



TOWN OF LEDYARD

CONNECTICUT

OFFICE OF THE MAYOR

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Mayor

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Ledyard Town Council
Kevin Dombrowski, Chairman
741 Colonel Ledyard Hwy.
Ledyard, CT 06339

Chairman Dombrowski,

Enclosed you will find the proposed FY 23-24 budget (FY24) which has been prepared by my office in accordance with the Ledyard Town Charter. The proposed budget, including both governmental divisions (General Government and Board of Education) calls for a Mil Rate of 35.04, representing a 1.22 mil rate increase. The proposed increase is higher than both the guidance contained in the Budget Letter of Directive as well as my own comfort level, however challenges exist today that push overall expenses to a level we haven't previously seen.

Total expenditures for the proposed FY24 budget increased by \$613,483 for General Government (+2.12%) and \$1,353,048 (+3.92%) for the Board of Education for a total increase of \$1,966,531 or +3.10%. Though actual healthcare premiums for FY24 are not fixed until April, our healthcare consultant has recommended factoring an 8% premium cost increase (down from the initial proposed 12-13% increase), a collective increase of \$440,500 (Account 10110253-52000). Other budgetary drivers include increased match funding of \$63,000 to the Defined Contribution (DC) retirement plan, which continues to grow. Dispatch sees an increase of \$57,420, which is strictly wage driven. The Capital plan- which saw the highest level of funding ever last year, includes an increase of \$373,353 or +41.81%. Inflation continues to play a role in the FY24 budget as well. This is evident in labor lines, fuels, electricity and contracted services to name a few.

We budgetarily project to offset some of the proposed increases with use of the Mil Rate Stabilization Fund (\$1,000,000) but do not propose any transfers in from the Health Care Reserve, which now stands at \$253,758.06. We are currently pricing out alternatives to the CT Partnership 2.0 plan as increases in

the past several years have been dramatic. Considering this potential move, we seek to preserve the remaining funds in said Reserve account until a path forward on healthcare is finalized.

Ledyard's Mil Rate is the highest of comparably populated towns in Southeastern CT and fourth highest in New London County. The next nearest (by Mil Rate) comparable sized town is Waterford, but with a mil rate of 27.56 ⁽¹⁾ or 22.7% lower than Ledyard. Grand List growth is still lagging in Ledyard, with Montville, East Lyme, Stonington and Waterford all having substantially larger Grand Lists than Ledyard- Montville being most comparable by Grand List size and still 23% greater dollar value than Ledyard ⁽²⁾. The other nearby "comparable" towns having Grand Lists *two to three times greater* than that of Ledyard (East Lyme is 2.21 times larger, Stonington 2.38 times larger and Waterford and 2.81 times that of the Ledyard Grand List. A larger Grand List allows a more even distribution of tax burden, while each of these towns also have a far greater proportion of their Grand List composed of Commercial/Industrial valuations, lessening the tax burden on the resident homeowners.

The Assessor's Grand List for the 2022 valuation of all real and personal property yielded a modest overall increase of 1.28%, comprised of 0.71% for Real Estate, 0.69% for personal property and a more moderate increase of 5.43% for motor vehicles (the latter increased 20.5% in FY23). Due to the State Motor Vehicle Tax Cap of 32.46 mils, Ledyard is reimbursed through a State grant for the 1.36 mil spread between our mil rate and the State mandated motor vehicle tax cap. The CT Legislature is currently considering a replacement taxation model for motor vehicles, utilizing the MSRP (Sticker Price) in year one, followed by a 5% annual depreciation schedule. Currently, all CT Municipalities use the NADA book value for auto valuations.

Debt Service decreases by \$350,810 in FY24. Current Debt Service represents 3.31 mils in taxation and the percentage of current debt to tax levy is now at 9.8%.

General Government continues tight management of expenses, seeking reductions where possible, regionalizing efforts with the Building Official and Tax Assessor (to Preston) and Department consolidations. We continue to seek additional regional opportunities, while also recognizing few new opportunities exist for continued consolidations and savings, short of county form of Government. The final report from the Budget Transformation Committee, issued October 3, 2016 continues to be reviewed and it is noted that twenty of the items in the report have been addressed and of those, sixteen have been implemented by the Town. The continued restructuring of Parks and Recreation with the Senior Center continues to gain efficiency and increase programming. Grant funding continues to be aggressively sought. As previous winners of STEAP, 5310 Van Grant, DoH, CHFA (\$2.8M combined for Kings Corner Manor), CT Trails Grant of \$112,000 and the LoTCIP grant of \$2.8M for multi-use path from Ledyard Center to Ledyard High School, staff understands the value in seeking these grants.

