



# Town of Glastonbury

2155 MAIN STREET • P.O. BOX 6523 • GLASTONBURY, CT 06033-6523 • (860) 652-7500  
FAX (860) 652-7505

Richard J. Johnson  
Town Manager

March 26, 2008

Dear Glastonbury Resident:

I am pleased to forward the fiscal 2008-2009 Town Operating and Debt & Transfer budget as approved by unanimous vote of the Council at its Wednesday, March 19, 2008 Special Meeting. The budget plan looks to balance the influences described herein in a fiscally responsible manner.

The combined Town, Education, and Debt & Transfer budget appropriations are summarized as follows.

	FY 2008 ADOPTED	FY 2009 ADOPTED	INCREASE (DECREASE)	% CHANGE
Town Operations	\$34,983,436	\$35,755,784	\$772,348	2.21%
Debt Service & Transfers	13,230,000	14,415,000	1,185,000	8.96%
Education	77,559,589	81,977,373	4,417,784	5.70%
<b>Total</b>	<b>\$125,773,025</b>	<b>\$132,148,157</b>	<b>\$6,375,132</b>	<b>5.07%</b>

## Budget Process:

Before summarizing the approved spending plan, I want to describe the planning, review and approval process. For administrative staff, the budget process takes place throughout the year. This involves review of current expenditures, revenues, activity levels, programs and services, trends, community expectations, new facilities and responsibilities, and changes in various operations. Staff also consistently works to identify and implement efficiencies, effectiveness and customer service improvements. These are implemented throughout the year to reduce ongoing and future costs and improve service delivery and responsiveness.

Formal work on the proposed Operating and Capital budgets begins in mid fall each year. Department and division directors prepare Operating and Capital budget proposals which include the following, as applicable:

- Summary of current year operations – revenues and expenditures.
- Trends, initiatives, and factors influencing their area of responsibility.
- Successes and accomplishments and goals and objectives for the coming year.
- Executive Summary of semi-annual comprehensive department reports.
- Revenue and expenditure estimates, recommendations and proposals with detailed supporting documentation.
- Two-year summary of projected Capital Outlay needs.
- Status report on Capital projects assigned to respective departments and divisions.
- Five-year summary of Capital project needs.
- Operating and maintenance statement for Capital projects.
- Summary of options and alternatives to spending requests.
- Additional information as applicable.

The preceding information is the subject of a series of reviews involving the Town Manager, Finance Director, and respective department and division directors. Based on these reviews which take place from mid fall to

early January, the Town Manager develops a recommended Operating and Capital Program. The Operating budget is presented to the community at the Annual Town Meeting in late January. Budget proposals including all expenditures and revenues are then reviewed with the Board of Finance in a series of workshops in February. These workshops include public comment sessions.

The Board of Finance then forwards its recommendations to the Town Council. In late February and early March, the Council conducts a series of workshops which include public comment sessions. The budget is then the subject of formal Council action following a final budget public hearing.

In mid January, the Town Manager presents the Capital Program at a joint workshop meeting of the Council, Board of Finance and Board of Education. This includes a presentation on recommended project priorities and a financing plan with options and alternatives. The Capital budget is then reviewed in detail by the Board of Finance and the Council in a series of workshops held in February and March. Each workshop provides the opportunity for public comment. The adopted Capital budget is presented along with the Operating budget at the final budget hearing in mid to late March.

All revenue and expenditure accounts are formally reviewed on a monthly basis with the Board of Finance. This includes Operating and Capital accounts. Additionally, the Town Manager presents a Capital Program status report to the Council on a periodic basis throughout the year. The Council also receives a quarterly summary of expenditures and transfers and revenues and transfers.

The Operating and Capital budgets for 2008-2009 result from the process summarized above.

#### **Budget Challenge:**

A continuing challenge when considering the annual combined budget is the appropriate balance between operational requirements, level of service, community needs and expectations, and ongoing taxes. This will continue to be a challenge in coming years. The Grand List is expected to grow approximately 1.5%-2% annually for the foreseeable future. This equates to approximately \$1.7-\$2.3 million in new tax revenue on the 2007 Grand List. The \$1.7-\$2.3 million equates to less than 2% (1.3%-1.7%) of the adopted 2009 budget. By comparison, the combined Town, Education and Debt & Transfer budget has increased 6.63% on average for the 5 years 2004 through 2008. The Education budget has increased an average 6.56% and Town operations 4.6% over the same period. Tax revenues consistently total over 85% of budget revenues. At the same time significant increases in state revenue is unlikely and there are limited opportunities to meaningfully increase non-tax revenues. These factors point out the challenge in adopting budgets with little or no tax increase absent a significant change in service delivery levels, expectations and tax rate. Communities state and nationwide are dealing with the same factors.

Each year in early fall the Council, Board of Finance and Board of Education meet in a workshop format to review various budget related factors on a multi-year basis. The Town Manager and Superintendent of Schools present and discuss factors expected to influence the coming year and future year budgets. The Town Manager also presents information concerning revenues, expenditures, Debt Service, Capital needs, Grand List growth, and other similar factors. This pre-budget workshop provides the opportunity to review multi-year forecasting of expenditures, revenues and tax rate under various scenarios. This serves as a good first step in the annual budget process and provides elected officials with a "big picture" multi-year look ahead.

The Council, Board of Finance and Board of Education consider the various budget challenges, multi-year projections and trends, and a host of other factors when considering and adopting the annual budget.

**BUDGET AND MILL RATE INFLUENCES**

Two factors particularly influence the mill rate and adopted Town budget for the coming year. Each factor is described as follows.

**Property Revaluation**

Connecticut General Statutes require a community to perform property revaluation on a 5 year cycle. Glastonbury last conducted property revaluation effective for the October 1, 2002 Grand List. The process is now underway for the October 1, 2007 list effective for the July 1, 2008 tax year. The budget described herein can be summarized with and without the effect of property revaluation. This can help identify tax changes resulting from budget increases as compared to changing property values. The following chart provides an example of this comparison with available information and estimates.

	<b>2006 GRAND LIST</b>	<b>2007 GRAND LIST WITHOUT REVALUATION</b>	<b>2007 GRAND LIST WITH REVALUATION</b>
Average Residential Assessment	\$189,994	\$189,994	\$257,851
Average Motor Vehicle Assessment per Household	\$20,790	\$20,790	\$20,790
Total Average Assessment	\$210,784	\$210,784	\$278,641
Mill Rate	35.8	36.5	28.35
Annual Taxes	\$7,546	\$7,694	\$7,901
<b>Annual Percent Tax Increase</b>		<b>1.96%</b>	<b>4.7%</b>

The preceding analysis is based on the current average residential assessed value of \$189,994 increased by the average percentage change of 36±% (residential) after the property revaluation process. This 36±% average change accounts for the increase from \$189,994 to \$257,851. The mill rate decreases from 35.8 to 28.35 under the adopted budget with revaluation on the October 1, 2007 Grand List. A 21% decrease. Property revaluation does not involve motor vehicles. Accordingly, the lower mill rate will generally reduce annual taxes on motor vehicles. The approach shown above can be applied to pre and post revaluation calculations for various residential properties.

**Special Revenue Funds**

The adopted budget reallocates selected General Fund appropriations and revenues to new Special Revenue Funds. The Special Revenue Funds do not represent a legally adopted budget by Town Charter. This involves Parks & Recreation part-time wages and program line items, and Police Private Duty costs. The activities funded through these line items are revenue neutral with expenditures fully offset by revenues. The Special Revenue Funds will allow these activities to be handled outside of the General Fund with revenues offsetting expenditures. Periodic reports will be presented to the Council and Board of Finance and the Funds will be reviewed as part of the annual audit and financial report.

Private Duty expenses and revenues result from police officer work for utility companies, contractors, special events and similar assignments requiring police assistance but outside of normal Police Department operations. The agency requiring police private duty is invoiced and fully reimburse all Town costs. Private Duty costs can be difficult to predict in any given year. Accordingly, mid-year transfers to supplement the adopted budget are periodically required. By transferring to a Special Revenue Fund revenues and expenses will fund Private Duty costs on a revolving basis and eliminate the need for periodic General Fund transfers to supplement budgetary funding.

For Parks & Recreation, many activities are self-supporting through fees and charges. The Special Revenue Fund recognizes the cost neutral nature of most recreation activities and provides the Parks & Recreation Department with the flexibility to respond to increased participation, new program requests and other similar factors.

To fully understand the adopted budget with Special Revenue Funds enacted, a comparison of the adopted budget in a “typical” year is important. This is shown on the following chart. Specifically, the Town Operating budget would have increased 4.96%, or \$1,733,845. To further the comparison with a typical year, approximately \$300,000 in new revenue directly related to cost increases would have reduced the net increase to approximately 4.1%. These increased revenues result from Leisure & Human Services Fees & Charges, Employee Health Insurance Cost Sharing, Sewer Operating Fund Transfer-In, and other miscellaneous revenues directly reimbursing cost increases.

