

From: Bremer, Tom

Date: Thu, Apr 9, 2020 at 12:17 PM

Subject: Response to BOF

To: Brown,Jim, Kupchick, Brenda, Bertolone, Jackie, DeWitt, Christopher

Cc: Bosse, Caitlin, Gardiner, Linda

Thank you for providing management with a list of questions yesterday prior to the upcoming BOF meeting scheduled for tomorrow evening. In an effort to move the process forward as expeditiously as possible we have included the answers to all questions in this e-mail. We are going through this exercise to give the BOF information it desires before voting on the FY21 budget and also to minimize the necessity for the Town's department heads (as well as the members of the BOF) to go through a lengthy process given the pandemic we are all experiencing.

Before we turn to the questions contained in the excel spread sheet a number of questions were asked regarding the FY20 which are as follows:

1. Question: Please provide updated fund balance projection.

Attached hereto is a fund balance projection for June 30, 2020. We have conservatively estimated revenue projections for the remainder of this year and as a result there will be no surplus on the Town side of operations. Accordingly, no money will be added to the fund balance at the end of this year. Notwithstanding this reality, the fund balance remains healthy and is anticipated to be at 10.984%. In answer to the question as to how much surplus we could use before the fund balance gets to 8% - we calculate the answer to be \$8.8 million. If we wanted to stay above 7% (the minimum policy level) that amount would be \$12 million - assuming the COVID suggestions we have earlier provided to the BOF of approximately \$4 million are adopted by the BOF.

2. Question: Do we have any questions concerning cash flow based on the Governor's latest pronouncements on tax collections?

Based on the Governor's latest pronouncement regarding tax collections we have anticipated that the RTM will accept the Tax Collector's (and the First Selectwoman's) strong advice to accept the deferment option for taxpayers. The financial impact such an option will have on the Town will be nominal. We expect to receive approx. \$26 million from escrowed tax payments leaving a "hole" of approximately \$25 million which will be deferred for an additional 60 days according to the Governor. To date we have already received more than \$6 million non-escrowed payments from taxpayers, which leaves less than \$19 million. Furthermore, we anticipate receiving an additional \$5 million before the end of May. As a result, the remaining "hole" should be easily managed with our current cash reserves.

3. Question: What are the revenue projections through the rest of this fiscal year?

Attached hereto is our best estimates of where we will end up this budget year. As you can see, our revenues are expected to be \$2.5 million short, offset by savings in expenditures of \$1.2 million and budgeted contribution to surplus of \$1.3 million

4. Question: If a pay freeze was instituted by the First Selectwoman what would the savings be?

If there was a pay freeze for non-union workers only, the savings would be approximately \$90k. If we could somehow include the unions it would save an additional \$850k. Of course, we would have to deduct legal fees from the union number because of negotiation costs and potential legal challenges should arbitration be necessary and we would be establishing a funding cliff for the subsequent year. The above questions were contained in e-mails of April 7. We believe all questions have been answered.

Before we turn to the excel sheet questions, we would like to reiterate that in our Covid 19 IMPACT BUDGET, given to the BOF at the end of March, the Town suggested removing \$3.8 million from its operating budget. Additionally, we suggest revising the revenue projections for 2021. Further, as recently as yesterday the Congress and the Federal Government are pushing for revenue relief to the states and municipalities. We remain confident that a portion of the Town's revenue losses will be made whole by the Federal Government, in addition to the compensation we will receive for expenses related to the actual COVID crisis.

Turning now to the excel spread sheet, for the sake of brevity the questions will not be restated in their entirety:

1. If your department is cut by 3 to 5% what will you do?

This question has been provided to all departments. If this cut is made to the BOS budget, it will produce between \$4.8 and \$6.4 million on top of what the Town has already cut. This would be catastrophic to the Town and would force the Town to completely reimagine how it provides services to the Town residents. The Department heads report to the First Selectwoman and as such do not determine what they will or will not do given such a budget cut. Although their answers might be interesting, they are largely academic. The First Selectwoman would decide which programs and people would be cut. Although no definitive plans have been discussed with any department, initially the Town would be forced to curtail much of its services. We would consider closing beaches, reducing our Police and Fire first responders, closing public libraries, and DPW activities would be curtailed to the bare minimum. Only essential services would be maintained throughout the Town. Additionally, all the items the First Selectwoman identified as lacking in the Town and which her budget attempts to correct, would not merely be delayed a year but would effectively be removed from consideration for many years. Further, if such a draconian cut occurs then all the revenue projections would be affected downward as our staffing would be curtailed. The Town's ability to generate income from services would be severely diminished.

