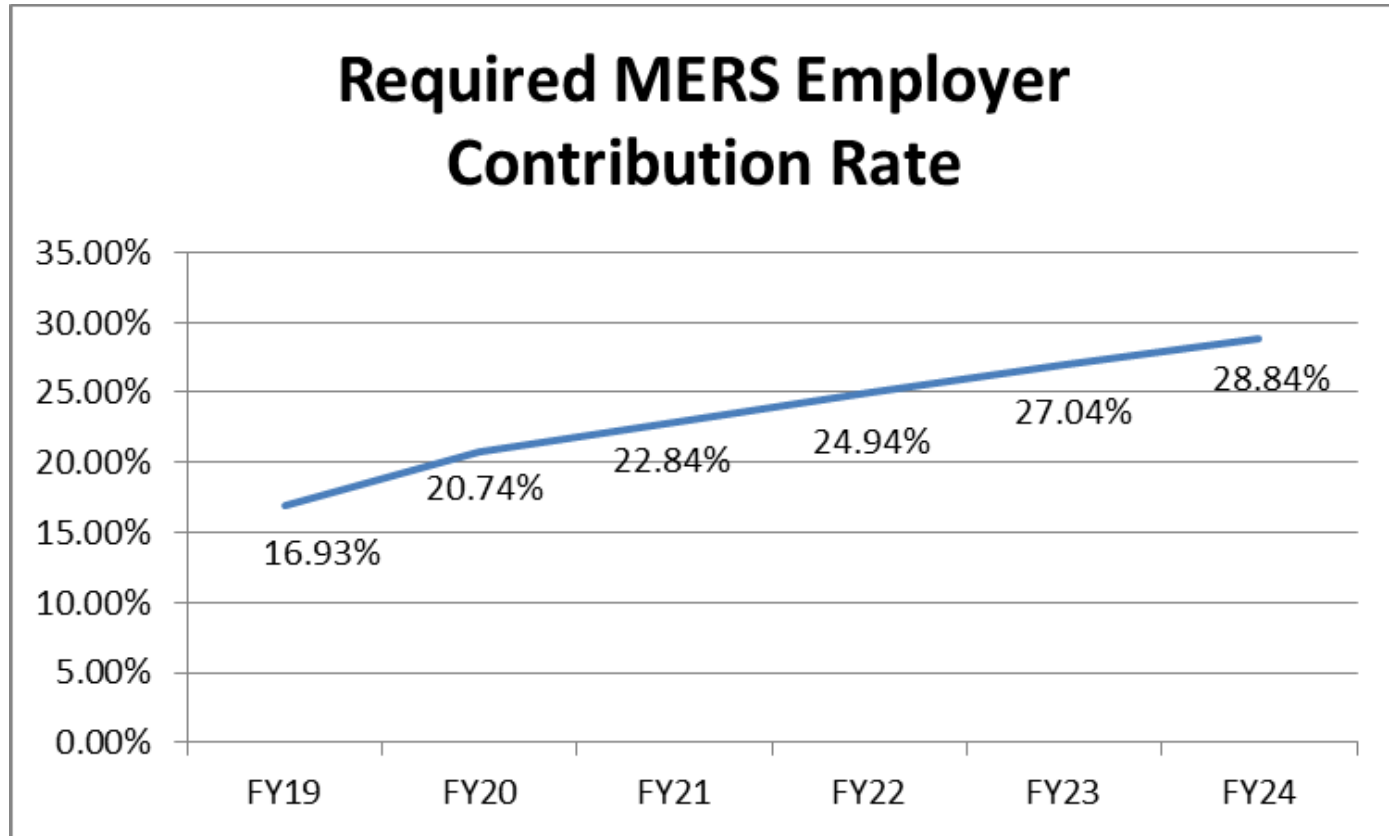


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# FY 2021/22 Recommended Budget