	<b>FY 2008 ADOPTED</b>	<b>FY 2009 ADOPTED*</b>	<b>INCREASE (DECREASE)</b>	<b>% CHANGE</b>
Town Operations	\$34,983,436	\$36,717,281	\$1,733,845	4.96%
Debt Service & Transfers	13,230,000	14,415,000	1,185,000	8.96%
Education	77,559,589	81,977,373	4,417,784	5.70%
<b>Total</b>	<b>\$125,773,025</b>	<b>\$133,109,654</b>	<b>\$7,336,629</b>	<b>5.83%</b>

\*The adopted column is for illustrative purposes and does not represent the final budget adopted by Council.

The transfer from General Fund to Special Revenue Funds reduced General Fund revenues and expenditures in the adopted budget for 2008-2009 as follows: Part-time Wages \$449,765, Programs \$360,172, and Private Duty appropriations by \$151,560 for a total of \$961,497. **This includes revenues and appropriations budgeted in the current year and increases proposed for the coming year.**

The \$1,733,845 increase in a normal year shown above is reduced by the \$961,497 transferred to Special Revenue Funds resulting in the \$772,348, or 2.21% increase summarized on the first page of this letter. This is the budget formally adopted by the Council.

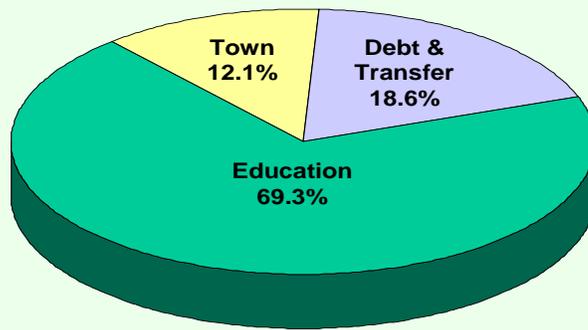
**The budget summary presented on the following pages reflects the budget as adopted with Special Revenue Funds effective July 1, 2008. Explanatory notes are provided as applicable.**

## **OVERVIEW**

### **Appropriations:**

The combined Town, Debt & Transfer and Education budget adopted in mid March increases appropriations and revenues approximately \$6.37 million, or 5.07%. The appropriation increases by category is graphically depicted as follows.

**2008–2009 Adopted Budget  
Town, Education, Debt & Transfer  
Allocation of Budget Increase \$6,375,132**



**Revenues:**

The October 1, 2007 Grand List totals \$4.07± billion as compared to \$3.09 billion as of October 2006. A 31.9% increase. The significant change results from state mandated property revaluation effective every 5 years. For comparison with a non-revaluation year, Grand List growth is estimated at 1.7% without the effect of property revaluation. The 1.7% estimated growth without property revaluation compares to 1.93% and 2.1% on the 2006 and 2005 Grand Lists.

Combined revenue accounts increase \$6.37 million to fund the appropriation increases summarized above. Non-tax revenues increase approximately \$730,000 and the General Fund-Transfer-In increased by \$2 million. The balance of approximately \$3.64 million is derived from increased tax revenue with approximately \$1.9 million from estimated Grand List growth of 1.7%.

The significant increase of \$2.7 million in combined non-tax revenues including the General Fund-Transfer-In will be discussed in detail on a following page.

**Mill Rate:**

With the appropriation increases described herein, Grand List growth, a \$2.7 million net increase in non-tax revenue including the General Fund-Transfer-In and a 99% collection rate assumption, the mill rate for the 2008-2009 budget decreases 7.45 mills from 35.8 to 28.35. The chart on Page viii illustrates the mill rate with the effect of property revaluation and on a normalized year without property revaluation.

Additional summary data is provided below. Each will be discussed on a following page.

	<b>ADOPTED 2007-2008</b>	<b>ADOPTED 2008-2009</b>
Grand List	\$3.09 billion	\$4.074 billion
Mill Rate	35.8	28.35
Transfer In-Fund Balance	\$550,000	\$2,550,000
Debt Service	\$11.2 million	\$11.38 million
Capital Reserve Transfer	\$2,000,000	\$3,000,000
Tax Collection Rate	99%	99%

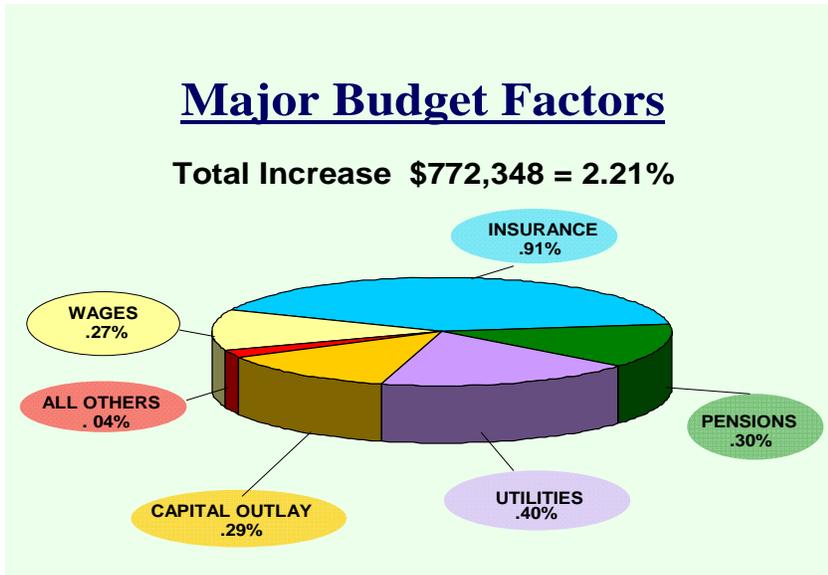
**TOWN OPERATIONS**

The original budget proposal submitted to me by departments, divisions and agencies increased annual spending by approximately \$2.69 million, or 7.74%. Through a series of budget reviews, the budget proposal was reduced by approximately \$990,000 to the \$1.773 million, or 4.96% increase described above in a typical year. The budget proposal was then modified to enact the Special Revenue Funds totaling \$961,497 to result in the \$772,348 or 2.21% increase adopted by Council.

A summary of the Town Operating Budget by major appropriation category is highlighted below.

	<b>ADOPTED 2007-2008</b>	<b>ADOPTED 2008-2009</b>	<b>\$ CHANGE</b>	<b>% CHANGE</b>
Personal Services	\$18,890,884	\$18,985,020	\$94,136	<b>0.50%</b>
Supplies	1,137,070	1,170,150	33,080	<b>2.91%</b>
Services & Charges	13,786,174	14,331,019	544,845	<b>3.95%</b>
Capital Outlay	994,308	1,094,595	100,287	<b>10.09%</b>
Contingency	175,000	175,000	0	<b>0%</b>
<b>Total</b>	<b>\$34,983,436</b>	<b>\$35,755,784</b>	<b>\$772,348</b>	<b>2.21%</b>

As in prior years, the spending plan for Town operations is shaped by a number of factors and objectives. These are graphically depicted below and summarized on the following pages.



## **PERSONAL SERVICES-WAGES**

Combined wage accounts increase 0.5%. This includes full-time, part-time, overtime, private duty and unit pay accounts.

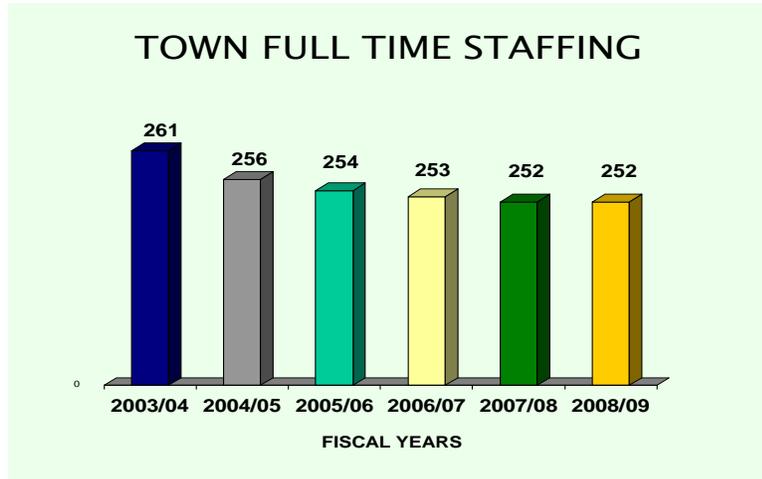
The full-time wage account is increased by \$581,213, or 3.69%. A 3% general wage adjustment for non-affiliated employees was approved by Council action on January 8, 2008. Wage adjustments for Collective Bargaining groups are in place (3%) or subject to negotiation. The 3% wage adjustment is consistent with municipal wage settlements statewide. Full-time wage accounts also include step and merit increases as applicable. The combined general wage adjustment, steps, merit and full-time position changes result in the 3.69% overall increase.