In reviewing the Town's retirement plan, Ledyard's previous 100.4% funded rate in FY23 has decreased as the result of weak market conditions. Despite this decline, Ledyard still has a nearly 90% funded rate, considered one of the ten best in the State of CT. This is positive news for our retirees as well as our

taxpayers. For perspective, the State of CT has \$59 Billion of unfunded pension and retiree healthcare obligations outstanding⁽³⁾, while Ledyard has \$4.1M outstanding.

The Town's Capital Plan includes total project capital requests of \$30,069,557. Of that total, \$12,875,423 are included in the FY24 budget. The largest departmental total Capital Needs Request comes from the Board of Education at \$8,446,000. Public Works follows at \$3,596,000, AES at \$348,030 followed by Parks and Rec at \$164,250. Note that P&R Capital is derived from the conveyance tax set-aside. The total for tax levied capital expenditures is \$1,631,235. These lines include items such as road resurfacing, heavy equipment, large trucks, school building needs, fire apparatus and police cars. The town Road Surface Rating (RSR) as provided by BETA Engineering currently sits at 83.98 (on a 100-point scale). The BETA Plan seeks an annual investment of approximately \$1,000,000 in road restoration to maintain our rating at or near the 83-point level. Decreased funding to road resurfacing costs far more when road beds fail as opposed to continued preventative maintenance as we do now. This budget funds road restoration at \$982,000 – funding again at one of the higher levels seen in the last 5+ years. Determining Ledyard's comfort level in a road rating range is important, with the underlying premise that 90 -100 is neither feasible, nor financially practical. In consulting with Public Works Director Masalin, the recommendation is to continue the current trajectory, with an annual rating of 83 or slightly better, which we believe is a positive rating for the Town of Ledyard. According to BETA Engineering, Ledyard boasts one of the best road ratings in the area.

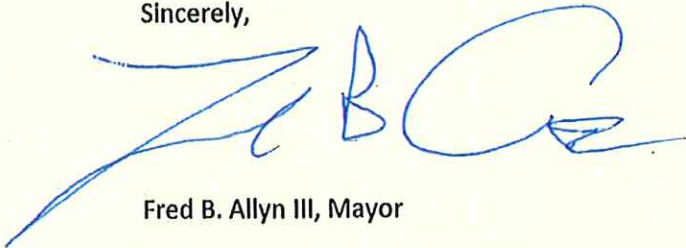
The Capital Plan recommends the annual replacement of two police cruisers. An internal policy change several years ago required an increased service cycle of a minimum 130,000 miles (previously, we disposed of cruisers at or near 100,000 miles). Currently, we have 1 cruiser nearing 140,000 miles with two others approaching 100,000 miles. While we have seen increased maintenance costs associated with a longer service cycle, the benefit has outweighed the increased costs. Two cruisers will eventually rotate out of service and auctioned off via GovDeals with the other two remaining in service until the end of the FY if not longer. The total cost to acquire and upfit each new cruiser today is approximately \$52,000.

Notable Board of Education Capital projects include two outdoor classrooms at the elementary schools, LHS science lab upgrades, continued upgrades to LHS classrooms, a replacement truck, bathroom renovations and technology updates. Other, larger projects are included but contingent upon securing grant funding. Please review the Capital Improvement Plan for details of all projects and expenses.

FY24 will be the first year of the new biennial State budget. The State appears to again have a substantial surplus, in excess of \$3B. Despite this, preliminary reports indicate generally flat funding for Ledyard (which is in effect a reduction given the inflationary environment). Also included in the preliminary budget, which has not passed House or Senate is Pequot-Mohegan Grant funding of \$1,391,000. We continue to follow many pieces of proposed legislation and how it might impact our town- positively or negatively. One example is early voting. What votes qualify for early voting? How many polling locations are needed in early voting? What hours are required? How many days in advance? Many, many questions and this is just one piece of legislation.

We continue to ask the question "What is the role of local government?" and in doing so, continue to seek what we truly must provide as a local government to help mitigate the burden on our residents.

Sincerely,



Fred B. Allyn III, Mayor

Endnotes:

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- 1) <https://portal.ct.gov/OPM/IGPP/Publications/Mill-Rates>
 - 2) <https://portal.ct.gov/OPM/IGPP/Publications/Equalized-Net-Grand-List-By-Town>
 - 3) <https://ctmirror.org/2023/01/20/ct-budget-debt-bonded-pension-liabilities/>