



Town of Fairfield

Office of the First Selectman
Fairfield, Connecticut 06824

TO: Board of Selectmen, Board of Finance, RTM, and Citizens of Fairfield

FROM: First Selectman Mike Tetreau

SUBJECT: 2017-2018 Budget Recommendation

Overview

Please find attached my budget recommendation for Fiscal Year 2018. I wish to express my gratitude for the exceptional work of our Town Department managers, our School Superintendent Dr. Toni Jones, Chief Fiscal Officer Bob Mayer, Budget Director Linda Gardiner and their teams for their many hours and dedication in preparation of this budget.

This is an unconventional budget year. The Governor has proposed a State budget that has a \$14.2 million negative impact on Fairfield, budget to budget. This is the financial equivalent of Superstorm Sandy. The Governor's proposal is comprised of approximately \$5 million in revenue cuts; the two largest being a \$3.5 million reduction in Education Cost Sharing (ECS) grant funding and a \$1.2 million reduction in Special Education funding. The Governor is also proposing a transfer of a \$9.2 million expense for State Teachers' pension costs to the Town.

The responsibility for approving the final State budget rests with the General Assembly. They will determine the final cuts and the final impact in June. However, because the Town budget process ends in May, this creates a real challenge for our budget process. We use the "best available information" as we plan our budget. This year that means including the Governor's proposals in our budget. While many are predicting significant changes to the State's final budget, these are the only definitive numbers we have at this time. Therefore I have accounted for the full \$14.2 million negative State impact and taken steps to mitigate that impact in my proposed budget.

Budget Details

On the town side, I am proposing a budget of \$132.8 million. This represents an increase of 2.3 percent over last year. The primary drivers of this increase are town pension costs, debt

service, contingency for salaries and wages, health insurance, contribution to surplus and retiree medical expenses. This proposed budget includes significant reductions to the Police, Fire, Public Works, Library, Parks and Recreation and Conservation Department budgets to help mitigate the impact of the State cuts and cost transfers.

I am recommending a Board of Education budget of \$166.7 million. This represents a 1.87 percent increase over last year. I am recommending approximately \$2 million less than the Board of Education requested budget in order to offset the State reductions.

Included in this budget are some significant adjustments to revenue. Due to the previously mentioned reductions in State funding, as well as loss of tax revenue from the sale of the GE property, we budgeted additions in revenue from a planned tax sale, use of bond premiums, Grand List growth and funds from certain reserve accounts.

The combined budget increase for the Town and Board of Education is 2.06 percent. This is one of the lowest in twenty years. However, this year we are being asked to pay for the financial mistakes at the State level and therefore we must account for the transfer of \$9.2 million in expense to the Town for State Teachers' pension costs. The State Teachers' pension costs increase the budget by an additional 3.1 percent, bringing us to a 5.2 percent overall budget increase with a total expenditure of \$308.8 million.

The projected mill rate for this budget is 26.59 or a 4.48 percent increase. This increase maintains our Town's strong financial foundation. It funds all critical long term obligations. If the State Teachers' Pension costs were not transferred to our Town, our tax increase would be less than 1.5 percent. This would be in keeping with our recent history.

In Summary

If we receive definitive answers from the State Assembly prior to our final budget, we will make changes to restore services and reduce this tax increase. I am working diligently with our State Delegation, the Connecticut Conference of Municipalities (CCM) and other Mayors and First Selectmen to fight against these cost transfers and revenue reductions. The Board of Selectmen, the Board of Finance and the RTM must work together throughout this process. It is imperative to keep pressure on the State to find a better solution to its fiscal crisis.

I know Town boards will carefully review these recommendations. This year the budget is more dynamic than normal. There will be more updates from the State. We will need to respond quickly to integrate changes into our budget. Working together, we will keep Fairfield fiscally strong, maintain services and value for our residents, and continue to grow our Grand List. Working together, we will continue to make Fairfield a valuable place to live, work, play and raise a family.

Thank you for your support.