Several full-time position changes are incorporated to the adopted year budget.

- Administrative support at the Welles Turner Library was declassified through attrition. This resulted in lower costs and approximately \$16,500 in annual wage savings.
- A full-time Highway Maintainer will be shifted to a lower wage classification, again the result of attrition. This is combined with elimination of a Highway Supervisor position and introduction of Lead Maintainers at a lower wage rate.
- Wastewater Treatment Trainee positions have been introduced at a lower pay grade until the staff member achieves requisite training and experience.
- Consistent with prior years, wage and benefits savings for full-time staff will be evaluated subject to staff attrition.

With the above described changes, there is no net change in full-time headcount effective with the coming fiscal year.

The Town continues to benefit from a well experienced and dedicated full-time workforce. At the same time, full-time employee related costs total approximately 70% of the adopted budget. This includes wages, pension, insurances and other such costs. With continuing pressures to moderate tax increases and conduct Town operations as efficiently and effectively as possible, full-time staffing levels are continually reviewed to identify opportunities to job share, consolidate, contract for services, transition to part-time and otherwise manage full-time staffing levels and costs. This is generally handled through attrition. As illustrated on the following chart, the Town's full-time headcount has decreased by 9 positions since 2003-2004. Despite new facilities, infrastructure, programs, services, operations, initiatives and community expectations, full-time staffing for the coming year is 5 positions less than 15± years ago. The overarching goal is to continually improve the quality, effectiveness, efficiency and responsiveness of Town services while controlling and reducing staffing costs as possible.



**Part-time positions:**

The part-time wage line item is influenced by the introduction of the Recreation Special Revenue Fund. Specifically, combined part-time wage accounts decrease \$365,205<sup>1</sup> below current year levels. This includes the transfer of selected Recreation part-time wage expenses to the Special Revenue Fund and other offsetting increases and decreases throughout the system.

As with full-time staffing, efforts are ongoing to reduce, consolidate and otherwise decrease the cost of part-time staff while improving the quality and responsiveness of Town services. Examples in the coming year include:

- Building renovations are planned for the Engineering and Community Development offices to consolidate administrative support. This allows reduction of 1 part-time administrative support position for annual savings of approximately \$16,000.
- Part-time support staff for the Town Clerk, Purchasing and Customer Service Center are also consolidated with estimated annual savings of \$30,000.

**Overtime and Unit Pay:**

- Overtime accounts decrease a combined \$2,375 or 0.32%. This results from some modest increases in overtime costs offset by decreases as the property revaluation process nears completion and some shifting of overtime funds to part-time wage accounts. Generally all overtime accounts are consistent with current year levels. This is certainly a challenge; however, all departments are working hard to balance the cost of overtime with the requirements of Town operations for winter storms, emergencies, police patrols, use of Town facilities including the Community Center, community events, programs, services and other weekend and evening responsibilities. In some cases revenues offset expenses.
- Police overtime was “frozen” for the 5 years prior to the current year. The Department was asked to focus efforts on managing Police overtime requirements while maintaining appropriate staffing levels. They have done a good job managing such overtime costs. A \$25,000 increase was approved for 2007-2008. For the coming year Police overtime remains at current year levels. A comparison with other Greater Hartford communities indicates Glastonbury is positioned favorably with respect to Police overtime budgets.

- Unit accounts increase by \$5,503, or 2.9%, for the Volunteer Fire Department unit pay account. This recognizes the full year increase in the Unit rate from \$6.00 to \$6.50 effective January 2008, and other modest stipend changes.

Private Duty:

- This revenue neutral appropriation for Police Department private duty wages is typically funded at \$125,000 annually plus related payroll costs. The need for private duty in any particular year is uncertain. In recent years the appropriations side of the budget has been supplemented through mid-year transfers. Essentially, private duty assignments in excess of original expectations.

Given the uncertainty of annual private duty expenses, Police private duty is transferred to a Special Revenue Fund effective in the new fiscal year. This allows the ability to respond to increased private duty requirements without increasing the General Fund budget or seeking transfers during the fiscal year. The Police budget is, therefore, reduced by \$151,560<sup>2</sup> for private duty appropriations and revenues reduced by approximately the same amount. The private duty wage account is reduced \$125,000 and pension/Social Security and Medicare costs reduced \$26,560 for the combined \$151,560 decrease.

**SUPPLIES/SERVICES AND CHARGES**

Appropriations for the 35-line items under these 2 expenditure categories increase a net \$577,925. The most significant cost increases involve insurance, pension and utility costs. These line items increase approximately \$564,000. Other significant increases include Legal Services, Other Post Employment Benefits (OPEB), gas, diesel and biodiesel fuel, contractual maintenance of the new Public Safety Communications System, and increased costs of contractual services including CRRA tip fees. Of the 35 line items under this heading, 13, or approximately 37%, are flat or below current year funding levels.

Cost increases for Supplies/Services and Charges are partially offset by a \$308,548<sup>3</sup> net budget-to-budget reduction in Recreation Program funding.

Combined insurance accounts increase \$316,945, or 6%. Significant changes are described as follows:

**Insurance:** Health insurance continues to be a challenging cost item. Organizations, both public and private, continue to experience double-digit annual increases in the cost of health insurance. Glastonbury is certainly not immune from this trend and has experienced rising health insurance costs over recent years. The question is typically not if health insurance costs will increase but by how much.

For fiscal year 2007, health insurance costs increased 7.5% and for the current year approximately 6.3% system-wide. A blended increase of 12.3% is forecast for 2008. However, with savings achieved in the current year, the health insurance line item is estimated to increase \$290,000± or 6%. With continued negotiations and potential plan changes, these costs could certainly decrease over coming months. As reported in prior years, the Town works hard to minimize cost increases.

Examples include:

- Employee health insurance co-pays 13% - 20+%.
- Participation in Purchasing Consortiums.
- Prescription drug co-pays up to \$30.
- Participation in CCM Task Force to implement cost saving municipal programs.

- Generic drug and mail order prescription programs in place.
- Focus groups and negotiations to cooperatively identify and implement cost saving plan changes.
- Benchmark plan in place for new hires with co-pay up to 20+%.
- Opt Out program available.
- Ongoing education sessions with all staff concerning health insurance costs.
- Plan to competitively market health insurance program effective July 2008.

Efforts are ongoing to successfully manage health insurance costs with new initiatives expected in the coming year. Work is now in progress to initiate a cost saving change to the Town's dental carrier and introduce a high deductible health plan option. Additionally, the cost benefit of self-funding Town and Education health plans is under formal review for potential implementation July 2009. I participate on statewide health insurance cost containment committees with the Connecticut Conference of Municipalities and the State Comptroller's Office.

Property/Casualty, Liability and Worker's Compensation costs are generally flat or decrease slightly. Negotiations continue with various carriers and actual costs could be less than budget.

### **Pension:**

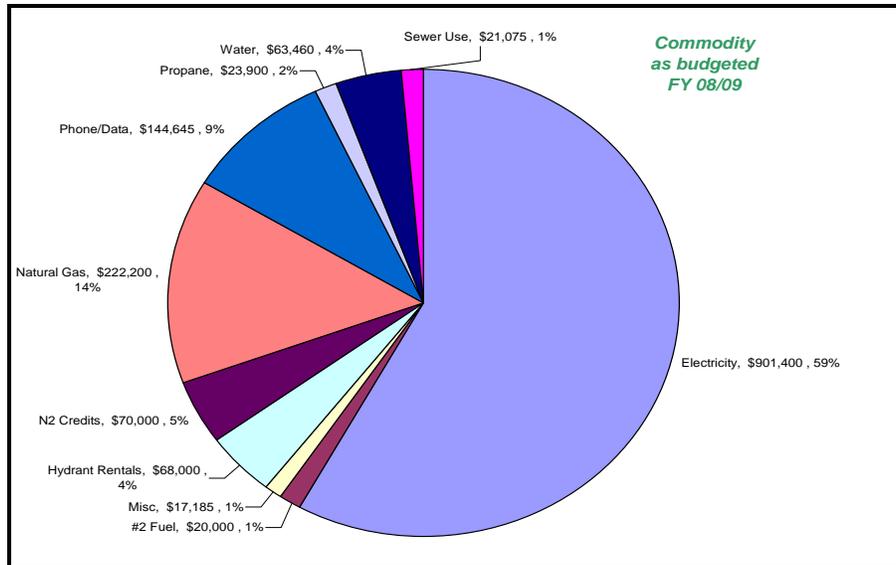
The combined pension line item increases \$106,733 or 3.72%. This includes pension, Social Security and Medicare. Employer pension costs increase \$65,740, or 4.5%. As with health insurance, work continues to reduce cost increases for pension programs. Examples include:

- Pension cost reducing changes negotiated for full-time employees (up to 25% reduction in prospective costs).
- Independent analysis by Fiduciary Investment Associates (FIA) of investment returns and asset allocation for the pension fund. This analysis identified recommended changes to the pension fund and potential 55 basis point increase in investment earnings based on prior funds performance. Changes identified by FIA implemented.
- Analysis of potential design changes for new hires completed with the assistance of independent pension/actuary. This analysis will serve as a basis for potential new hire changes to pension plan to be implemented or negotiated, as applicable.