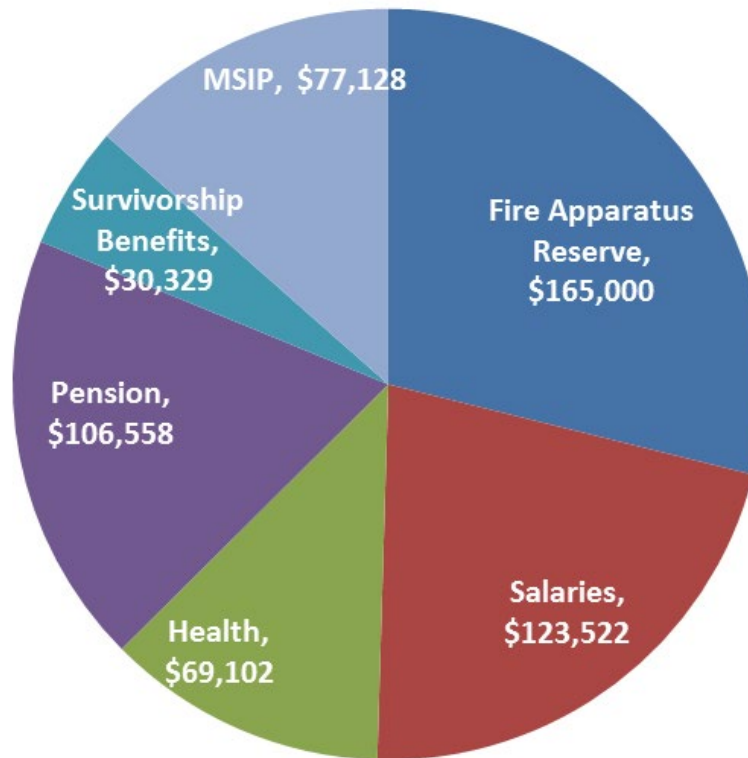
- Fire Fund
  - Expenditure increase of 2.78%
  - Proposed mill rate of 5.47
    - Increase of 2.24% compared to current mill rate
  - Increase to State-managed retirement plan (MERS): \$106,558
  - Phase-in of increased contribution to Town's liability insurance: \$77,128 based on worker's comp history
  - First payment on new Class A Pumper: \$165,000
  - FY21 was final year of debt payments on year 2000 bonds for Fire station renovations; savings of ~\$100,000

# FY 2021/22 Recommended Budget



# FY 2021/22 Recommended Budget

## FY22 Increases to Fire Fund



# FY 2021/22 Recommended Budget

## Additional Fire Taxes for Residents Outside the 8th Utilities District

Market Value	Assessed at 70%	Current Tax	New Tax	Change in Tax
\$18,000	\$12,600	\$67	\$69	\$2
\$180,000	\$126,000	\$674	\$689	\$15
\$250,000	\$175,000	\$936	\$957	\$21
\$350,000	\$245,000	\$1,311	\$1,340	\$29

## Total Taxes Paid by Residents Outside the 8th Utilities District

Market Value	Assessed at 70%	Current Tax	New Tax	Change in Tax
\$18,000	\$12,600	\$527	\$535	\$8
\$180,000	\$126,000	\$5,276	\$5,347	\$71
\$250,000	\$175,000	\$7,327	\$7,427	\$100
\$350,000	\$245,000	\$10,258	\$10,398	\$140

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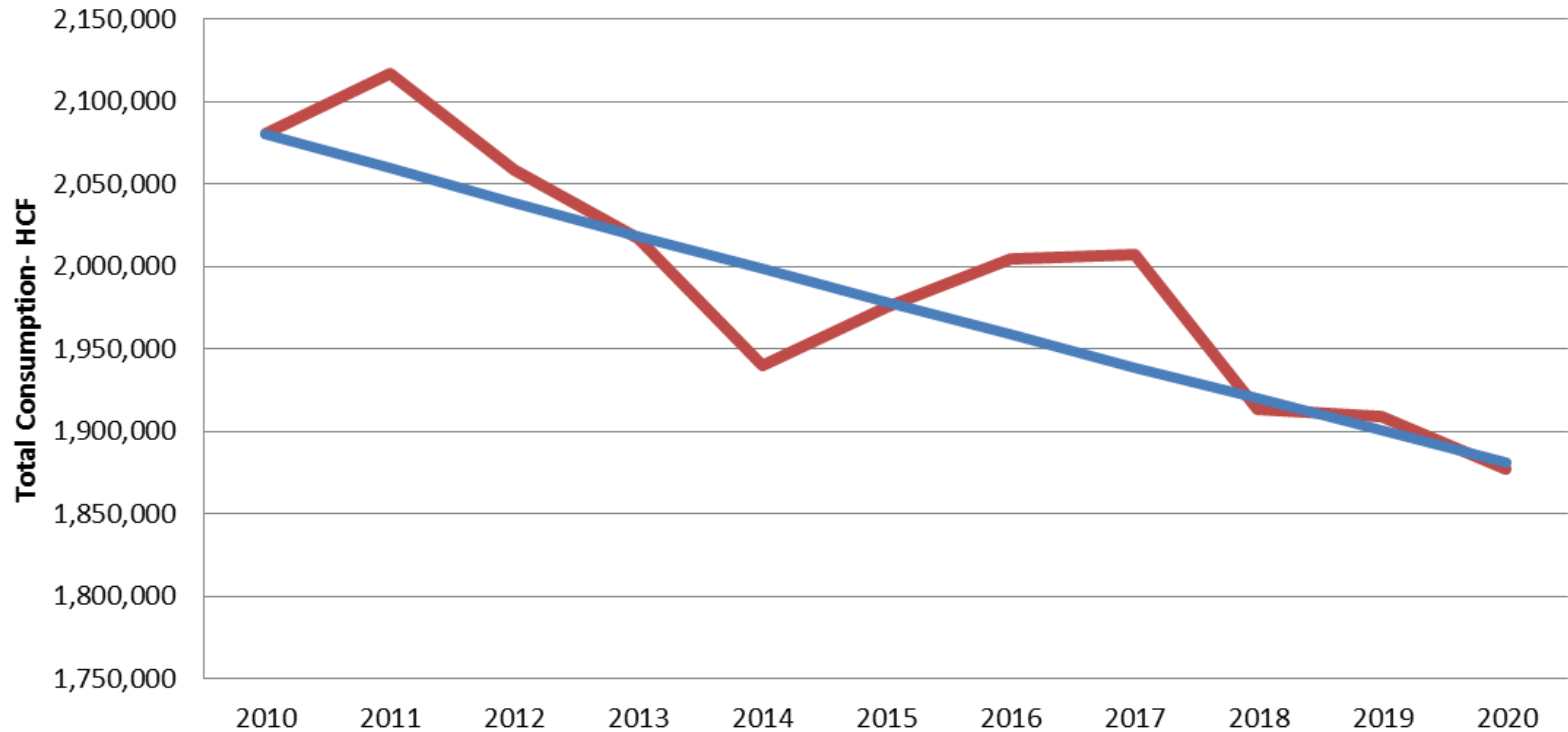
# FY 2021/22 Recommended Budget

