

TOWN OF FAIRFIELD

Budget Recommendation

By

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Fiscal Year 2018

Presentation Outline

1. Introduction
2. Budget Overview
3. History and Trends
4. Comparison to Other Towns
5. Summary

INTRODUCTION

Opening Remarks

- Thank you to Department Managers, CFO Bob Mayer and our Finance Department
- Thank you to Dr. Jones and the School Administration
- Thank you to all our volunteers who contribute their time to make our Town special

Budget Objectives

- Manage our expenses and still provide high quality services to our residents
- Fund all our essential services
- Fund our long term obligations – Pension, OPEB (Retiree Medical), Surplus, Sr Tax Relief
- Provide support and funding for our top quality School System
- Continue to Strengthen our Financial Foundation

2018 Budget Challenges

- Governor's Proposed Budget:
 - Reduces Aid to Town and BOE by \$5 Million:
 - \$3.5 Million reduction in ECS
 - \$1.2 Million reduction in Special Education
 - \$500k reduction in PILOT
 - Transfers \$9 Million in State Pension Costs to Town
- Must use “Best Available Information” when budgeting
- Town Budget determined in May
- State Assembly decides on State Budget in June or later

BUDGET OVERVIEW

Town-side Budget Recommendation

- Town-side Budget Recommendation is \$132.8 Million
- 2.3 Percent Increase
- Does not include State Pension Cost Transfer

Town-side Expense Drivers

- Primary Expense Drivers for the Town-side Budget
 - Annual Recommended Pension Contribution
 - Annual Recommended OPEB Contribution
 - Increase in Debt Service
 - Contingency for Wages
 - Health Insurance
 - Contribution to Surplus

Town-side Expense Reductions

- Significant Reductions to
 - Police and Fire Departments
 - Public Works
 - Public Library
 - Parks and Recreation
 - Conservation
- All to help mitigate reductions in State Aid

BOE Recommendation

- BOE Budget Recommendation is \$166.7 million
- Is approximately \$2 million less than requested by the BOE
- Helps offset the reductions in State Aid
- Represents a 1.87 percent increase in expenses

BOE Expenses in Town-side Budget

- Certain BOE costs are included in Town-side Expenses
 - State Teachers Pension
 - Debt Service
 - Workers Compensation
 - Insurance – Liability, Errors & Omissions
 - Health/Nurses
 - Police/Crossing Guards, School Security Officers
 - Purchasing
 - Unemployment Insurance
 - Finance, DPW, Other
- Total Additional BOE Costs of \$32.8 million

Total BOE Expenses

- Total BOE Expenses in the Budget is \$199.6 million
- Number is Reported to the State every year
- Represents 64.6% of the Overall Budget
- Makes a strong statement about Fairfield's commitment to Education especially with reductions in State Education funding

Revenue Driver Highlights

- Negative
 - Loss of Tax Revenue from GE Property
 - Loss of \$5 Million in Municipal Aid from State
- Positive
 - Planned Tax Sale
 - Use of Bond Premiums
 - Grand List Growth
 - Certain Reserve Accounts

Overall Budget Without State Pension Cost Transfer

- Overall Budget Recommendation would be \$299.5 Million
- Increase of 2.06 percent over last year
- Includes the loss of \$5 million in Revenue from the State

State Pension Cost Transfer

- Governor is proposing transferring \$9.2 million pension expense from their obligation
- This line item would increase our overall budget by 3.1 percent
- If approved, line item would be our fastest growing expense item in future years

Overall Budget with State Pension Cost Transfer

- Changes our budget increase to 5.2%
- Total expense budget would be \$308.8 million
- Mill Rate estimate is 26.59
- Represents a 4.48% increase over last year

Budget Approval Process

- Town
 - Town Budget Approval Process is scheduled to end the first week in May when a Mill Rate is set
- State
 - Governor has made his recommendation
 - State Budget now in the hands of State Assembly
 - Assembly will decide to accept or change the Governor's proposals in June or later

Where Do We Stand?

