



TOWN OF PRESTON

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To: The Board of Finance

From: Sandra Allyn-Gauthier, Jerry Grabarek, Ken Zachem- Board of Selectmen

Date: April 5, 2021

Re: Proposed Government Budget – Fiscal Year 2021-2022

For 2021 to 2022, we asked department managers, Boards and Commissions to stay with a relatively flat budget other than Non-Covid related changes, justifiable repairs and expenses or programmatic changes. They were provided with the option of reallocating funds within their line items if needed. You will see changes within their line items that represent their changes in allocations. They were instructed to keep core salaries out as those would be handled centrally.

Key budget drivers are as follows:

- Salaries, Healthcare, MERS (pension) which comprise about 42% of the overall budget increase. Salaries at a 1.5% increase after comparing Social Security, Inflation and surrounding towns – Salem, North Stonington and Ledyard. The 1.5% increase is deemed to be conservative. Healthcare increase is projected to be at 3% with additional family plans due to changes in status, employee contribution will increase from 5% to 6%. MERS is increasing its rates- projected employer contributions are at an increase of 1.41%.

Part-time admin line is restoring cuts from prior years for payroll and accounting, other administrative needs as well as funds for projects and modules to implement Infinite Vision capabilities – automated time card, invoice approval pathing and other enhancements. We need to look at staffing positions to realign and restructure to meet today's business needs. We need flexibility in this line item and other salary line items until our short term and long- term plans are more defined to maximize our resources.

- Public Works is a large driver this year as it has been cut the past several years. This represents about 46% of the overall budget increase. We are looking to restore funding here especially with the road management system, the work completed over the past year and with our new Public Works Manager joining us so that they have the funding to make the improvements that are identified and needed. Increase of 40K alone was a prior cut from road surfacing paving methods/chip sealing.

Other important budget considerations include:

- Technology – this encompasses all department IT needs as well as software upgrades and some replacement of desktops so the expense isn't all in one year. We have become more dependent on technology and I don't see this changing. We will look at CRF funds for a needed hardware/server upgrade that isn't included in the operating budget but is expected to cost about 19K to 20K.

- Legal Fees – Executive Orders, HR regulations and issues are more complex. In addition, there are funds for Federal and State level legal fees as well as restoring funds from prior year cuts.
- CIRMA – insurance projections for workers compensation and property/liability, 3% increase. Since this is our final year with our lock-in agreement, we will want to do a Request for Proposal next year for these services. CIRMA has introduced a Cyber Security policy which used to be at no cost to us as members. Due to increased risk and exposure, they are now offering it as a separate policy for about \$14800.00 per year for both school and town – for 1M in coverage. They are looking at other carriers and options for this and possibly self-insuring part of it but this is what we know at this time. We will shop it out ourselves as well.
- Fire Department – their budget request was put in at a relatively level request with a 1.5% increase for salaries. Two other options were presented by our Fire Chief - adding a full timer or adding more diem. We are looking at volunteer increase research as well as possible other funds coming from Federal and State level Aid.

The proposed Government budget is 4.31% above last year with an increase in dollar amount of slightly over \$166K. Slower incremental growth is better than large fluctuations and increases. Had we spread this out over last year and this year it would have been about a 2.15% increase per year or about 83K per year. One thing is certain, we can't expect to do more with less year after year while maintaining our service levels and keeping our property and equipment in good condition. Generally, the price of goods and services rise over time due to inflation and there are external industry increases and other factors beyond our control. However, we will still look for efficiencies and sharing of resources especially as we begin to look at realigning and restructuring.

Sincerely,



Sandra Allyn-Gauthier
First Selectwoman