## ■ Water Fund

- Total expenditure decrease of 1.22%
  - Debt service decreases \$300k- low interest rate on notes
  - **Proposed rate increase of 3.0%**
    - Preparing for future increased filtration at well-heads
    - Consumption trending down at -1%/yr

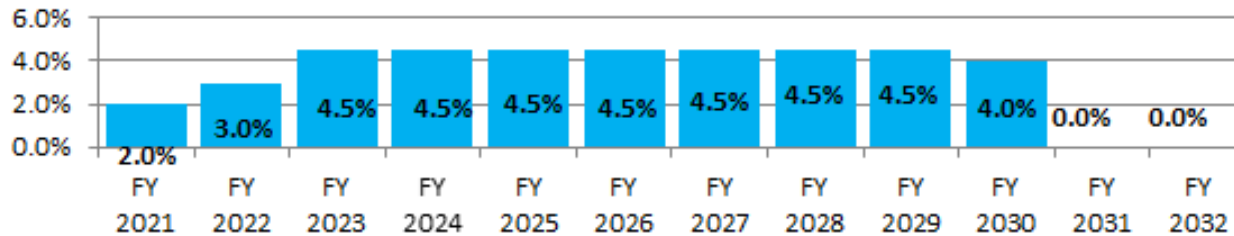
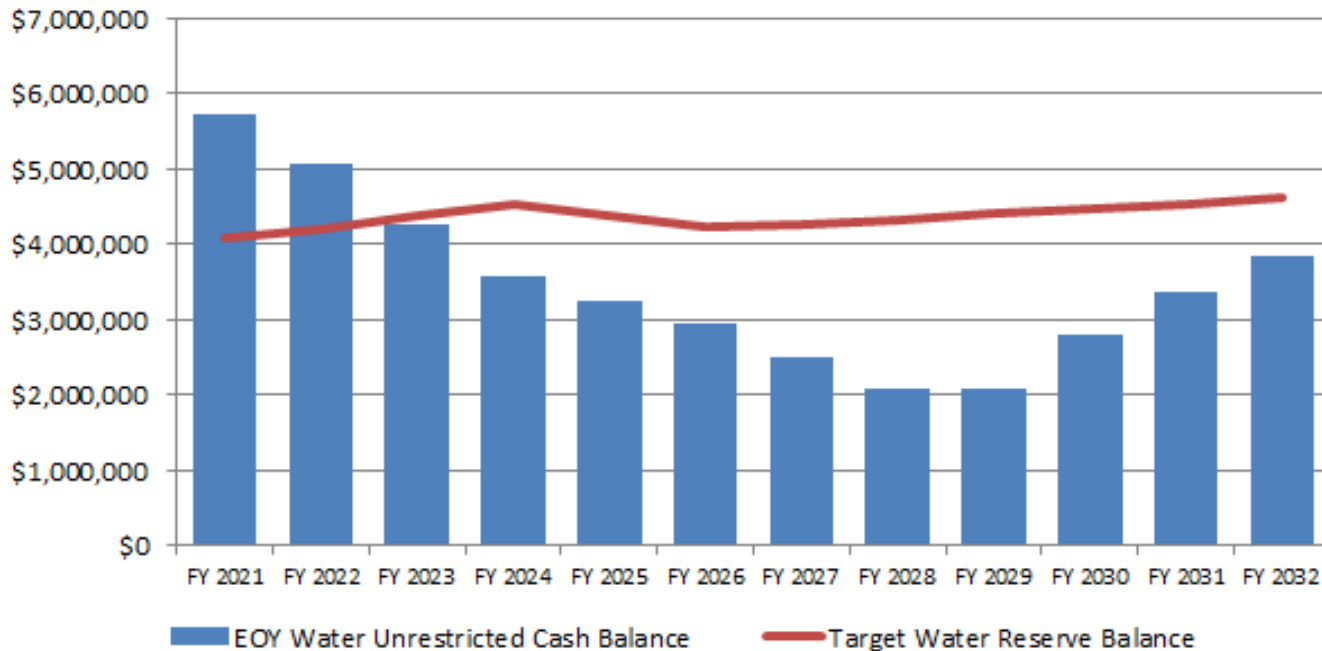
# FY 2021/22 Recommended Budget