- Proposed Budget is based on “best available information” including Governor’s proposals
- Better information after State Assembly decides
- With late changes from State, we could restore services or funding
- We cannot lower the Mill Rate once set
- State Budget having a large negative impact on housing affordability in Fairfield

Next Steps

- Am working with the following groups to fight cuts and cost transfers:
 - State Delegation
 - Connecticut Conference of Municipalities (CCM)
 - Other Mayors and First Selectmen
- BOS, BOF and RTM must work together
- Keep pressure on the State to find a better solution
- Restore cuts / Refund tax dollars

HISTORY AND TRENDS

Ten Year History Comparison

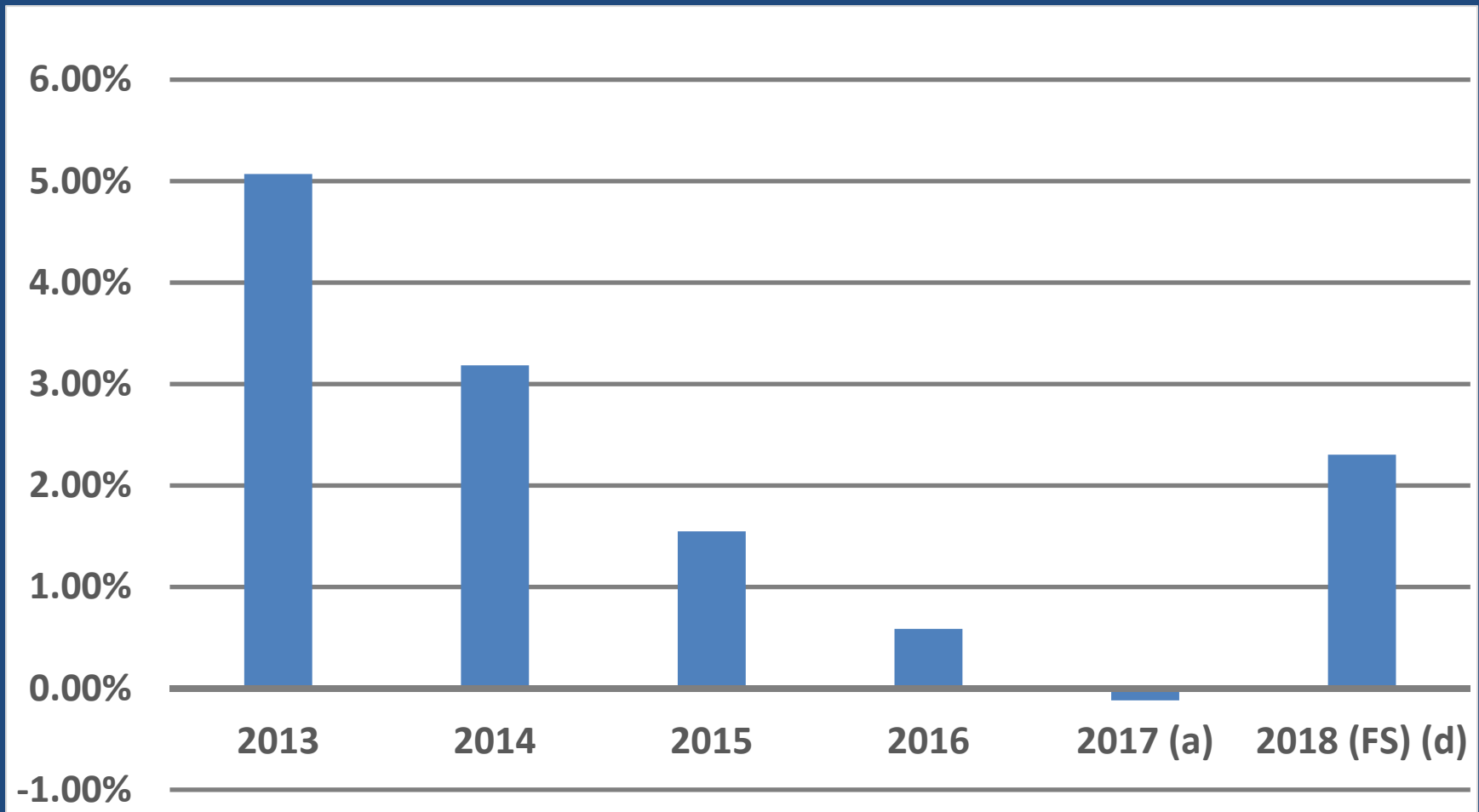
	2016	2006
Population	60,678	58,404
Total Expense (General Fund)	\$290,960K	\$204,955K
Expenses Per Capita	\$4,795	\$3,509
Pension Contribution (Employer)	\$7,397K	\$0
OPEB Contribution	\$9,281K	\$1,550K
Full Time Employees (Town)	463.6	464.0
Total BOE Expenses	\$161,216K	\$118,222K
Property Tax Revenue	\$270,365K	\$181,083K
Tax Rev Per Capita	\$4,456	\$3,101
Avg Salary Per Employee (Town)	\$76,145	\$57,027
Health Insurance/Empl (Town)	\$21,773	\$13,080
Debt Service General Fund	\$24,314K	\$17,674K