2. Building: In the COVID budget suggestion, the revenue budgeted for next year is flat to this years budgeted number. This is a conservatively budgeted number for next year and is completely acceptable to Building. Building is still trending above the budget for 2020 as shown in the attached revenue projections.

3. Health: Revenue Fees from Restaurants is approximately \$128k. We do not see any decrease in this revenue given our past experience from 2008 and Storm Sandy.

4. Park and Rec: The revenue projections as provided are as of opening day on July 1. If we have to move opening day to August 1 the loss of revenues will be an additional \$300 thousand and the savings in expenses will be approximately \$100 thousand. A decision will be made in June as to whether we cancel the 4th of July fireworks. According to the contract, there will be no savings to the Town from the fireworks contract.

5. Finance: We are doing all we can to manage the financial impacts the Town is currently facing. We have contacted all our banks and outside consultants and feel that we can manage the day to day financial affairs of the Town. We are monitoring the bond market and we will be able to complete our refunding in the near term. We are confident that given the overall state of the country the Town will weather this storm as it has throughout its history. We remain confident that all additional COVID costs will be primarily compensated by the federal government.

6. HR: There are no potential "givebacks" by the unions without strenuous negotiations at this time. No union has approached management along these lines. There are no plans for layoffs of any full time employees as the short term costs to do so far exceed the cost of maintaining the employee. All non-essential part time employees have already been placed on furlough. There are a number of unfilled positions which are attached hereto. These however, are not merely positions or "place holders". These are positions that must be filled and would be but for the crisis we are now facing. The Town sorely needs a DPW director, to name but one.

7. Town Clerk: The revenue projections have been held flat for 2021. Although we believe it will be a challenge, we remain optimistic that we will make those projections given the belief that there will be a pent up demand for homes next spring.

8. All: Although you have asked for the reason "in detail" for each line item of the budget that is a 5% increase or decrease from the previous year, we can not provide those answers with all we are handling. If any member wishes to know such details in a line by line fashion the answers have already been provided on the Town website which can be found at the following link. MUNIS - FY21 Proposed Budget with

TEXT<[https://fairfieldct.org/filestorage/10726/11032/12630/12632/90716/90722/MUNIS -
_FY21_TEXT.pdf](https://fairfieldct.org/filestorage/10726/11032/12630/12632/90716/90722/MUNIS_-_FY21_TEXT.pdf)> This report, filed on the Towns' website March 13, gives detailed summaries and line by line descriptions of the vast majority of the changes to the budget from the previous year and I urge any BOF member who has a particular question on a particular line item, to turn to that report.

The above discussion ignores the gorilla in the room - 2/3rds of the budget - the BOE.

We continue to believe that in order to create a tax rate at below 1.5% the "hole" in our previous COVID budget with the revised collection rate of 98.61% is \$2 million. That is before any cuts to the BOE budget and before we take any money from the rainy day fund.

Umbrella anyone?