## Water Consumption History



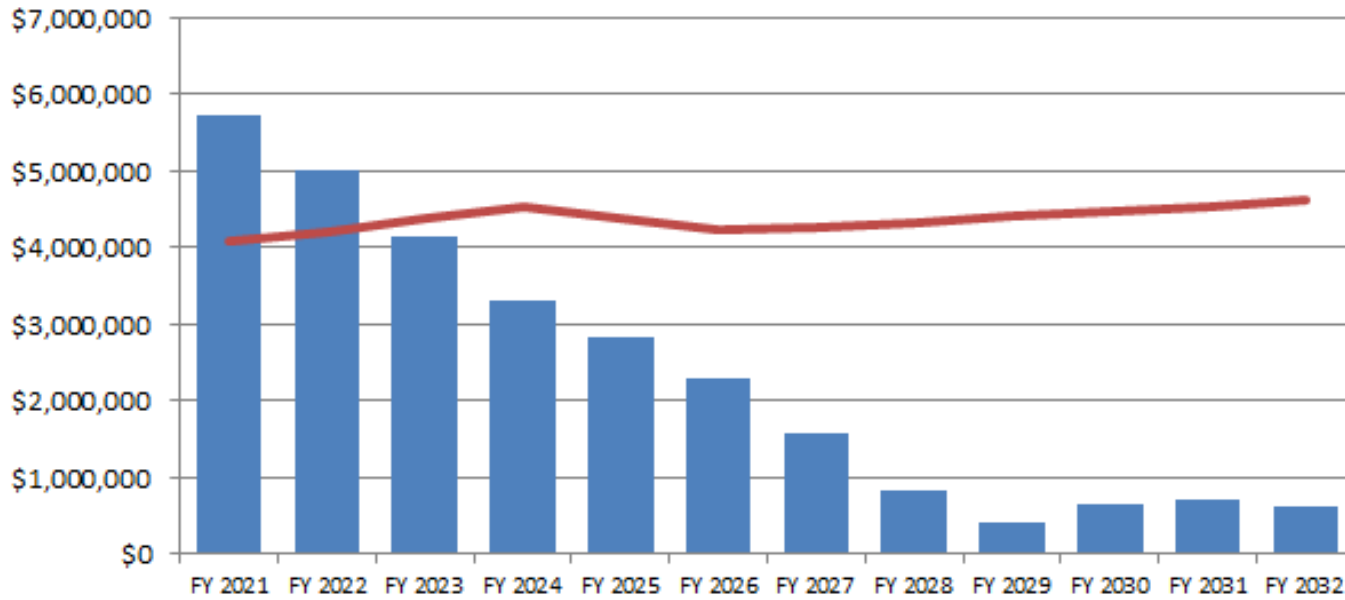
# FY 2021/22 Recommended Budget

**End of Year Water Fund Cash Balance: -0.4%/yr Consumption**

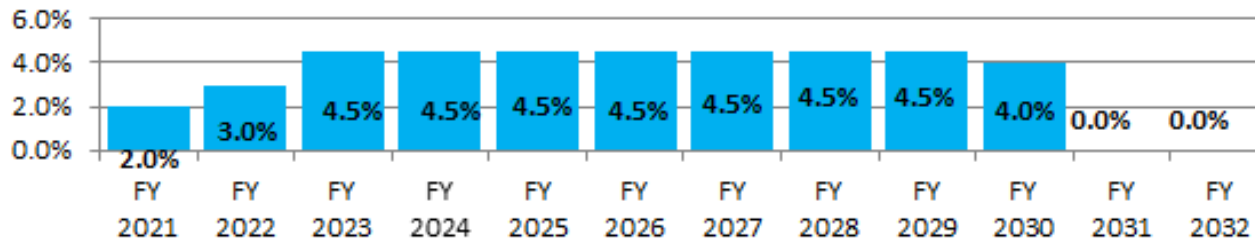