### **Utilities:**

Combined utility accounts increase \$140,550, or approximately 10%. This compares to \$126,280 absorbed in the current year and \$220,336 for the year ended 2007. Of the \$140,550 estimated increase, approximately \$67,675, or 48%, is attributed to electricity charges and state mandated nitrogen credits for operation of the Wastewater Treatment Plant. The cost of nitrogen credits is fully reimbursed through the annual transfer-in from the Sewer Operating Fund. The Town will experience annual cost increases for nitrogen credits pending completion of the Wastewater Treatment Plant upgrade project. This fee is assessed to plants statewide not meeting nitrogen reduction goals. Other cost increases are offset by various fees and charges. For example, rental fees for use of the Riverfront Community Center, lease of the Gideon Welles House, and user fees for the Riverfront Park lighted baseball field.

The budget allocations for system-wide utilities is graphically depicted as follows.



Energy conservation, alternate and renewable energy initiatives is a continuing organizational priority. Recent examples include:

- Independent energy audit of major Town buildings to identify and implement energy efficiency opportunities.
- \$450,000 CL&P energy rebate for Wastewater Treatment Plant, Community Center, Nayaug Elementary and high school. \$250,000 annual estimated electric savings.
- Annual \$250,000 Capital appropriation for ongoing energy efficiency initiatives.
- Ongoing program to retrofit lights, motors, motion sensors, condensers, and other energy consuming equipment.
- Participation in Connecticut Community Clean Energy Program.
- Operating policies to encourage energy efficiency with department director accountability.
- Town and Board of Education purchasing consortium “lock in” of electric generation costs through 2009.
- Participation in CRCOG natural gas purchasing consortium.
- Town Hall qualifies as Energy Star building. Goal to have all major Town facilities qualify for this designation.
- Alternate, clean renewable energy to be installed based on cost benefit analysis (e.g. solar, fuel cell, natural gas, etc.).
- Energy efficiency criteria for building design and renovations. LEED certification.
- Town participates in national EPA Utility Benchmarking project.

Glastonbury is recognized throughout the Greater Hartford region for its efforts in energy conservation. Work is continual in this regard.

**Programs:**

The combined Program line item decreases \$308,548<sup>3</sup> from current year funding with an offsetting revenue decrease. This results from the transfer of Parks & Recreation program costs to the Recreation Special Revenue Fund. As noted previously, these cost neutral activities will be funded (appropriation and revenue) through the Special Revenue Fund effective July 2008.

### **Other Post Employment Benefits:**

Governmental Accounting Standard Board (GASB) ruling 45 requires towns to recognize and appropriate funds for non-pension post employment benefits. This relates principally to retiree health insurance. Glastonbury has completed a preliminary actuarial analysis of this accounting liability for Town and Board of Education operations. Relatively speaking, Glastonbury is well positioned in this regard with a combined liability of approximately \$13.25 million.

The annual estimated funding for OPEB liabilities is \$700,000 for Town operations. Glastonbury is not formally required to comply with this accounting standard until 2009. However, a new \$100,000 appropriation is approved in the current year budget and supplemented by an additional \$25,000 in the coming year for a total \$125,000 annual appropriation. The independent analysis confirmed the Town currently appropriates approximately \$437,000 for post-retirement costs which can be reallocated for the OPEB liability. When combined with the \$125,000 in new appropriations, Glastonbury allocates \$562,000 annually, or approximately 80% of the annual liability. The balance, or \$138,000 annually, can be phased over coming fiscal years. The Town's approach to this new GASB requirement is viewed favorably by rating agencies.

### **Legal Services:**

This line item has been funded at \$200,000 for a number of years. Until the year ended 2006, the 5 year rolling average totaled \$197,356. With the increasing cost of legal services and number of land use appeals in recent years, the 5 year average is now approximately \$221,000. In each of the past 2 years, 2006 and 2007, legal services totaled approximately \$300,000. The expectation is this trend will moderate over the next year+. A \$25,000 increase in legal services, to \$225,000, is consistent with the 5 year average through 2007. Every effort is in place to reduce the need for legal services. However, the primary drivers involve appeal of Town land use decisions and the work of other Town agencies which require legal defense. Land Use appeals are difficult to predict.

### **Equipment Maintenance:**

System-wide Equipment Maintenance accounts increase \$49,307, or 27.7%. The most significant change results from full year maintenance costs for the new Public Safety Communication System. This totals approximately \$35,000, or 71% of the increase. The \$3.1 million Public Safety Communication System has met and exceeded all expectations with 97+% coverage level. Annual care and maintenance of this investment is important to ongoing system performance and officer safety.

The other significant Equipment Maintenance account involves care and maintenance of various Fire service equipment. This involves annual hose, pump and ladder testing to be performed contractually. This totals approximately \$16,000. Other system-wide reductions combine for the overall increase.

### **Contractual Services:**

Combined accounts increase approximately \$39,000, or 3.73%. The most significant change involves the tip fee charged by Connecticut Resource Recovery Authority (CRRA) for solid waste disposal. The budget now funds the \$69 per ton which was the rate originally established by CRRA and subsequently reduced to \$61 per ton by the court as part of the ongoing Class Action appeal by member towns. The Court has ordered CRRA to distribute approximately \$27 million to member towns of which \$654,174 has been received by Glastonbury. This is deposited to the General Fund; however, the matter is now on appeal with the Connecticut Supreme Court. Accordingly, the

\$654,174 is reserved pending final court action. Given the significant court ordered distribution and rising operating costs faced by the Authority, a significant tip fee increase is possible. The budget assumes a \$4.50 per ton increase, from \$69 to \$73.50.

CRRA recently implemented a \$10/ton payment to member towns for recycled items delivered to the Authority. This is estimated to generate \$35,000 annually in new revenue. However, the sustainability of this revenue needs to be confirmed. Accordingly, pending further information, the \$35,000 is not included among adopted budget revenues.

The cost of other contractual services involving Highway and Parks maintenance operations combine for the overall increase. This involves increased cost and use of contractual services.

### **Fuel:**

Like all consumers, the Town is faced with the increasing cost of fuel and the volatility of markets. For the current year, fuel costs are budgeted at \$2.75/gallon for diesel and \$2.10/gallon for unleaded. Through aggressive purchasing, actual costs are \$2.58/gallon for diesel and \$2.04/gallon pre December 2007 and \$2.70/gallon effective January 2008 for unleaded gasoline. For the coming year, diesel is forecast at \$2.90/gallon and unleaded at \$2.80/gallon. This represents a blended increase of approximately 20% over current year budgeted unit costs. At the same time, through ongoing fuel efficiency initiatives, Vehicle Maintenance accounts are projected to increase approximately \$64,500, or 9.92%.

Consistent with other energy efficiency initiatives, efforts are focused on reducing fleet fuel consumption. Recent examples include:

- Introduced gas/electric hybrid sedans to fleet with State grant assistance.
- Purchased 2 natural gas fueled sedans and 1 Dial-A-Ride van with State grant assistance. Additional natural gas fueled (3) vehicles on order.
- Trial use of nitrogen fueling station for inflating vehicle/equipment tires. Goal to improve fleet fuel efficiency by 1%-3%. Initial results promising.
- GPS systems to be installed in municipal fleet to better monitor vehicle use, idling, routing, etc. Reduced fuel and operating costs expected.
- Established fuel efficiency as bid criteria for purchase of new fleet vehicles. Established organizational fuel efficiency standard for municipal fleet (minimum 25 mpg).
- Work practices continually monitored for routing, idling, trips, and related factors to reduce travel distance and operating time.
- Training opportunities hosted in Glastonbury or participation in adjacent community to reduce out-of-town travel.
- Use of Clear Lane and proposed brine mixture to reduce mileage required for winter storm operations and spring clean up. Eliminated mining and transport of sand and significantly reduced street sweeping operations.
- Implemented use of biodiesel for Town and Education fleet.
- Other initiatives ongoing.

Like energy conservation, Glastonbury is recognized statewide for fuel efficiency initiatives.