Ten Year Expense Growth

2006-2016	\$86 Million
Board of Education	\$43 Million
Debt Service	\$6.6 Million
OPEB	\$7.7 Million
Health Insurance	\$3.8 Million
Pension	\$7.4 Million
Employee Salaries	\$8.8 Million
Other	\$8.7 Million

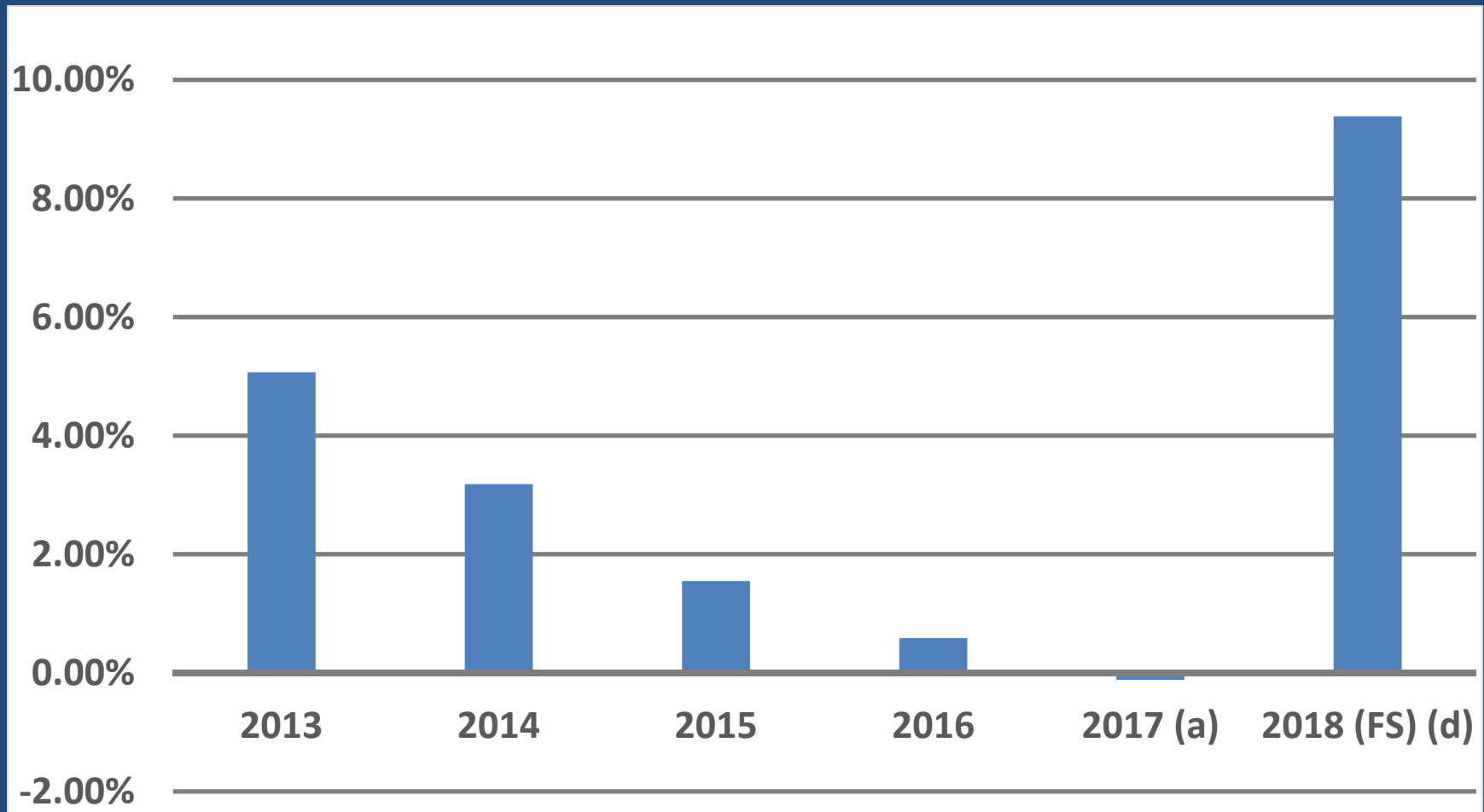
Town-side Budget Trend

without State Pension Cost Transfer

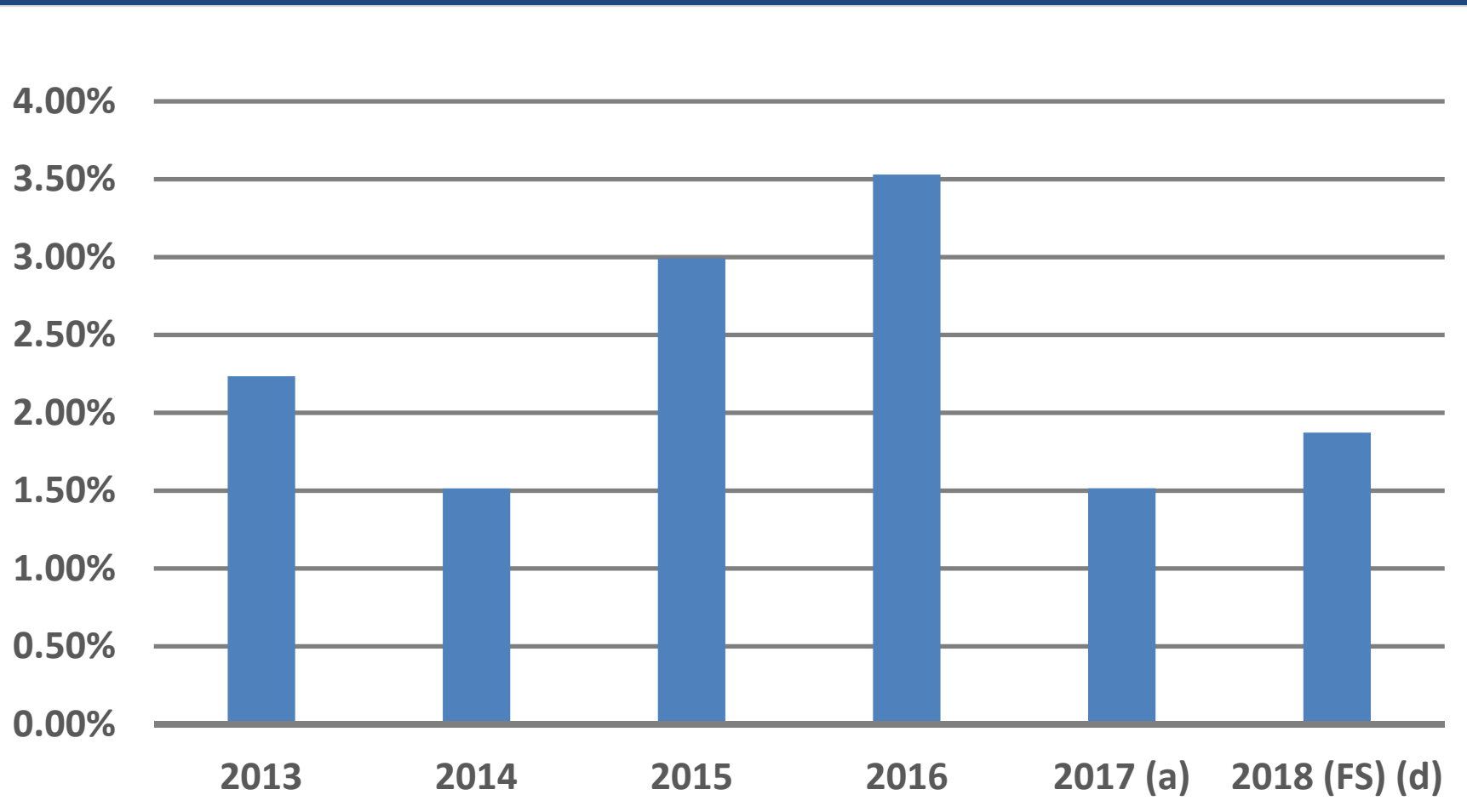


Town-side Budget Trend