**FUND BALANCE PROJECTION - COVID19 IMPACT REMEDIATION
THROUGH FY20**

BUDGETARY BASIS

Fiscal Year	Unassigned Fund Balance	Total General Fund		Percent	Act/Bud	Change
		Expenditures and Other Financing Uses				
FY10	\$12,286	\$245,243		5.010%	Act	
FY11	\$13,414	\$250,067		5.364%	Act	0.35%
FY12	\$14,593	\$262,398		5.561%	Act	0.20%
FY13	\$17,408	\$270,596		6.433%	Act	0.87%
FY14	\$21,168	\$277,245		7.635%	Act	1.20%
FY15	\$24,260	\$284,271		8.534%	Act	0.90%
FY16	\$27,435	\$290,960		9.429%	Act	0.90%
FY17	\$27,839	\$292,200		9.527%	Act	0.10%
FY18	\$32,142	\$295,508		10.877%	Act	1.35%
FY19	\$34,688	\$307,452		11.282%	Act	0.41%
* FY20	\$34,688	\$315,817		10.984%	Est	-0.30%

* Based on \$0 contribution to surplus and expenditures lower by \$600k.

**Projected Net Estimated Operational Variance
For the Period Ending June 30, 2020
Executive Summary
(\$000)**

	Q1	Q2	Estimate P&R June 1 Open	Estimate P&R July 1 Open
			Fav/(Unfav)	
REVENUE				
Current & Prior Year Levy and Interest	\$1,399	(\$460)	(\$750)	(\$750)
Investment Income	\$100	\$250	(\$500)	(\$500)
Building Revenue	\$100	\$300	\$300	\$300
State Aid	(\$94)	(\$103)	(\$103)	(\$103)
Park & Rec Revenue	\$0	\$83	(\$843)	(\$1,867)
Fire Marshall Fees	\$400	\$400	\$450	\$450
Other	\$0	\$80	(\$59)	(\$66)
Subtotal	\$1,905	\$550	(\$1,505)	(\$2,536)
EXPENSES				
FY20 Operational Savings				
Personnel Savings	\$1,000	\$681	\$788	\$788
Unemployment	\$0	\$0	(\$100)	(\$100)
Other (P&R, PT, Operations)	(\$236)	(\$241)	\$344	\$491
COVID				
Subtotal	\$764	\$440	\$1,032	\$1,179
Net Estimated Variance	\$2,669	\$990	(\$473)	(\$1,357)
Budgeted Contribution to Surplus	\$1,330	\$1,330	\$1,330	\$1,330
Estimated Increase in Fund Balance	\$3,999	\$2,320	\$857	(\$27)

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FY21 BUDGET AND TAX RATE PROJECTION

SCHEDULE OF CURRENT YEAR TAX LEVY, TAX REVENUE, PROPERTY AVAILABLE FOR TAXATION, AND MILL RATE FOR FISCAL YEARS ENDING JUNE 30, 2020 AND JUNE 30, 2021

