

Dean Markham, Vice Chairman  
Town Council  
June 9, 2019

## Statement in Support and Comments on Proposed Budget

On May 26th, this Council's Leadership laid out a budget plan that included: (1) selective payment of one-time Capital Expenses or early debt retirement, strategically utilizing budget surpluses from both General Government and Education; (2) the addition of a much needed teaching position to reduce class size for the current 4th grade at Center School; (3) the restoration of a Police Officer eliminated years ago; (4) the acquisition of technology and Chromebooks in our school system cut from prior year budgets; (5) strategic use of fund balance without negatively impacting our bond rating; and (6) no mill rate increase.

We have proposed a Fiscal 2020-21 budget of \$47,352,797, \$385,790 below that adopted by the Board of Finance. This budget reflects an overall 2.0% increase in these very trying times. We know not what the future holds in store, be it, changes in state funding of education, economic growth or COVID-19 re-occurrence, but we have chosen a course that we strongly believe improves our community and addresses the hopes and desires of a majority of our citizens and taxpayers. I would be misleading to say or suggest we have done everything we, or you, would like.

I'm sure there are many who would disagree, desiring no budget increase what-so-ever nor the use of any fund balance surplus. Our Leadership, in consultation with our Town Manager, Finance Director and Superintendent, have made strategic use of surplus (our excess cash) to pay one-time non-recurring expenses, including \$305,700 that have a direct impact, a reduction, in 2021 and 2022. This budget anticipates an ending Fund Balance at 11% of annual Expenditures. Yes, that is lower than the 12% we had hoped but STILL very solid, which should be a contributing factor to maintain our AAA Bond Rating.

The additional time given the Council to enact a budget under the Governor's Executive Order has not been wasted. Beginning with the Council's budget workshop and daily interaction with town officials, we have been able to fine tune this proposal. The closer we get to year end, better the data we have to shape this document. As an example, two weeks ago the Board of Education estimate an operating surplus of \$202,000. After further analysis they now estimate that number to be \$260,000. One might ask why can't the Board of Education just hire the teacher? The Board can't because it has no authority to carryover surplus to the next year. We acknowledge that and accordingly include the \$76,000 funding for that teachers position in our 2020-21 proposal. We have also worked with the Board of Education to identify \$117,000 of one-time expenses in the 2020-21 that can be paid in this month of June. That is why you see a net \$41,000 reduction in the Education line item. In addition, \$100,000 of Chromebooks will be purchased in June. We are all aware of the dynamics under which our students have been educated since March in virtual classrooms. This budget funds Capital Expenses for the remainder of Educational technology needs. Further, we have set a new direction for Educational technology that will take future requirements out of the Capital Budget and make them operating expenses – the same way we handle textbooks.

Deferring final approval until next Monday the 15th will give the Council as much time as possible to improve the budget and fully discuss issues with all our employees on how they can directly assist this great community. Our Republican colleagues asked for us to pursue wage concessions in light of the impact of the coronavirus on our economy. We agreed. Our Town Manager and Superintendent are

prepared to discuss any progress to date.

Our biggest challenge has not been entirely in the development of the 2020-21 budget, but 2022 and beyond. We all know that fiscal 2022 has significant increases already built in from actions jointly taken by prior Town Councils, Boards of Education and Finance and by you the voters and taxpayers who approved them in previous Budget Referendums. These included negotiated and adopted employee labor contracts and what will be the first-year debt payment for the new town hall. We are encouraged that we can hold the debt payment with an interest rate much lower than projected because of the current bond market and achieving a significant bond premium upon expected issuance of the bonds in September. I'm sure you will recall we experienced this same jump a few years ago when the first payment of the High School renovation bonds occurred.

Our budget includes funding for the police officer for a full year. We are not sure this can be accomplished but believe it is one of many factors that could smooth our budget and mill rate in succeeding years. Obviously, any funds not spent will be returned as surplus to our fund balance.

I've focused on the proposed changes in this document from that recommended by the Board of Finance. This budget, and results of other actions taken in this fiscal year, include so much more. We have funded the aeration project now in construction by Everblue, to be operational very shortly. Major goals of the Lake and Conservation Commission from the Nine Point Lake Pocotopaug Watershed Plan have been or are being addressed. These include numerous projects controlling drainage and the proposed acquisition of Christopher Pond and adjacent land and creation of rain gardens among other things. Grants and reuse of proceeds from the sale of the East High St. town hall make this possible.

We have a program to replace roads within town. I'm sure many have seen the rebuilding and resurfacing of North Main Street and Lake Drive. Edgerton Street will have significant work in this next year.

There is often criticism on the cost of education. East Hampton provides a very Good Value for the amount spent per pupil, a little over \$16,000, in line with our neighbors Portland and Colchester but thousands below many of our comparable towns. Often the public attention focuses on students such as those highlighted recently as the "Top 10 Graduates." Yes, we are very proud of these students, but we are equally proud of the opportunities offered to all our students and their achievements as well. With this budget, for example, positions for Participation in the State of CT Manufacturing Pipeline Initiative are funded. Those who enroll will begin a program that provides immediate entry upon graduation into well paid skilled positions and careers in numerous participating companies such as Pratt and Whitney.

There is so much more that we could talk about, and yes there are other programs, not addressed with this budget proposal, that are needs of our community. Overall, however, we believe this document provides VALUE to citizens and taxpayers, cognizant of our ability to pay for these services, all with a positive view for the future of East Hampton.