including State Pension Cost Transfer

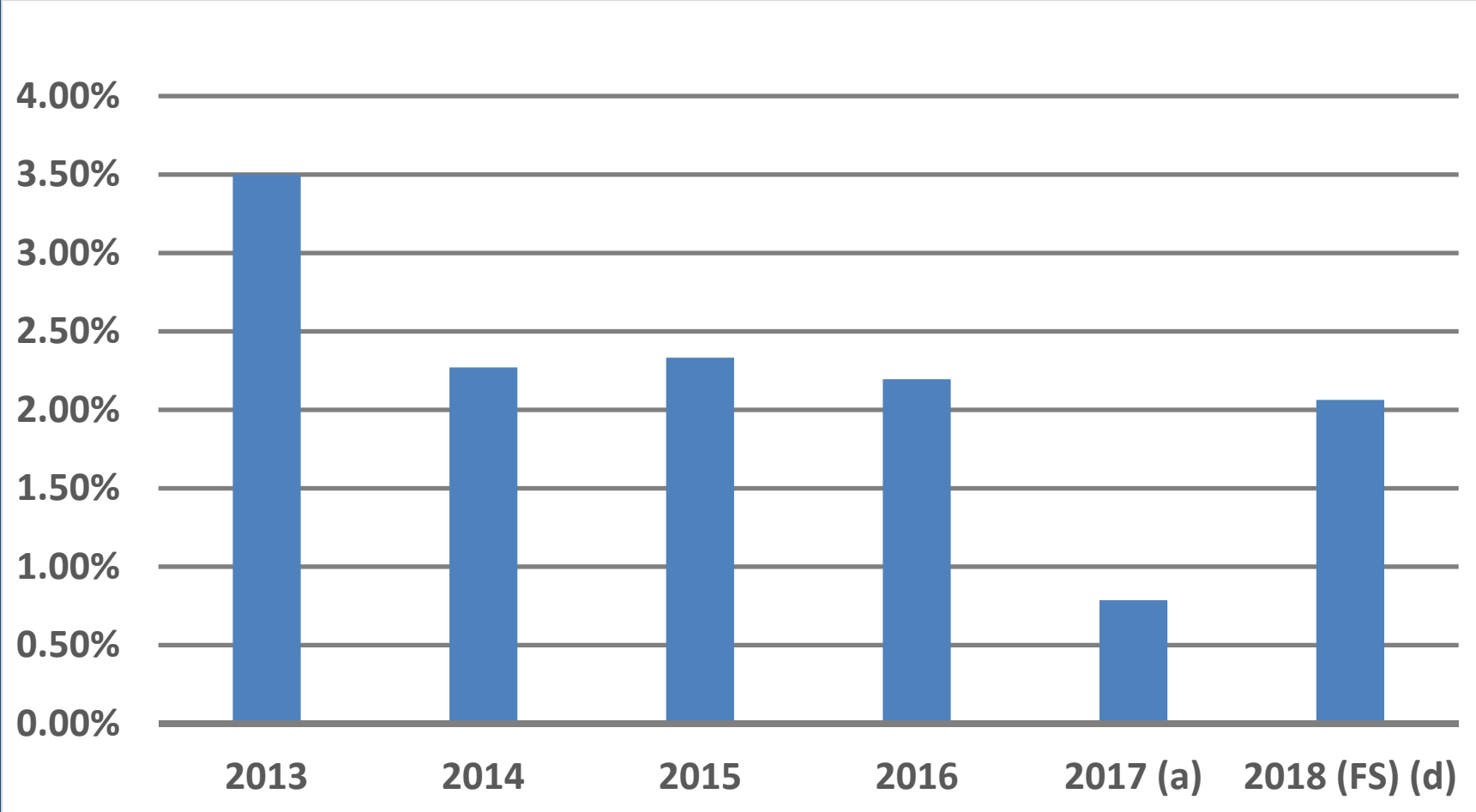


BOE Budget Trend



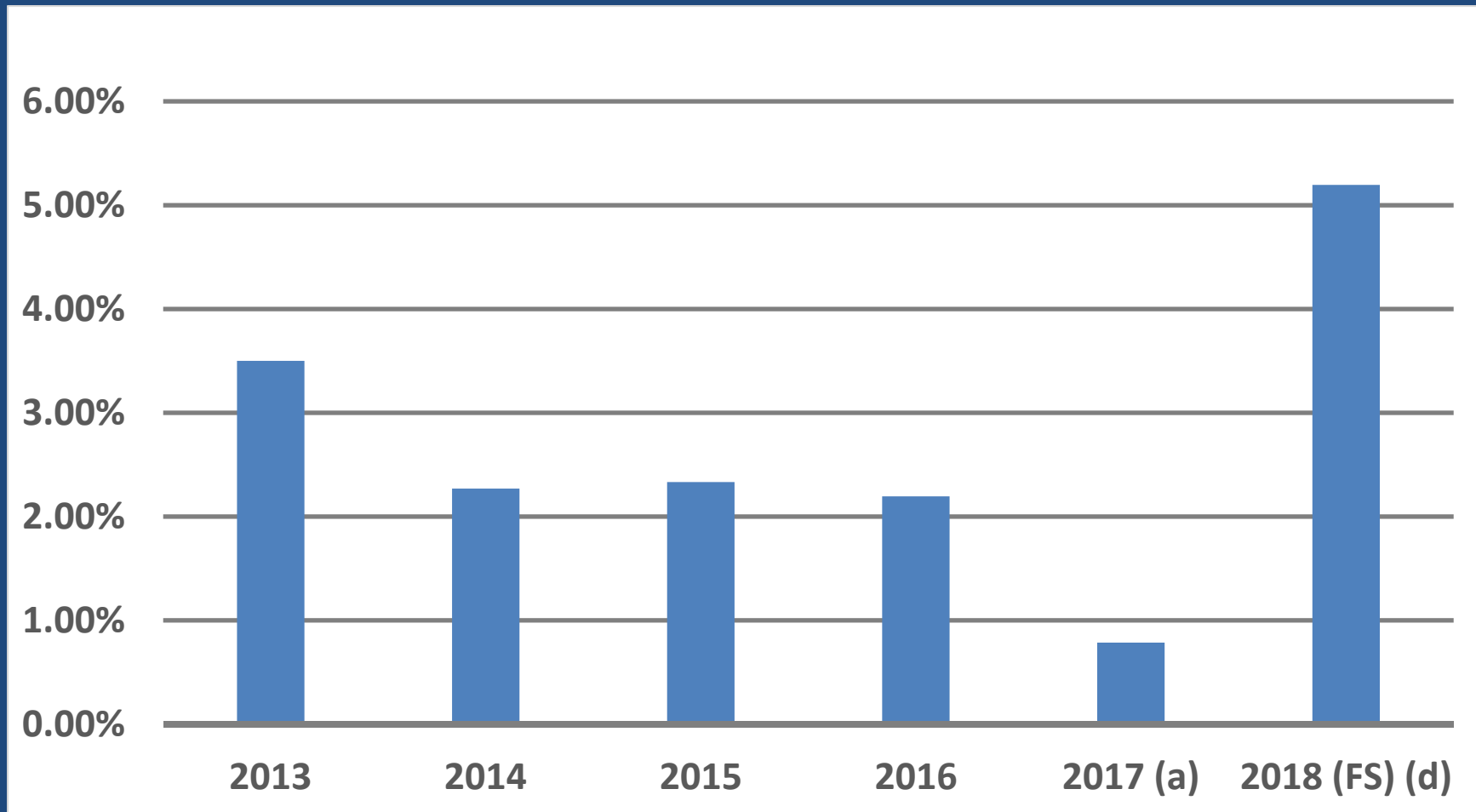
Town & BOE Combined Budget Trend

without State Pension Cost Transfer



Town & BOE Combined Budget Trend

including State Pension Cost Transfer



COMPARISON TO OTHER TOWNS

Spending per Capita 2012

Town	Spending Per Capita	Rank in CT	Increase since 1996
Westport	\$7,333	1	136%
Weston	\$6,618	2	135%
New Canaan	\$6,389	3	157%
Wilton	\$6,338	4	136%
Darien	\$5,837	5	143%
Greenwich	\$5,535	6	92%
Easton	\$5,478	7	122%
Ridgefield	\$5,248	8	118%
Fairfield	\$4,558	11	113%

Source: 'Taxes at Home' by the Yankee Institute – August 2015

SUMMARY

Budget Summary 1

- Meets the challenges facing our town today
- Meets our Long Term Obligations – Pension, OPEB, Senior Tax Relief and protecting our AAA Rating
- Makes expense and revenue adjustments to mitigate the negative impact of the Governor's proposal

Budget Summary 2

- Provides flexibility for changes in the final State budget regardless of when the State budget is passed
- Continues support for High Quality Education and our School System
- Recognizes the need to keep Fairfield affordable while maintaining valuable services for all