## CAPITAL OUTLAY

**Management Policy** – Capital Outlay is reviewed and funded on a system-wide basis with a current goal of approximately \$1.2 million annual appropriation. Capital Outlay is presented administratively on a 2 year basis and reviewed accordingly during administrative budget workshops. The system-wide funding goal is reviewed each year based on cost escalation, need forecasts and related factors.

A multi-year summary of Capital Outlay funding is shown below.



The 5 line items under this expenditure category include: Office Equipment & Furniture, Vehicles & Trucks, Machinery & Equipment, Improvements to Land & Buildings, and Road & Sewer Projects. A system-wide approach is recommended to help ensure combined Capital Outlay accounts reasonably satisfy organizational needs. This enables the efficient and effective maintenance of the Town's buildings, vehicles, equipment, parks and systems. This also allows the ability to identify and implement customer service, cost saving and efficiency improvements. While there will be annual changes in individual operating areas, and particularly smaller operating units, the goal is to achieve a consistent system-wide funding level. This approach also helps avoid significant fluctuations in the annual appropriation process.

The 2008-2009 combined Capital Outlay budget is adopted at \$1,094,595, a 10% increase. When adjusted for annual inflation at 3%, the \$1,094,595 is below funding levels approved in 2002, totaling \$949,452. As the above chart illustrates, Capital Outlay funding was significantly reduced in 2004 as the result of budget challenges. The past several years has seen a phased restoration of such funding.

When originally presented by Department and Division Directors, the combined Capital Outlay request totaled \$1.53 million as compared to the \$1,094,595 recommended. In some cases, funding is reallocated in the current year to accommodate Capital Outlay needs. This is accomplished through realized savings achieved in the current year. In other situations items are delayed, reduced in cost, options identified or otherwise not recommended for the coming year.

The \$1.094 million does a good job approximating the desired level of system-wide appropriations of \$1.16 million. Particularly with current year funding of some items. This is based on an analysis of multi-year Capital Outlay spending which developed a \$950,000 annual goal a number of years ago. With a 3% inflationary adjustment approved Capital Outlay funding is only \$73,000 below the system-wide goal.

## CONTINGENCY

Consistent with the current year, this account is funded at \$175,000. Over the past 5 years, Contingency transfers have ranged from \$20,107 to \$144,500 with a 5 year average of \$99,000±.

A summary of the 2008-2009 Town Operating budget by major department from an appropriation standpoint is as follows.

	ADOPTED 2007-2008	ADOPTED 2008-2009	DIFFERENCE	
			\$	%
General Government	\$2,548,984	\$2,714,273	\$165,289	6.48%
Community Development	1,829,703	1,854,468	24,765	1.35%
Administrative Services	5,346,797	5,638,549	291,752	5.46%
Public Safety	9,412,181	9,805,660	393,479	4.18%
Physical Services	5,552,358	5,800,908	248,550	4.48%
Sanitation	2,334,107	2,449,743	115,636	4.95%
Human Services	2,407,852	2,498,268	90,416	3.76%
Leisure & Culture	5,376,454	4,818,915	(557,539)	(10.37)%
Contingency	175,000	175,000	0	0
<b>TOTAL</b>	<b>\$34,983,436</b>	<b>\$35,755,784</b>	<b>\$772,348</b>	<b>2.21%</b>

For the years ended 2006, 2007 and 2008, 36%, 41% and 40% of Town operating accounts remained at or below prior year funding levels. For the proposed year this trend continues. Approximately 35% of operating accounts are essentially flat or below current year levels. This results from ongoing management efforts to identify and implement efficiency, effectiveness and best practice initiatives.

The Leisure/Culture area is influenced by the Recreation Special Revenue Fund.

## DEBT AND TRANSFER

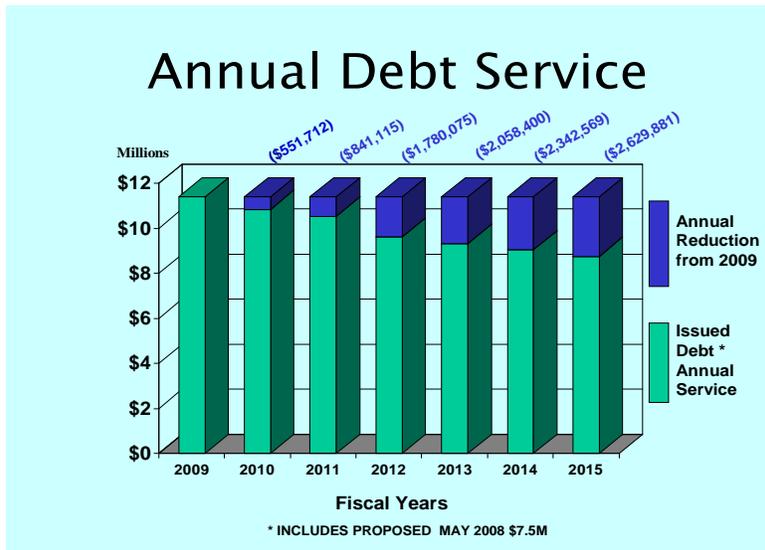
**Policy** – The Town Council and Board of Finance have enacted a policy whereby debt shall not exceed 3.5% of the respective year Grand List on a full market basis. This currently equates to approximately \$205 million. By comparison debt for the coming year totals approximately \$96.5 million. Additionally, annual Debt Service shall not exceed 10% of the respective year budget. For 2009, debt service represents approximately 8.6%. The Town is rated AAA by Standard & Poor's and Aa1 by Moody's. Both ratings were reaffirmed in May 2007.

**Policy** - The Council and Board of Finance in early 2008 enacted a formal policy whereby the Council shall consider a minimum annual appropriation and transfer to the Capital Reserve Fund in an amount equivalent to two percent (2%) of the current adopted Operating Budget rounded to the next highest \$50,000. The Policy further establishes a goal to maintain an unreserved and undesignated balance in the Capital Reserve Fund in an amount equal to \$1 million except as needed to meet emergencies. The Policy also establishes a referendum threshold whereby under certain criteria projects funded through the Capital Reserve Fund will be presented at referendum.

The combined Debt & Transfer account totals \$14,415,000, an increase of \$1,185,000 over the current year. The \$1.185 million increase is allocated as follows: \$1 million - Capital Reserve Transfer, \$180,000 - annual Debt Service, and \$5,000 adjustment - Dog Fund.

While payments for previously bonded projects are reduced, new debt requirements for the high school, elementary school, and land acquisition result in the net increase of \$180,000. An \$11.12 million bond sale was held in 2007 with a \$7.5 million issue anticipated for May 2008.

A multi-year estimate of cumulative decreases in Debt Service is shown below. This estimate is based on projects approved with debt issued and authorized. The \$180,000 increase required for the coming year compares with increases totaling \$1,786,147 and \$777,536 for fiscal years 2007 and 2008. With projects now approved, the annual Debt Service requirements will decline beginning in 2010. The chart does not include notes payable and short-term interest costs.

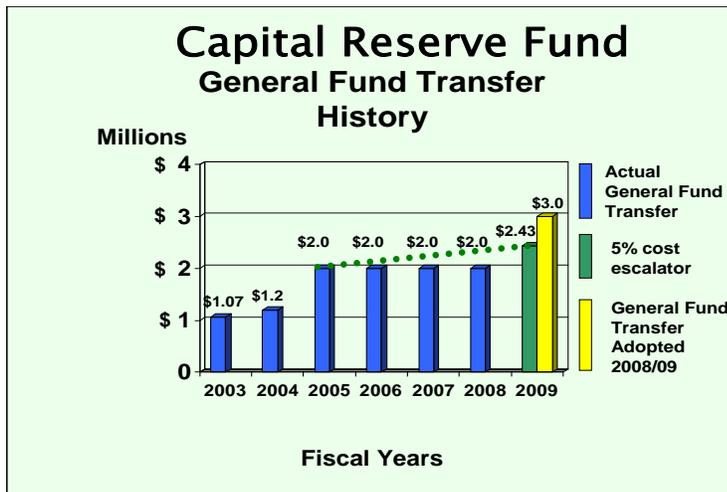


The Town has done a good job responding to infrastructure needs brought on by community growth. This includes a new elementary school and community center, significant high school renovations and additions, land acquisition and preservation, new Riverfront Park, and renovations and improvements to the Wastewater Treatment Facility. Essentially all of the long-term debt for these projects has been issued in recent years and as the chart indicates Debt Service for approved projects will begin to significantly decrease each year beginning in 2010.

