



TOWN OF TRUMBULL CONNECTICUT

FIRST SELECTMAN'S BUDGET MESSAGE

February 10, 2013

DEAR CHAIRWOMAN HAMMERS AND MEMBERS OF THE TRUMBULL BOARD OF FINANCE:

In accordance with Chapter IV, Section 1 of the Trumbull Town Charter, I present my fourth budget for fiscal year 2013-2014. The Town of Trumbull continues to operate under the constraints of a global economic recession that has had profound impact on our residents, our region, our state and our nation. In preparing this budget, several factors have been taken into consideration. At the federal level, our citizens just saw a payroll tax increase. At the state level our residents are still reeling from the largest tax increase in the history of the State of Connecticut. Just this week, Governor Malloy proposed a biennial budget that if approved in its current form, will cause drastic increases in property taxes at the local level. With all of these external factors to consider, I am guided by one premise. There are core services we must provide and improve, but we must measure the delivery of these services with that which our residents can afford to sustain.

Over the last two years, Trumbull and the region have been tested in many ways. We have seen weather calamities like Irene, Alfred, Sandy and Nemo that have tested our Police and Public Works Departments in ways they have never been tested before. Two months ago, we saw unspeakable tragedy in Newtown, Connecticut that caused all of us to realize that the safety of our school children is one of our most solemn obligations. The Town of Trumbull is close to completing two of the largest capital projects in the Town's history and we continue to aggressively deal with the Town's burdened pension fund. Our charge, working together, is to confront these challenges in a collaborative manner by adopting a municipal budget that is sound, reasonable and strives to maintain the three pillars that make a community great - - strong finances, strong schools and a strong quality of life.

The budget that I present to you for fiscal year 2013-2014 maintains our superb school system, takes aggressive steps to increase funding for public safety, continues our efforts to address our infrastructure and again and for the fourth consecutive year, vigorously increases funding for the Town's pension fund, all while keeping the tax rate at a modest and predictable level.

This year, I am proposing an overall town budget of \$ 151,947,741, with a modest tax increase of 2.13%. I have reduced departmental requests by \$5,448,307. I am recommending a 2.74% increase to the Board of Education budget, which provides them with a total budget of \$92,962,381. In conversations I have had with the School Superintendent, we have both concluded that there are many moving parts in this budget. Throughout this budget process, additional information may become available to the Board of Finance and the Town Council that could further reduce the budget and the mill rate increase. In the last several weeks, the Town and the Board of Education have examined cost saving measures as they relate to health insurance. As evidenced from the Gibson Report, the area of healthcare is one where we can realize substantial savings without compromising the quality of healthcare for our employees or the delivery of public education to Trumbull's children.

In this budget, I am proposing that the Town and the Board of Education go to a self-insured model. Initial projections indicate that collectively we could realize savings of \$1,862,000. To make sure this new program works effectively, rather than applying that savings to further reduce the budget, we have mutually agreed that these realized savings should be applied to the establishment of a reserve fund that will allow our municipality to properly respond to any medical claims in the years ahead.

In arriving at my recommended budget for the Board of Education, I should note that last year, the Board of Finance, pursuant to state statute, authorized the Board of Education to utilize up to 1% of unspent monies from the 2011-2012 fiscal year. In conferring with our school officials, I have been advised that this \$875,000 has not yet been encumbered. Over the next several months we should have a thoughtful discussion of how this reserve can be utilized. I believe my recommended budget, coupled with the \$875,000 of unspent money, provides the Board of Education with the necessary resources they need to continue to deliver a quality education to our children.

While we are on the topic of Trumbull's children, nothing is more sacrosanct than the safety of our children. December 14, 2012 will be a day that we will never forget. The tragedies at Sandy Hook Elementary School taught all of us that we must be ready for the most unthinkable and we must give our police department the adequate resources that they need to properly protect our residents, our children and our schools. On this issue, there should be no political squabbling. The budget I am recommending for the Trumbull Police Department is as much a benefit for the Trumbull Public School System as it is for the entire Town of Trumbull. In this budget, I am recommending the hiring of 2 additional police officers that will allow for greater police

presence at our schools. I am also recommending a robust investment in the training of our police officers.