SCENARIO 2 - COVID19 IMPACT/ coll rate 98.61%

	2020	2021		2021 BOS / 2020 BUDGET		SCENARIO 2 - COVID19 IMPACT/ coll rate 98.61%			BOF/BOS CHG
	BUDGET	BOS	BOS	\$ CHG	% CHG	2021 BOF	2021 BOF / 2020 FINAL \$ CHG	% CHG	
Current Year Tax Levy and Tax Revenue Required									
Current Year Expenditures:									
Board of Education	\$181,672,957	\$187,358,852	\$187,358,852	\$5,685,895	3.13%	\$187,358,852	\$5,685,895	3.13%	
Town	132,877,945	137,661,875	137,661,875	4,783,930	3.60%	133,853,448	975,503	0.73%	(3,808,427)
Subtotal	314,550,902	325,020,727	325,020,727	10,469,825	3.33%	321,212,300	6,661,398	2.12%	
Emergency Communications (Joint Venture with Westport, Ct)	1,865,837	2,361,422	2,361,422	\$495,585	26.56%	2,361,422	\$495,585	26.56%	
Total Expenditures/Net Revenue Required	\$316,416,739	\$327,382,149	\$327,382,149	\$10,965,410	3.47%	\$323,573,722	\$7,156,983	2.26%	
Non-Tax Revenue	(\$22,312,103)	(\$25,817,606)	(\$25,817,606)	(3,505,503)	15.71%	(\$23,163,228)	(851,125)	3.81%	2,654,378
Prior Year Tax, Interest, Lien Fees	(5,610,137)	(3,296,650)	(3,296,650)	2,313,487	-41.24%	(3,232,010)	2,378,127	-42.39%	64,640
Total Non-Tax Revenue	(\$27,922,240)	(\$29,114,256)	(\$29,114,256)	(\$1,192,016)	4.27%	(\$26,395,238)	\$1,527,002	-5.47%	
Net Current Year Tax Levy Required	\$288,494,499	\$298,267,893	\$298,267,893	\$9,773,394	3.39%	\$297,178,484	\$8,683,985	3.01%	
Plus Credits to Taxpayers:									
Senior and Disabled Tax Credits Town	\$3,371,920	\$3,723,000	\$3,723,000	351,080	10.41%	\$3,323,000	(48,920)	-1.45%	(\$400,000)
Senior and Disabled Tax Credits State	368,523	368,523	368,523	0	0.00%	368,523	0	0.00%	
Overpayment Credits	327,763	327,763	327,763	0	0.00%	327,763	0	0.00%	
Assessment Appeals (Open Court Log)	130,780	130,780	130,780	0	0.00%	130,780	0	0.00%	
Total Credits	\$4,198,986	\$4,550,066	\$4,550,066	\$351,080	8.36%	\$4,150,066	(\$48,920)	-1.17%	
Reserve for Uncollected Taxes	\$3,407,430 (0.9883)	\$3,536,803 (0.9883)	\$3,536,803	129,373	3.80%	\$4,133,375 (0.9863)	725,945	21.30%	\$596,572
				\$3		\$3			
Total Credits and Reserves	\$7,606,416	\$8,086,869	\$8,086,869	\$480,453	6.32%	\$8,283,441	\$677,025	8.90%	
Gross Tax Levy Required	\$296,100,915	\$306,354,762	\$306,354,762	\$10,253,847	3.46%	\$305,461,925	\$9,361,010	3.16%	
Property Available for Taxation, Mill and Tax Rate Calculation									
Assessor's Grand List as of January 31st	\$12,250,755,160	\$12,383,039,925	\$12,383,039,925	132,284,765	1.08%	\$12,383,039,925	132,284,765	1.08%	
Exemptions and Adjustments:									
Tax Exempt Properties and Exemptions	(\$1,275,867,784)	(\$1,298,327,925)	(\$1,298,327,925)	(22,460,141)	-1.76%	(\$1,298,327,925)	(22,460,141)	-1.76%	
Ass'r Net Grand List before BAA Adj.	10,974,887,376	11,084,712,000	11,084,712,000	109,824,624	1.00%	11,084,712,000	109,824,624	1.00%	
BAA Adj and Clerical Corrections	(8,552,249)	(11,238,014)	(11,238,014)	(2,685,765)	31.40%	(11,238,014)	(2,685,765)	31.40%	0
BAA Net Grand List	\$10,966,335,127	\$11,073,473,986	\$11,073,473,986	107,138,859	0.98%	\$11,073,473,986	107,138,859	0.98%	
Supplemental Motor Vehicle	\$86,330,600	\$86,990,935	\$86,990,935	660,335	0.76%	\$86,990,935	660,335	0.76%	
Property Available for Ass'mnt	\$11,052,665,727	\$11,160,464,921	\$11,160,464,921	\$107,799,194	0.98%	\$11,160,464,921	\$107,799,194	0.98%	
Mill Rate	0.02679	0.02745	0.02745	0.00066	2.46%	0.02737	0.00058	2.16%	
Current Year Tax Levy Assessed	\$296,100,915	\$306,354,762	\$306,354,762	\$10,253,847	3.46%	\$305,461,925	\$9,361,010	3.16%	
Tax Levy on Median Assessment \$351,505 (Appraisal \$502,300)	\$9,335	\$9,649	\$9,649			\$9,621			
CHG		\$314	\$314			\$285			
	(\$0)	\$0	\$0			(\$0)			

SCHEDULE OF ASSUMPTIONS FOR BOF SCENARIO 2 - COVID19 IMPACT ADJUSTMENTS

REVENUE:

Grand List	Assessor's Grand List Jan. 31, 2020 (actual)
Senior Tax Relief - Town	FY20 actual and defer new Senior and Disabled Tax Relief program
Collection Rate	Collections budgeted at/near 98.61% (lowest actual in 20 years)
Town Revenue	Building Permits no increase Fire Marshal Fees level to actual ECC subsidies State and Other \$1,162k

EXPENDITURES:

Regular Payroll	cut Bigelow Center Director
Other	Cut new part-time help
Contingency	Cut Wage reserve for outstanding contracts to 2.5% Cut Normal Contingency to \$300k
Fees and Pro	Unemployment Comp increased \$250k
Paving	Paving moved from operations to capital bonding
Capital	PW Ops, Golf Course, and Fleet Maintenance moved to capital bonding
Fund Balance	Maintain 11.282% ratio

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SUGGESTED ADJUSTMENTS TO FY21 GENERAL FUND BUDGET

			SCENARIO 2 - COVID19 Impact Adjustments		
DEPARTMENT	OBJECT	DESCRIPTION	SUGGESTED BOF ADJ	COMMENT	
Revenue			<u>(Incr)/Decr</u>		
Tax Collector	40000	Current Year Levy	\$596,572	reduce collection rate to 98.61%	
Tax Collector	40000	Current Year Levy	(400,000)	defer Senior & Disabled Credits	
Tax Collector	40010	Prior Year Levy & Interest	64,640	remove est. FY21 tax increase on Prior	
Building	42112	Building Permits	342,000	revise assumption - no increase in revenue	
Building	42113	Electrical Permits	62,000	revise assumption - no increase in revenue	
Building	42117	Heating Permits	66,000	revise assumption - no increase in revenue	
Finance	44001	Dividend Interest Income	1,000,000	revise assumptions	
Finance	42512	Rental Income FTC	23,000	assume loss of 25% income	
Town Clerk	42312	Conveyance Tax	150,000	revise assumption	
Penfield Pavilion	42445	Seasonal Locker Rental	7,200	est. 20% loss	
Penfield Pavilion	42476	Concession	9,000	est. 20% loss	
Penfield Pavilion	42508	Jacky Durrell Rental	28,030	est. 20% loss	
Penfield Pavilion	42510	Penfield 1 Rental	67,000	est. 20% loss	
Parks and Rec	42402	Swim and Sail Lessons	1,654	est. 20% loss	
Parks and Rec	42403	Programs	32,000	est. 20% loss	
Parks and Rec	42379	Misc Park	2,067	est. 20% loss	
Parks and Rec	42475	Tennis Concession	19,941	est. 20% loss	
Parks and Rec	42509	Field Concession	37,000	est. 20% loss	
Waterfront	42351	Beach Stickers	185,000	est. 20% loss	
Waterfront	42353	Beach Parking	55,000	est. 20% loss	
Waterfront	42474	Beach Concession	5,100	est. 20% loss	
Marina	42353	Boat Dockage Fee	120,000	est. 20% loss	
Marina	42354	Winter Storage	12,000	est. 20% loss	
Marina	42449	Sailboat Storage Penfield	5,800	est. 20% loss	
Marina	42450	Sailboat Storage Jennings	11,200	est. 20% loss	
Marina	42451	Sailboat Storage YYY	800	est. 20% loss	
Marina	42478	Gas Dock Concession	700	est. 20% loss	
Dickman Golf Course	42462	Driving Range	200	est. 20% loss	
Dickman Golf Course	42464	Carts	500	est. 20% loss	
Dickman Golf Course	42466	Fees	51,336	est. 20% loss	
Richardson Golf Course	42467	Season Ticket	12,642	est. 20% loss	
Richardson Golf Course	42468	ID Cards	37,810	est. 20% loss	
Richardson Golf Course	42469	Annual Lockers	397	est. 20% loss	
Richardson Golf Course	42471	Golf Fees	210,044	est. 20% loss	
Richardson Golf Course	42472	Driving Range	26,584	est. 20% loss	
Richardson Golf Course	42473	Cart Rental	65,105	est. 20% loss	
Richardson Golf Course	42477	Cart Concession	7,268	est. 20% loss	
Total Revenue			\$2,915,590 unfav		
Expenditures			<u>Incr/(Decr)</u>		
1320	Active Employees Benefits	52100	Health Insurance	(108,698)	AON February renewal and 1 fewer EE
1330	Human Resources	58920	Risk Management Claims	(200,000)	revise cash flow estimate
2010	Contingency	58010	Contingency	(50,000)	remove earmark for Marina Capital
2010	Contingency	58010	Contingency	(100,000)	reduce Normal Contingency to \$300k
2010	Contingency	58010	Contingency	(98,299)	reduce Wage reserve
3030	Purchasing	51030	Part-time Payroll	(10,000)	NEW Part-time help expense
3030	Purchasing	52200	Social Security	(145)	NEW Part-time help expense
3110	Information Technology	57000	Capital	(97,250)	cut Capital by half
3150	Unemployment Comp	52510	Unemployment Comp	250,000	reserve for unknown
4010	Fire	57000	Capital	(50,000)	cut staff vehicle
4030	Police	57000	Capital	(217,394)	cut hybrid, 4 vehicles, and fit outs
5070	Engineering	51050	Overtime	(10,000)	NEW Overtime expense
5070	Engineering	52200	Social Security	(765)	NEW Overtime expense
5030	Public Works Ops	57000	Capital	(667,000)	move from operations to bonding
5030	Public Works Ops	57001	Fleet Maintenance	(300,000)	move from operations to bonding
5030	Public Works Ops	57002	Asphalt Paving	(2,000,000)	move from operations to bonding
6050	Human and Social Svc	51010	Regular Payroll	(66,267)	NEW Bigelow Center Director expense
6050	Human and Social Svc	51030	Part-time Payroll	32,489	NEW Bigelow Center Director offset
6050	Human and Social Svc	52200	Social Security	(4,598)	NEW Bigelow Center Director expense
7111	Dickman Golf Course	57000	Capital	(56,500)	move from operations to bonding
7113	Richardson Golf Course	57000	Capital	(54,000)	move from operations to bonding
Total Expenditure			(\$3,808,427) fav		
TOTAL ADJUSTMENT			(\$892,837) fav		