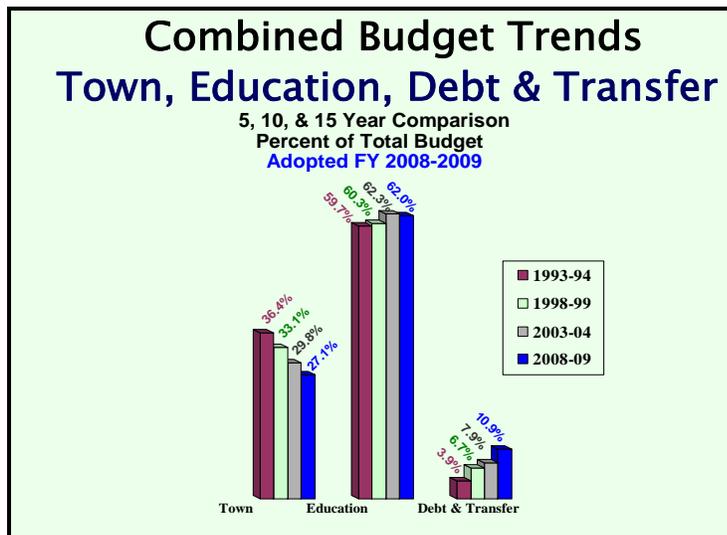
The current year Capital Reserve Transfer is \$2 million. Over recent years, this funding level has allowed for a successful “cash” funded Capital Improvement Program. For the 5 years 2004-2008, approximately 68 Capital Projects, totaling \$18 million, have been approved for Town and Board of Education operations. A \$3.7 million Capital Reserve funded program is approved for the coming year.

The Town’s Capital Program is consistently rated highly by Moody’s and Standard & Poor’s Investor Service rating agencies. However, as the chart below illustrates, at a modest 5% annual cost escalation, significant buying power has been lost over the past several years. The cost of many items funded through the Capital Program has increased far greater than 5% annually. One example is the cost of bituminous concrete which has escalated approximately 50% over the past several years. Continued community growth is also a factor. Given these factors, a \$3 million transfer, or \$1 million increase from the \$2 million in recent years, was recommended and approved for 2008-2009.

The \$3 million transfer meets and exceeds the 2% goal established by the Council and Board of Finance policy noted above.



As a final comment on the appropriation side of the budget, the following chart provides a 5, 10 and 15 year comparison of appropriation allocations between Town, Education, and Debt & Transfer.

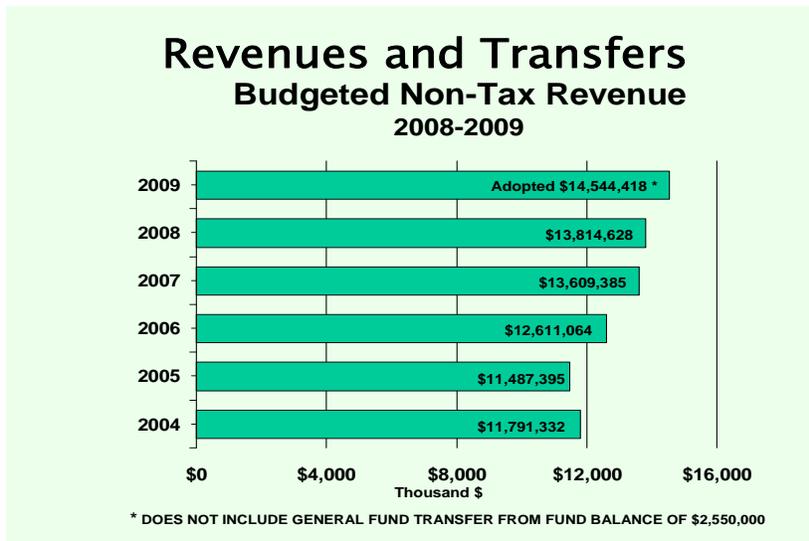


Over the past 15 years, Town operations as a percent of overall appropriations has declined from 36.4% to 27.1%. During the same time period, Education has remained relatively consistent and Debt & Transfer has increased “market share” as a result of needed facility and infrastructure improvements.

## **REVENUES**

Non-tax revenues increased by \$998,000 and \$205,000 for fiscal years 2007 and 2008, respectively. For the coming year, combined non-tax revenues are estimated to increase \$730,000. As noted earlier, the General Fund-Transfer-In will also increase \$2 million. Over recent years, non-tax revenue has been positively influenced by building permit, interest income, Leisure and Human Services, and various Town Clerk revenues. While these revenue accounts remain strong, there is a leveling of projected revenues on a budget to budget basis. At the same time State Construction Grant revenues for previous school projects continue to decrease as the multi-year grant payments reach a conclusion.

The following chart shows a multi-year comparison of non-tax revenues exclusive of the General Fund-Transfer-In. The net increase of \$730,000 results from the \$2.3 million budget to budget increase in ECS funding offset by the \$700,000 decrease in estimated investment income and reallocation of Recreation and Private Duty General Fund revenues to the Special Revenue Funds described earlier. Absent significant increases in state aid and investment income, I would expect combined non-tax revenues to be relatively flat for the coming years.



Estimated revenues are summarized below and revenue sources with a significant effect on the budget discussed in the following paragraphs.

#### GENERAL FUND REVENUE SUMMARY

SOURCE	ADOPTED 2007-2008	ADOPTED 2008-2009	DIFFERENCE	
			\$	%
Taxes	\$111,408,397	\$115,053,739	\$3,645,342	3.27%
Licenses & Permits	902,050	922,100	20,050	2.22%
Intergovernmental	5,486,606	7,654,613	2,168,007	39.51%
Charges for Services	2,488,550	1,600,363	(888,187)	(35.69)%
Other	3,482,612	2,804,301	(678,311)	(19.48)%
Transfers In	1,454,810	1,563,041	108,231	7.44%
Use of Fund Balance	550,000	2,550,000	2,000,000	363.64%
<b>Total Revenues &amp; Transfers</b>	<b>\$125,773,025</b>	<b>\$132,148,157</b>	<b>\$6,375,132</b>	<b>5.07%</b>

**Management Policy** - Revenue accounts are monitored on a monthly basis by the Town Manager, Finance Director and applicable department or division head. Revenue estimates are calculated on specific projections as part of the budget preparation process. This analysis involves multi-year revenue results along with specific trends and expectations for the coming year. Revenue estimates for budgeting purposes are conservative so that actual revenues consistently meet and exceed budget. The opportunity for new revenue sources is reviewed throughout the year and implemented as applicable. This process has worked successfully for many years.

## **PROPERTY TAXES**

The joint Town, Education and Debt & Transfer budget requires \$113,244,739 from current taxes, an increase of \$3,705,342. Other tax revenue categories are estimated to decrease a combined \$60,000, with all tax revenue accounts increasing a combined \$3,645,342.

## **LICENSES AND PERMITS**

The largest revenue categories under this heading include Building Inspection fees and Refuse permits. Currently budgeted at \$700,000 and \$98,000, respectively. With respect to building permit fees, there is no budgetary change in the coming year. Actual building permit revenue exceeded budget in recent years totaling \$1.15 million and \$1.14 million in 2006 and 2007, respectively, and are trending ahead of budget this year. However, a slow-down in building permit activity is expected. Accordingly, actual building permit revenue in 2008-2009 is expected to decline from recent levels and better approximate budget assumptions. A \$17,000 increase in Refuse permit fees is projected to better match recent results. Overall, this revenue category increases \$20,050.

## **INTERGOVERNMENTAL REVENUES**

Combined Intergovernmental revenues are estimated to increase \$2,168,007, or approximately 40%. Revenues under this heading represent the largest non-tax revenue source. The most significant increase involves a \$2.3 million increase in the annual Educational Cost Sharing (ECS) grant. Approximately \$2 million was approved in the current year but not budgeted because of the late date of state legislative action. This \$2 million is now budgeted along with an additional \$300,000 in ECS funding approved for the coming year. Other Intergovernmental revenues increase and decrease to combine for the overall \$2.17 million gain. The most significant revenue decrease involves education construction grants for previous high school and elementary school projects. This totals \$187,461 and represents the planned decrease in grant revenues as project debt is retired.

Any potential for increased state aid during the coming "short" legislative session will be closely monitored.

## **CHARGES FOR SERVICES**

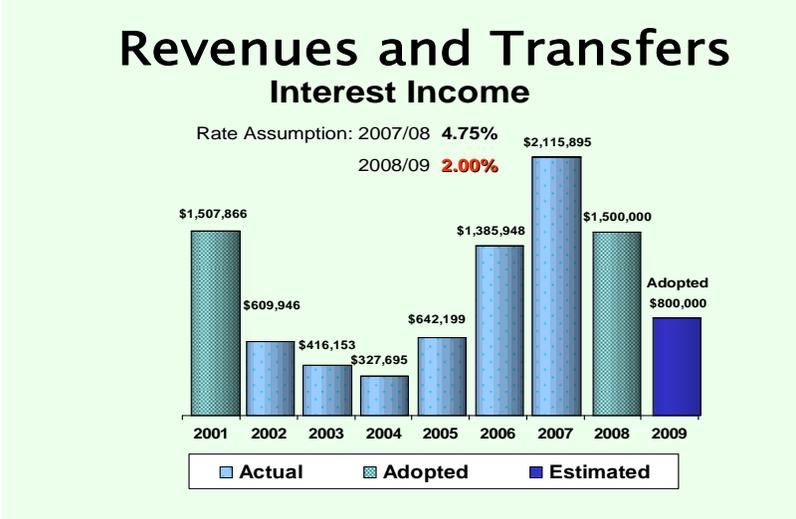
This revenue category is projected to decrease a combined \$888,187. This significant decrease represents the revenue side of Recreation and Police Special Revenue Funds. Recreation revenues are decreased \$707,437 and Police Private Duty \$140,000. As noted previously, the appropriation side of these revenues is reallocated to Special Revenue Funds. Revenues previously deposited to the General Fund will now be deposited to Special Revenue Funds to offset related expenditures. The balance of other revenue sources under this revenue category remain relatively flat. Health clinic fees decrease \$22,750 as the Health Department contracts out the annual flu clinic and will no longer receive revenues to reimburse expenses.

