

TOWN MANAGER'S REPORT

To: Members of the South Windsor Town Council

From: Matthew B. Galligan, Town Manager

Subject: Town Manager's Report for 1/16/18 Town Council Meeting

Date: January 11, 2018

Stabilization Funds

I am enclosing some information concerning reserve funds and tax stabilization funds that have been implemented in the State of New York since 1940. There are scenarios of different reserve funds put together by state legislature as well as local governments. I have also enclosed information from the New York Citizens Budget Commission. These documents have a lot of information, and you will see that these funds are created by local or state legislation. Although a resolution may be appropriate, resolutions are more easily changed than an ordinance. Changing an ordinance requires public input. In the Citizens Budget Commission document, they had a tremendous amount of input in creating a rainy day fund. New York has been a leader in these types of funds, and as I was once an Auditor in the New York State Comptroller's Office, I am very familiar with these types of documents.

This fund would have to be created by an ordinance, and it would look at new revenues coming forward in increased assessments like in the Capital Projects Ordinance. You could put 10% of new revenues into the tax stabilization fund. I would also review end-of-year surpluses and have 10-15% of the surplus go into the fund with the rest going into Fund Balance. I believe a cap of \$2 million is appropriate as we do not want this fund to be greater than Fund Balance. Any surpluses beyond the cap would go into Fund Balance. The ordinance would require that no more than a certain percentage or dollar amount of the Tax Stabilization Fund should be used for leveling off or reducing taxes. As we ramp up this ordinance, I will make those recommendations to the Town Council.

Moody's Report

I have enclosed a Moody's Report on their Rating Methodology. It is a very extensive report, but it goes through their criteria on rating state and local agencies. This will be very useful as the budget process is coming up, and it will help us meet our strategic planning goals.

Connecticut Studios

The Mayor requested an update on Connecticut Studios. I have enclosed for you a letter from the State of Connecticut Siting Council approving the change of technology from Fuel Cell Energy's fuel cells to Doosan's fuel cell units. There were going to be two 2.8 megawatts Fuel Cell Energy Suresource 3,000 units, but now we are looking at 11 460-kilowatts units from Doosan. The modifications to the site plan have reduced the size by about 389 square feet. We are moving forward with this process, and that was an item that we needed to ensure we could move forward with the fuel cell and studio project.

Resolutions

Before you tonight are two important resolutions. One Resolution is a reconfiguration of the bonding resolution concerning the roads and the schools. We went out for various bonds, but we received additional grant money. Because of this, we need to adjust the capital budget to reflect those grant monies and reflect the correct bond appropriation. The other Resolution concerns the OPEB Trust which is to fund future benefits that may be required. At this point, we have had none. The Trust now has close to \$2 million, and we are looking to make the Director of Finance the Trustee of the Trust as well as making the Trust part of the Pension Committee for investing the money appropriately in order to reduce our future liabilities. The Pension Committee has done a fine job of reviewing various issues in order to make our Pension Fund move in the right direction. I would like to have them also make those same decisions for the OPEB Trust.

460 Miller Road

The Town Attorney has gone to court, and 460 Miller is moving in the direction that was advised during the last Executive Session. As we get additional information, I will let you know. The Health Department did file against 460 Miller Road. There would have been criminal charges if they did not remove the items. Currently, many items in the front and side/rear of the lot have been removed in order to meet the Health Department's mandate. There is still the outstanding zoning violations that we will continue to litigate, but the Town is working very hard to remediate this issue.

Memorandums

There are two memorandums in your packet today. One is regarding Strategic Planning requested by Councilor Snyder. In the memorandum, I review our accomplishments over the past two years and discuss what we are looking to do in the future in order to keep our Strategic Plan moving in the right direction. Every year, we should be reviewing the Strategic Plan especially when it concerns the budget process. I think the memorandum is self-explanatory, and I want the Council to review it. In the future, we can have a discussion item on strategic planning or have another session to benchmark ourselves.

I have also enclosed for you the Polling Location Review Committee draft report. This report is also being sent to the Committee for their review and any additional changes. I felt the Council should get a copy of the draft report so that you will know by the first February meeting that the report will be finalized and approved by the Committee.

Audit Report

You have received a copy of the latest Audit Report. There were no major concerns as indicated in Blum Shapiro's letter. One of the areas that the Town was always concerned about is increasing the Fund Balance. If you look at page 13, our total Fund Balance is just over \$11 million of which \$9.4 million is unassigned. This year, the net change in Fund Balance that we were able to increase from 2016 to 2017 was \$959,926 on page 15. The other Governmental Accounts such as Health are positive \$2.8 million.

Our OPEB is also positive, and our Pension is reducing future liability. In the next report, the Pension percentage will go up as actuarial calculations have been revisited, and the Pension Committee has made some changes to make the Pension much more effective moving forward. In the past years, we have always put in the required contribution, and we will continue to do so in the future. If the Town Council wishes to discuss the Audit Report in more detail, we can schedule that for the next meeting. We can also sit with staff through the Audit Committee who can then report back to Town Council.

Mayor TV

The Mayor TV program is moving in the right direction. We have received a draft video to review. Staff is reviewing the video to see if any changes should be made. Once the changes are made, if need be, we will have the final version of the video and will be able to send it to you. I have asked the company to see how they are doing with our local businesses, and hopefully, I will have a report soon.

Special Education Feasibility Task Force

I have been asked to serve on a Statewide Committee about Special Education funding and how we can predictably find these costs for future governments. This is being contemplated through the Connecticut School Finance Project. My contact person is Martha Deeds, and the first meeting will be at OPM on January 29. The premise is to attempt to get Special Education funding under control so that municipalities are not having huge cost fluctuations in their budgets. We are trying to do a cooperative approach so that all State of Connecticut municipalities will be on a fair and equal basis when it comes to Special Education items and costs.

State Fiscal Stability and Economic Growth Commission

I have seen that the State Legislature has put together a Fiscal Stability and Economic Growth Commission. This Commission is supposed to review the State's revenues and expenditures which is a good thing, but my concern is that this Commission may look to do more reductions to municipal aid. Some town managers, as well as CCM and COST, are looking to give the Commission our input on some areas that we feel the State could

save money on both expenditures and revenues. We do not want them to necessarily just be one-sided and cut aid to municipalities. We need to follow this closely as our budgets are being prepared for the next fiscal year, and we may wind up with another unpredictable State budget session. Their revenue projections are coming in short, and they may be making changes to the Fiscal Year 2019 allocations. I will continue to monitor this Commission's work. Hopefully, in conjunction with other municipalities, we can have an impact on how we feel the State of Connecticut could be doing business in a more amicable and financially holistic way.