# FY 2021/22 Recommended Budget

**End of Year Water Fund Cash Balance: -1%/yr Consumption**



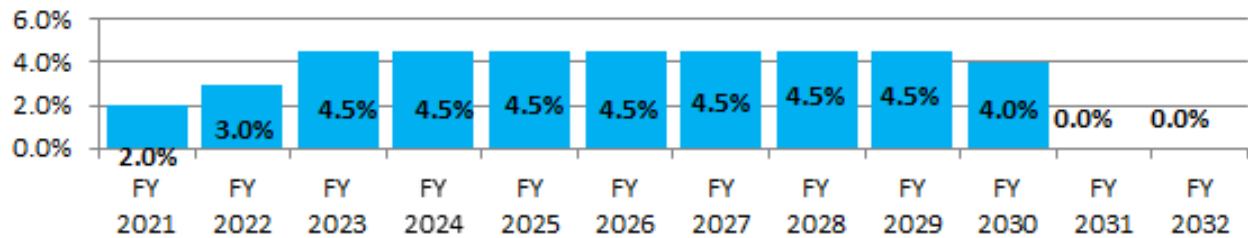
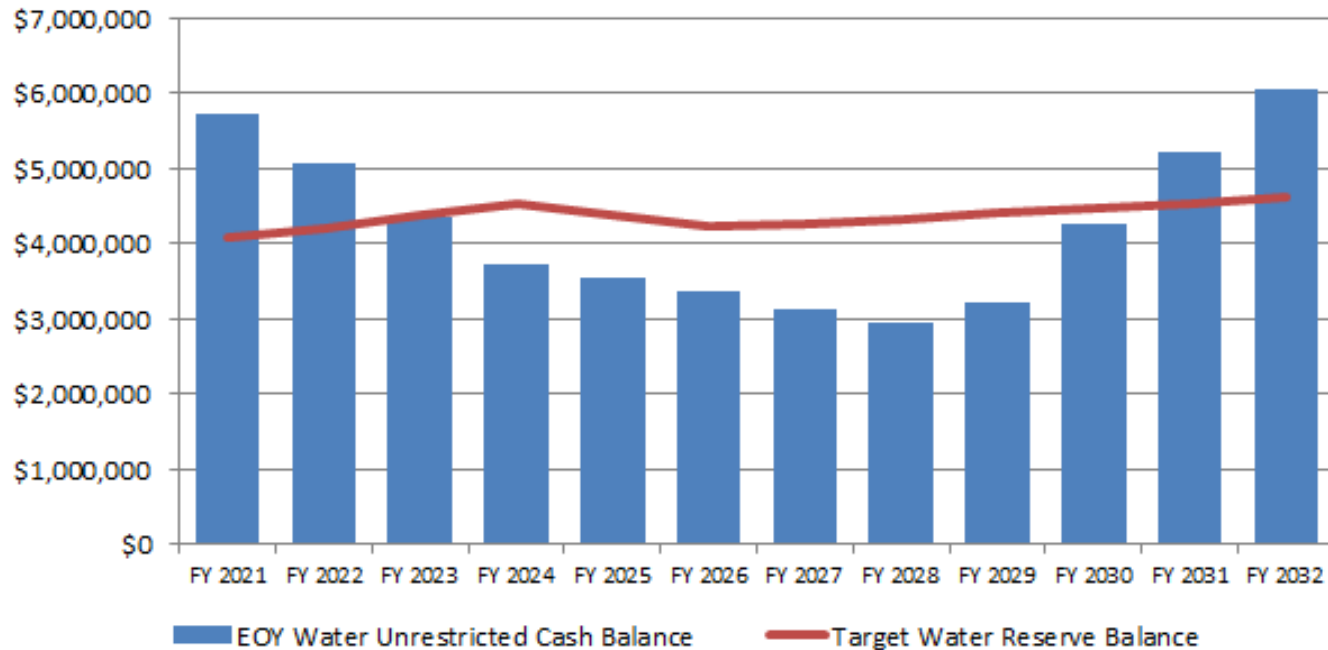
■ EOY Water Unrestricted Cash Balance      — Target Water Reserve Balance