## **OTHER REVENUES**

In recent years, this revenue account has been significantly influenced, up and down, by market rates for the Town's investment of "idle" cash. In 2001, investment income totaled \$1.5 million, declined to \$328,000 in 2004 and increased to \$2.1 million in 2007. While the amount of funds available for investment typically increase each year, market rates significantly influence annual investment income.

A 4.75% return on invested funds is assumed in the current year with a \$1.5 million budget revenue estimate. Actual investment income is expected to total approximately \$1.9 million in the current year. A 3.5% rate was assumed when the budget was first proposed in January. This downward adjustment from current year assumptions was based on Federal Reserve action at the time. As the budget was finalized, the assumption

was reduced to 2% and interest on investments budgeted at \$800,000. A \$700,000 budget to budget decrease. The expectation is interest rates will level out higher than 2%. However, at the time the budget was adopted in mid March some economists were forecasting rates as low as 1%. The 2% assumption is consistent with the Town's conservative approach to revenue estimating.



Other revenue changes of significance involve a \$65,308 increase in employee health insurance contributions and \$75,000 decrease from the sale of Bulky Waste fill. The contract for sale of excess fill recently ended.

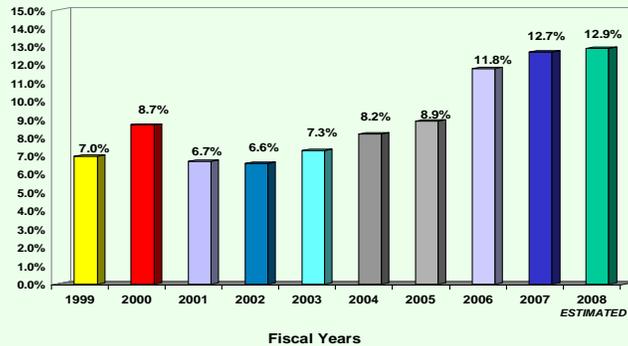
**TRANSFER IN**

The Transfer In from the Sewer Operating Fund increases \$108,231 to correspond with the increase in the Sanitation budget. The Sewer Operating Fund receives Sewer Use fees and charges with an annual transfer to the General Fund for Wastewater Treatment operations.

**USE OF FUND BALANCE**

**Policy** - The Town Council and Board of Finance have enacted a Policy whereby the Town's Undesignated Fund Balance shall total a minimum of 8% of the respective year combined Town, Education and Debt & Transfer budget. The following chart provides a multi-year summary of Undesignated Fund Balance.

## Undesignated Fund Balance as a Percent of Total Expenditures & Transfers Out



Fiscal year 2007 ended with a \$1.46 million gain on operations.

The 2008-2009 budget calls for the General Fund-Transfer In to be funded at \$2.55 million. Use of Fund Balance in recent years is summarized as follows.

2005-2006	\$550,000
2006-2007	550,000
2007-2008	550,000
2008-2009	2,550,000

The \$2.55 million equates to approximately .63 mills under the \$4.07 billion estimated Grand List. Undesignated Fund Balance will continue to meet and exceed the minimum 8% Undesignated Fund Balance policy.

The General Fund Transfer-In was the subject of much discussion with the Council and Board of Finance. This involved how to best allocate ECS funds received but not budgeted in the current year.

As noted previously, the Town will receive approximately \$2 million above budget in state Educational Cost Sharing (ECS) funding in the current year. While every effort was made to include this increase in the adopted year budget, state legislative action took place well after the Town budget was adopted and after the last date for reasonable Board of Finance action to adjust the mill rate downwards. ECS monies are received in 3 payments over the fiscal year with the final payment to be received in April 2008. These funds are deposited to the General Fund. The budget originally proposed in January recommended a phased "return" of the \$2 million in additional but not budgeted ECS funds to be received this year. A \$750,000 increase in the General Fund Transfer-In was originally presented to be followed by similar transfers over the next 2-3 years. This would have combined with the \$550,000 typical Transfer-In for a total of \$1.3 million over the next several years. This approach was recommended so to "smooth" any up and down in this revenue source.

Over the course of budget workshops, a number of scenarios were reviewed considering Fund Balance policies, the effects of property revaluation, transfer sustainability, projected operating results, revenue from sale of town-owned land, and other similar information. Based on these discussions, the General Fund Transfer-In is budgeted at \$2.55 million, an increase of \$2 million. This approach was selected by the

Council with Board of Finance support to fully return to the taxpayer the \$2 million in ECS funds received but not budgeted in the current year. This was considered to be the most straight-forward approach in allocating these funds and to help mitigate the effect of property revaluation on many taxpayers.

The use of Fund Balance in 2010 and following years will be reviewed in detail with a phased reduction expected over a multi-year period. Given the Town's strong operational results and revenues from the sale of town owned land within the Gateway area, Fund Balance will continue to meet and exceed Town and rating agency policies and practices.

## **TAX ABATEMENTS**

Combined local option tax relief programs for Public Safety volunteers, farm buildings, 65 and over residents, and other applicable programs currently reduce tax revenues by approximately \$600,000 annually. Changes to the local Elderly Tax Relief Program could increase this total for the coming year. In prior years these tax abatement programs have not been formally recognized when establishing the mill rate. The budget presented in January recommended a phased approach to recognizing this revenue loss. A \$200,000 adjustment was recommended and subsequently adopted as part of final budget action. This adjustment will be increased over the next 2-3 years to match with the estimated annual total of local option tax relief programs.

## **COST SAVINGS**

A question I am often asked involves work to reduce the cost of Town operations. Efforts are ongoing to reduce the cost of Town operations and improve efficiency, effectiveness and customer service. This is part of the organizational culture and Town staff takes great pride in this work. I recently presented a summary of "Efficiency, Effectiveness and Cost Savings Initiatives" which is posted to the Town's web page. This 10 page "living" document is updated with new initiatives. Examples of recent successes include:

- Independent energy audit of all Town buildings. Identified \$130,000 in annual ongoing energy savings. Implementation underway.
- Reduced full-time staffing by 9 positions over 5± years. Net annual ongoing cost savings in excess of \$600,000.
- Implemented new dental carrier and introduced High Deductible Health Plan option. Estimated annual savings \$100,000.
- Established fuel efficiency as organizational goal. Through purchasing, fleet management, operations management and other initiatives, reduced system-wide fuel consumption by over 10%.
- Successful loss control program to reduce Worker's Compensation costs. Break-even ratio reduced to .55 which is among the lowest of CIRMA towns. Translates to annual reduction in insurance costs.
- Participate in state-wide task forces to identify and implement health insurance cost savings.
- Participate in CL&P energy savings design and retrofit program. Cumulative savings since 2001 \$880,000 with \$250,000 estimated reduction in electric costs.
- Independent analysis of pension investment portfolio to improve pension fund performance and reduce Town costs. Actuarial analysis to identify prospective pension cost saving opportunities.
- Received over \$5 million in state and federal grants over past 3 years.
- Completed recent Capital projects a combined \$1.75 million below budget.
- Scheduled and funded Wastewater Treatment renovation and upgrade project to qualify for \$7 million state grant and 2% 20 year loan under highly competitive Clean Water Fund program.
- Comprehensive reconfiguration of Town web site to improve on-line business opportunities and implement cost saving and customer service improvements.