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FY21 Tax Rate Options

<u>Tax Rate</u>	<u>Add'l Adjustment Required from BOF Scenario 2 - COVID19 Impact to achieve various tax rates</u>
2.16%	0
1.98%	(\$558,023)
1.49%	(\$2,008,884)
1.01%	(\$3,459,744)
0.49%	(\$5,022,209)
0.00%	(\$6,473,070)

Caution: Use of reserves or Surplus commits Town to use of same in subsequent year to start with level budget.

Current Full-Time Vacancies- 04/08/2020

1 Nurse

1 Building Inspector

2 Police Officers

2 ECC Tele-communicators

2 DPW Laborers

1 DPW Maintenance Repairman

1 DPW Director

1 Finance Controller/CFO

----- Forwarded message -----

From: **Cleary, Sands** <SCleary@fairfieldct.org>
Date: Wed, Apr 15, 2020 at 2:00 PM
Subject: Information Requested from Health Dept.
To: Brown, James <jbbrown4g@gmail.com>

Dear Chairman Brown,

Please find below the information requested by Mr. Walsh regarding the enrollment at the ECC programs at Warde and Stratfield.

Warde ECC

2016/2017: 185 Students
2017/18: 176 students
2018/19: 178 students
2019/20: 163 students -22 decrease over 4 years

Stratfield ECC

2016/2017: 0 Students
2017/18: 54 students
2018/19: 62 students
2019/20: 88 students +88 increase over 4 years

Total ECC

2016/2017: 185 Students
2017/18: 230 students +45
2018/19: 240 students +10
2019/20: 251 students +10 **Total +66 increase over the last 4 years**

We have been advised by Fairfield Public Schools that the Stratfield ECC program will likely increase in enrollment next school year.

Respectfully,
Sands Cleary
Director of Health
Fairfield Health Department