# FY 2021/22 Recommended Budget

**End of Year Water Fund Cash Balance: 0%/yr Consumption**



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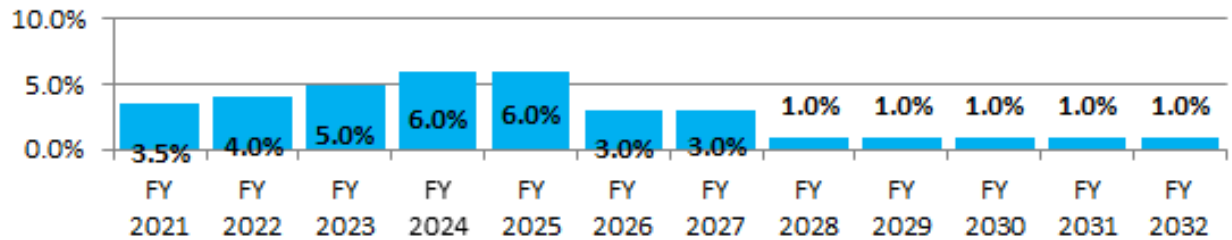
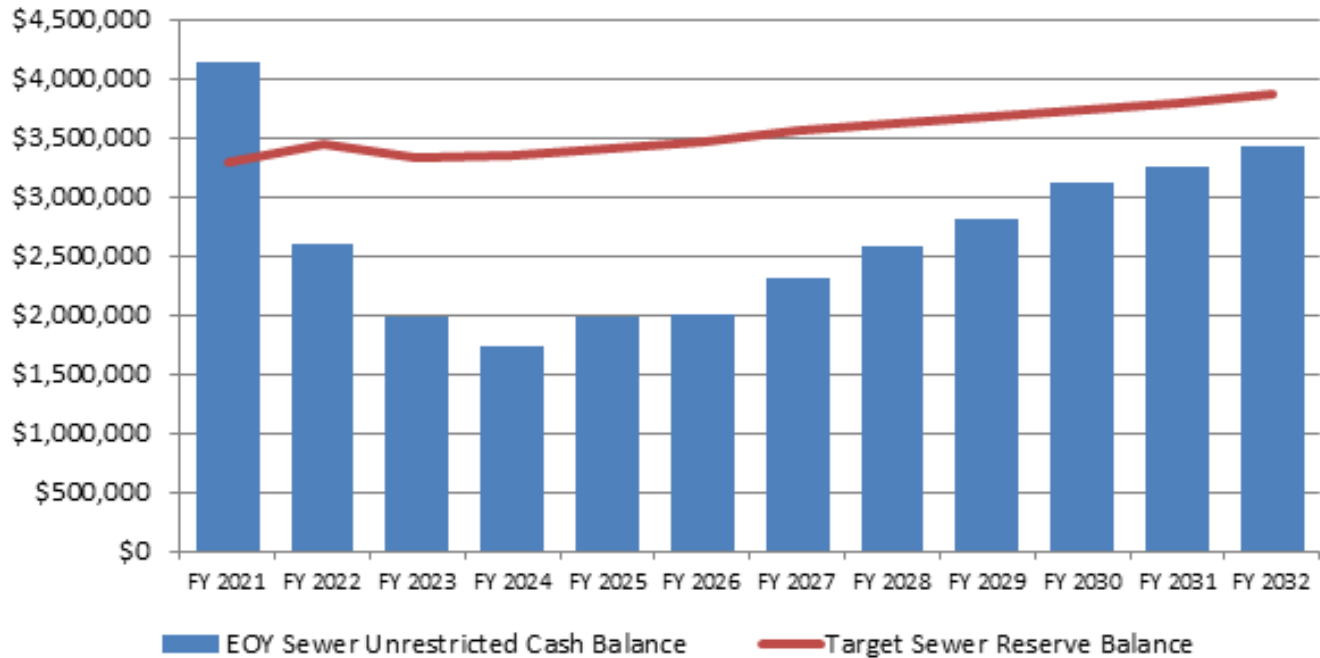
# FY 2021/22 Recommended Budget

## ■ Sewer Fund

- Total expenditure decrease of 0.9%
  - Also a result of much lower interest rates on notes
  
- **Proposed rate increase of 4.0%**
  - Continued phase-in of WWTP upgrade costs
  - Decline in consumption