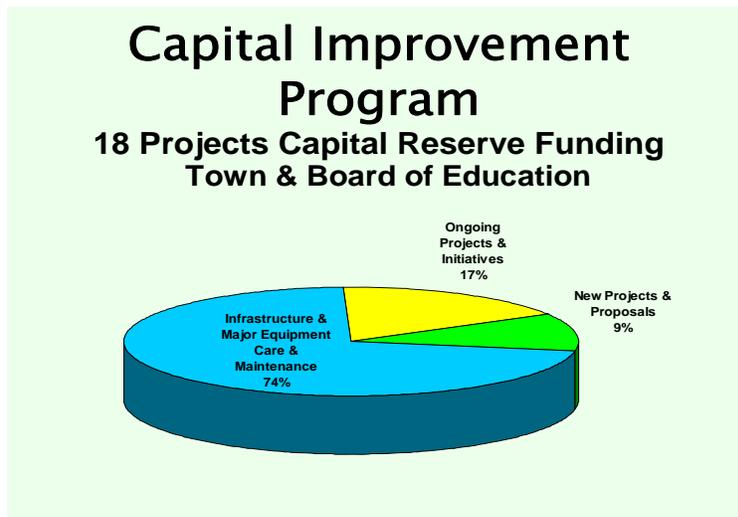
- Effective cash management improvements including lock box and remote deposit capture to improve investment income opportunities. Estimated annual investment revenue gain of \$84,000.
- Recycling and solid waste initiatives to reduce the cost of solid waste disposal and increase annual recycling revenues.
- Use of contractual services to supplement Town operations as supported by cost benefit analysis.
- Numerous additional examples and initiatives.

**CAPITAL IMPROVEMENT PROGRAM**

Glastonbury’s highly successful Capital Program is strongly supported by the Council, Board of Finance and general public. Over the past 5 years, approximately 68 projects totaling in excess of \$18 million have been approved on a “cash” basis through the Capital Reserve Fund. The Capital Program is consistently recognized by Standard & Poor’s and Moody’s credit rating agencies.

Projects approved under the 2008-2009 Capital Program are highlighted on Page 115. Continued investment in the Town’s infrastructure through the Capital Program represents one of Glastonbury’s most important annual investments. 18 projects totaling \$3.75 million are approved for the coming year. This involves important infrastructure care, maintenance and improvements throughout the community. The Capital Program was unanimously supported by the Board of Finance and Council. Funding is provided through the Capital Reserve Fund, Sewer Sinking Fund and will be partially reimbursed by grants and donations.

The 18 projects funded effective July 1, 2008 can be summarized under 3 categories including Ongoing Projects and Initiatives, New Projects and Proposals, and Care and Maintenance of Existing Assets. The Capital Reserve Funds allocated under each category is graphically shown as follows.



From an operating and maintenance standpoint, the majority of projects in the coming year will reduce or stabilize future costs and/or bring efficiencies. A summary of the estimated operating and maintenance impact of the various projects is as follows.

**PROJECT****ESTIMATED COST IMPACT**

Academy Reuse	This involves adaptive reuse of space within the former Academy School located adjacent to Town Hall. The renovated space will house Facilities Maintenance, Information Technology, meeting and conference space, and related support facilities. Operating costs are expected to increase \$13,000 annually for utilities, custodial services and related miscellaneous costs.
Road Overlay	Annual road maintenance program reduces ongoing costs.
Town Hall Renovations	Renovations to building areas last renovated in 1983. Efficiencies to result.
High School Generators	Provide emergency power for high school technology systems and provides additional emergency shelter space. No significant costs to result.
Williams Street Bridge	Timely repairs to stone arch structure will reduce future more costly repairs or reconstruction.
Fire Apparatus	Replaces 24 year old apparatus to avoid significant and costly repairs.
Street Sweeper	Provides for timely replacement of 12± year old equipment approaching end of useful life. New equipment will help avoid costly repairs and improvement operating efficiencies.
School Parking and Play Area Bituminous Overlay	Normal pavement overlay to avoid more costly structural work.
Earle Park Bridge	Replaces outdated wooden structure with durable pre-engineered bridge to achieve improved service and reduced ongoing maintenance costs.
Town Buildings Roof Replacement	Proactive roofing repairs and replacement to avoid more costly repairs.
Cider Mill	Repairs, renovations and upgrade to historic Cider Mill structure.
Energy Conservation	This annual allocation provides flexibility consistent with the Town's ongoing energy efficiency, alternate energy, and "green" goals and initiatives.
Open Space	Ongoing project to improve parking, signage and access to various open space areas. Some costs for sign repairs, parking lot maintenance and similar work. Estimated at \$5,000-\$7,500 annually. To be performed as ongoing park maintenance operation.
Sidewalk Construction	New sidewalk construction along private property throughout town. Annual inspection estimated at less than \$1,000.

Riverfront Park Multi-Use Trails	Continued construction of multi-use trails as part of Riverfront Park project. Ongoing maintenance largely handled by volunteers. Some cost absorbed by park maintenance function. Estimated at \$2,500 annually.
High School Vocational Agriculture	This involves funding for feasibility analysis of addition to high school to accommodate expanded Vo-Ag program. No ongoing costs resulting from analysis. Cost associated with any improvements subject to specific project.
Town Center Improvements	This involves pedestrian crosswalks, streetscape, intersection improvements and similar work. Ongoing cost expected to be minimal and involve sign repairs/ replacement, restriping of road markings, and other such miscellaneous work. Annual cost minimal.
Slocomb Site Clean Up & Restoration	This involves building demolition and related site restoration of recently purchased former Slocomb property. No ongoing cost expected from demolition work.

As noted above, the 2008-2009 Capital Program is not expected to significantly increase ongoing costs and in most cases such costs are reduced or avoided.

**FUTURE CHALLENGES AND OPPORTUNITIES**

The past year was again highly successful in Glastonbury. When transmitting the budget document for the current year, I summarized goals, objectives and initiatives for 2007-2008. Before commenting on the goals, objectives, challenges and opportunities for the coming year, I want to briefly summarize progress on a number of current year initiatives and recent successes.

- Adopted the 2007-2017 Plan of Conservation and Development through unanimous Town Plan & Zoning Commission action and unanimous Council support.
- Land Acquisition and Preservation totaling approximately 100 acres. Two year total approximately 450 acres.
- Completed Master Traffic Study for town center. Work underway to implement.
- Executed option for additional sale of town owned land within the Gateway area. Proposed construction of 45,000± square feet of Class A medical office buildings. Sale revenue to Town at least \$1.5 million. Combined with prior sale, revenues of \$3.7 million and annual taxes \$600,000+.
- Established Glastonbury as regional leader with energy efficiency initiatives involving town buildings, fleet, equipment and operational policies.
- Developed concept plan for reuse of the Academy building to create a Town-Education municipal center. Plans under review for possible November 2008 referendum.
- Completed construction of new Nayaug Elementary School, significant renovation and expansion at high school, and new Riverfront Park.
- Managed successful Capital Program totaling over 40 projects and combined \$196 million.

When looking forward to 2008-2009, another active and productive year is forecast. Examples of projects and initiatives are summarized below.

- Land Acquisition and Preservation will continue as a high priority.
- Marketing, sale and development of town owned land within the Gateway Corporate Park will continue. Construction of 115,000 square feet of Class A medical buildings in place or under construction through land sales to date.
- The concept plan for adaptive reuse of the former Academy School complex to a municipal center will be fine-tuned. Approximately \$1 million in renovations funded with the balance of work subject to a potential fall 2008 referendum and continued Capital funding.
- The first phase of the Master Traffic Study for the town center area is complete. Work to implement first steps will proceed over coming months including discussions with State DOT, “bricks and mortar”, pedestrian and traffic improvements, and further analysis as needed.
- Clean Renewal Energy and Energy Conservation initiatives will continue. This is an organizational priority. This will include full implementation of the energy audit, improved fuel efficiency for Town fleet, organization wide “green initiatives,” alternate energy installations, and other work as identified throughout the year.
- Work will continue to improve community wide recycling, consider and implement options for volume based refuse disposal, and other recycling and solid waste initiatives.
- Work will continue to implement the recommendations of the Comprehensive Bikeway/Bikepath Master Plan.
- Efforts will continue to focus on efficiency, effectiveness, customer service and cost saving initiatives throughout all areas of the operation.

The budget described herein looks to effectively manage costs and expectations in the best short and long term interests of the community.

Sincerely,  
  
 Richard J. Johnson  
 Town Manager

RJJ:yo

Notes:

<sup>1</sup> Part-time wages reallocated to Special Revenue Funds total \$449,765. This includes current year funding and increases proposed for the coming year. On a budget-to-budget basis, the part-time wage account is decreased by \$365,205.

<sup>2</sup> The Police budget is reduced \$151,560 for costs reassigned to the Private Duty Special Revenue Fund. This includes wages and related payroll costs. The revenue account is reduced \$140,000. The budget previously recognized revenues for wages and vehicle use only and did not include revenues for payroll related costs.

<sup>3</sup> Program costs reallocated to the Recreation Special Revenue Fund total \$360,172. This includes current year funding and increases proposed for the coming year. On a budget-to-budget basis the program line item is reduced \$308,548.

cc: Glastonbury Town Council  
 Glastonbury Board of Finance  
 Diane M. Waldron, Director of Finance & Administrative Services