If our police officers are ever called upon to respond to an active shooter at any town building, school or facility, they must have continuous training and professional development to make sure they are more than ready to deal with any situation that is put before them. I am also supporting the replacement of critical life-saving equipment and vehicles. While we are on the topic of public safety, I should also note that my proposed budget embraces and implements the recommendations contained in the Holdsworth Report, with the express intent of reforming and improving the Trumbull Emergency Medical Service (TEMS). With the hiring of a qualified chief of the service and a renewed focus on improved call response, TEMS will become a self-sustaining agency that generates enough revenue to adequately run itself and properly protect the public at large.

I would like to now address fixed costs in this budget that are having an enormous impact - - our annual debt service and our pension fund. This year, debt service increased 8.6%, a total increase of \$973,234. While many of us were not decision makers at the time the Town elected to borrow more than 100 million dollars in a five year period for capital projects, we are now the decision makers who must now develop a plan to pay the bill. These are financial obligations we cannot ignore.

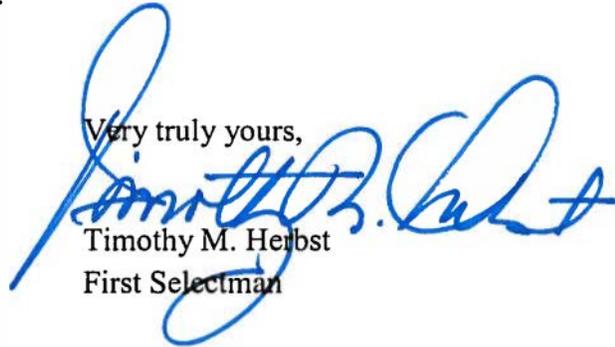
When I took office three years ago, I pledged that we would tackle Trumbull's pension problems head on. Over the last three years, we have developed a short term and long term strategy to deal with this financial challenge. Short term, we have aggressively increased annual funding in our operating budget to meet our pension obligations. Since 2009, we have increased our annual contributions \$2,025,000. In my proposed budget for fiscal year 2013-2014, the annual contributions to our pension fund will be \$5,176,000. For the first time in at least the last twenty years, we have finally reached the actuarial level of recommended funding for our Town pension plan. As part of our long term strategy, we have also negotiated multiple labor contracts that provide for a defined employee contribution plan for new hires. This plan will allow us over time to reduce the number of employees who are pension eligible, thus reducing our unfunded liability long term. I believe this overall strategy will strengthen the Town's pension fund and improve our financial health and sustainability.

On the revenue side, this year we have again seen positive growth in the Grand List. Our Assessor has projected increased revenue of \$840,000 as a result of Grand List growth. Finally, in our most recent audit report, the Town's auditors advise us that we have a general fund balance of \$ 16.9 million, well above the 10% threshold recommended by the bond rating agencies. Philosophically, I believe that residents should not be overtaxed and when there is excess taxpayer money that has accrued to the Town over time that money should be returned to the taxpayer. Based upon that premise, I am recommending that \$1 million dollars be returned to

the taxpayer to further offset a mill rate increase. We will be able to provide some of our residents with tax relief at the same time we maintain a healthy general fund balance.

I firmly believe this proposed budget places a core focus on improving the three pillars of our community. We continue to maintain and build upon our strong financial health. We will continue to maintain a strong school system. We will make further investments in public safety and economic development that will strengthen our quality of life. Trumbull's motto is "pride in our past and faith in our future." I am honored and humbled to lead the best Town in America. I am confident our future is bright and I believe this budget will continue to move our Town in the right direction. I look forward to working with the Board of Finance and the Trumbull Town Council as you consider this proposed budget.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Timothy M. Herbst", is written over the typed name and title.

Timothy M. Herbst
First Selectman