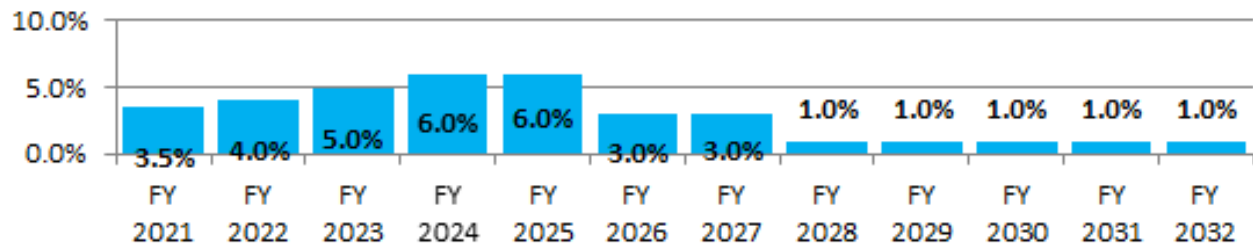
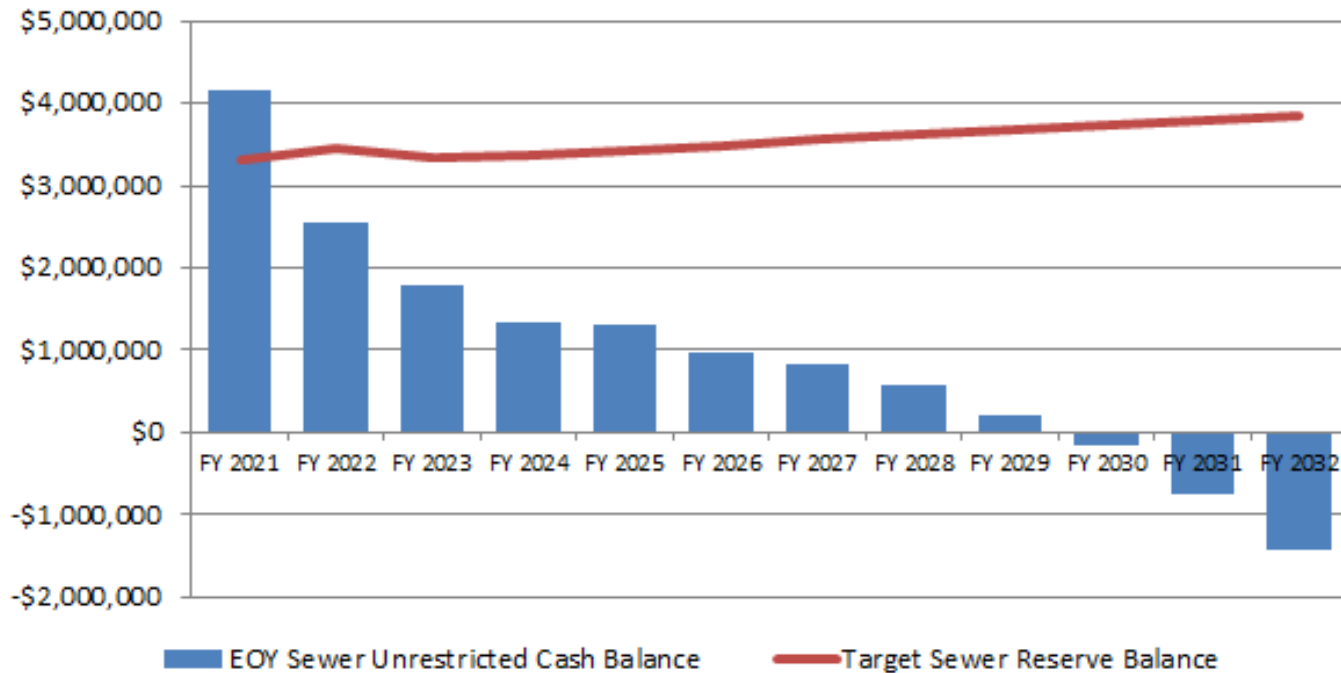
# FY 2021/22 Recommended Budget

**End of Year Sewer Fund Cash Balance: -0.4%/yr Consumption**



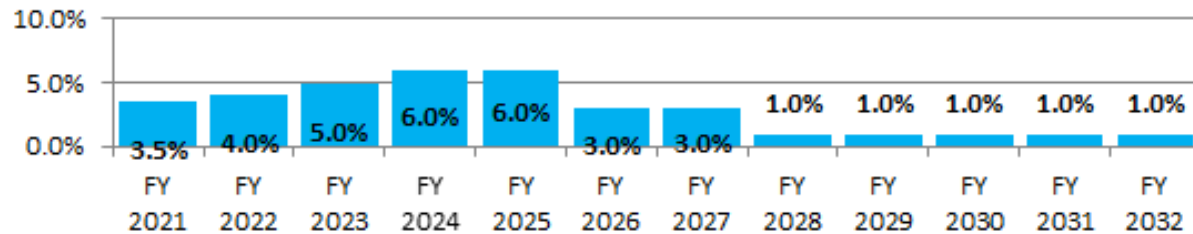
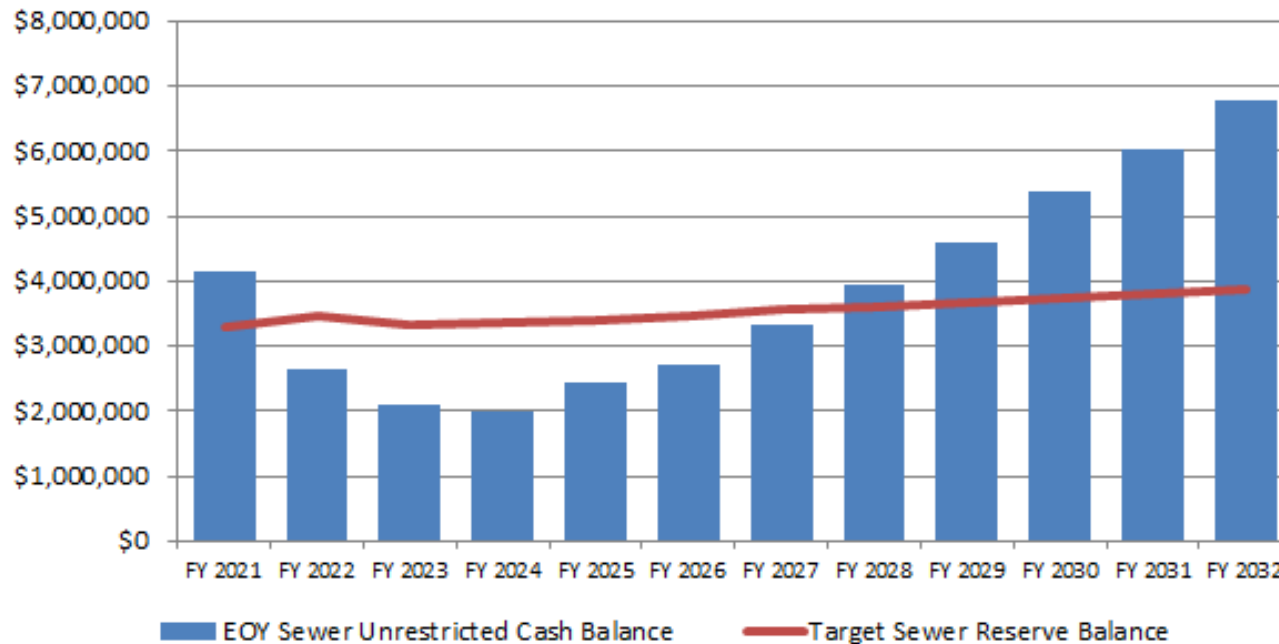
# FY 2021/22 Recommended Budget

**End of Year Sewer Fund Cash Balance: -1%/yr Consumption**



# FY 2021/22 Recommended Budget

**End of Year Sewer Fund Cash Balance: 0%/yr Consumption**



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# FY 2021/22 Recommended Budget

## ■ Sanitation Fund

- FY22 budget request: \$7,816,104
- Total expenditure increase of 3.65%
  - Tip fee increase for curbside disposal results in \$191,815 (14%) increase to curbside disposal budget, for a total of \$1,555,300

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# FY 2021/22 Recommended Budget

## ■ Summary

- ❑ Total General Fund budget \$197,980,211
- ❑ Expense increase of 1.86%
- ❑ Reserves placed at-risk: \$2,500,000
- ❑ Results in mill rate increase of 1.23%
- ❑ 4.0% increase in Sewer rate reflects continuing phase-in of debt service costs associated with plant rebuild; 3.0% increase recommended for water rates; both driven by declining water use
- ❑ Fire Fund: 2.24% tax increase

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# FY 2021/22 Recommended Budget

- Federal Stimulus Funding
  - Federal stimulus bill has been passed by Senate: \$1.9T
  - If House passes & President signs, will translate to substantial revenue to the Town in FY22
  - Not incorporated into Recommended budget- may have more clarity before budget adoption in April



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# FY 2021/22 Recommended Budget

Thank you.