



Vincent Cervoni
Mayor

OFFICE OF THE MAYOR
TOWN OF WALLINGFORD
CONNECTICUT

45 South Main Street
Wallingford, CT 06492

April 1, 2025

Dear Wallingford:

This proposed budget for the 2025 - 2026 fiscal year addresses the rising costs of conducting the town's business while seeing to the needs of the community. Amidst the rising costs, we are continuing to serve the community needs at current levels, while continuing to modernize government.

Driving the budget process this year are several trends including, negotiated wage increases in collective bargaining agreements allowing this town to be a competitive and rewarding employer. We are also faced with the exhaustion of prior budget leveling money, like CRRRA funds and ARPA funds which had been a helpful tool in keeping the town's capital costs down.

The following are revenue sources, mitigating the rise of costs:

1. The State's funding remains the same.
2. Grand list growth for projected income appears significant because of revaluation. However, as there is little additional new property, and the increase in value is largely attributable to existing inventory, the change is not enough to absorb the increasing cost of operating government.
3. We recommend appropriating \$9.0 million from reserves/audited fund balance.
4. We continue to make every reasonable effort to maintain our Aa1 credit rating. Unassigned fund balance as of the 2023-24 Audit totals \$22 million.

Requests for funding increases from General Government and Education total \$14,005,844. In light of the rising costs of employment and, otherwise, operating government, these requests are burdensome on the taxpayer. The education request, total increase of \$4,554,897, was reduced by \$382,900¹. General Government requests, total \$9,450,947, were reduced by \$2,603,701.

Drivers of increases that remain in the budget are:

1. Increase in the employee health insurance program by 8%;
2. Debt service increases by \$137,967;
3. Increase in the actuarial recommendation to fund the pension;

¹ The Board of Education budget has been reduced to reflect the actual increase in employee health insurance which is 8%. At the time of the adoption of the Board's proposed budget, an increase in employee health insurance of 10% was estimated.

4. Increases in bargained contractual wage obligations are a significant factor in this year's tax increase. This administration is focused on retention of town employees with competitive, rewarding and quality employment. Contracts reflecting wage corrections did begin prior to the current administration;
5. While we have benefited from CRRRA funds and ARPA funds for a significant number of recent and earlier budgets, those funds have all been expended and do not remain available to absorb capital expenditures.

An increasing expense in the budget includes the Information Technology (IT) department and correspondingly necessary growth. That department budget reflects increases that are actually absorbing reductions from other departments. All software and hardware expenses that are shared by multiple departments are consolidated to the Information Technology department budget. Additionally, the two data processing support positions that were employed in the Electric Division budget are now in the General Government IT budget.

Fire Department requested three new fire fighters and three new EMS lieutenants. Of those request, one EMS lieutenant was approved and funded to start on January 1, 2026. As a result of a resumption of operations at Government TV since the COVID decline, it has been determined that the position of Manager of Government TV should return.

Local property taxes of \$147,902,741 at a rate of 24.84 mills are required to fund this proposed budget. This is a 5.94% increase over last year's required local property taxes of \$139,610,261. Due to revaluation, this is a decrease of 5.82 mills from the current mill rate of 30.66 mills. At the proposed mill rate of 24.84, the average residential property parcel, now assessed at \$277,618, would generate \$6,896 in taxes, an increase of 19.18% from the current tax bill of \$5,786.

The Water Division budget reflects a continuing downward trend in revenue from sales. The division continues to operate and budget based upon rates that were adopted by the Public Utilities Commission in April of 2024. The department's expense budget also includes contractual wage increases of 2.5% for the upcoming fiscal year. The Maintenance of Pumping Equipment account decreases by \$37,448 as the FY24-25 adopted budget includes funding of \$42,000 to rebuild Raw Water Pump No. 2 at the MacKenzie Raw Water PS. The Maintenance of Water Treatment Equipment account decreases by \$90,480 as the FY24-25 budget includes funding of \$52,210 for the rebuilding and overhaul of Backwash Pump No. 2 at the Pistapaug Water Treatment Plant and funding of \$40,000 for repair of the Recycle Pump at the Pistapaug WTP. The Maintenance of Transmission and Distribution Mains and the Maintenance of Services accounts each increase due to regular labor and benefits expenses as well as increases due to CT-DOT temporary and permanent paving requirements along state roadways. The Outside Services Employed account increases by \$132,326 due to an increase in Proportionate Charges paid for Town Hall services. Capital expenses including funding of \$87,500 for an engineering study and preliminary design to repair the spalling and cracked concrete at the MacKenzie Reservoir Dam; replace the filter media in two of the six filters at the Pistapaug WTP at \$220,000; additional funding of \$365,000 for the Tyler Mill manifold reconstruction project; and funding of \$100,000 to replace the existing 2004 backhoe and loader (prior funding of \$100,000 was approved for FY24-25 so the full replacement cost is available in FY25-26).

Sewer usage based on billed water consumption continues on a downward trend (-0.99% between FY 2024-25 and FY 2025-26). The proposed FY 2025-26 budget reflects proposed increases to the usage charge and Basic Service Fee retail rates, yielding a revenue increase of \$798,334. The FY25-26 Sewer Division budget includes market rate adjustments for FY24-25 and contractual wage increases. The Attendant and Laboratory Expenses account increases by \$115,333 due to anticipated step increases as well as career progression of Attendant (Trainee) staff and junior operators, and the addition of one wastewater Attendant. The Outside Services Employed account increases by \$98,335 due to an increase in Proportionate Charges paid for Town Hall services. And the Regulatory Commission Expense account increase \$104,592 due to the costs to purchase nitrogen credits for CY 2024. Capital expenses include funding of \$50,000 to replace the worn circa-1989 Grit Tank screws; funding of \$120,000 for the replacement of one (1) pump at the Low Level PS; collection system lining of \$250,000 and manhole lining of \$87,500; and proposed funding of \$75,000 to replace the existing CCTV truck in addition to the \$200,000 appropriated in FY24-25 for this item.

Electric Operating Revenues increased, largely due to an increase in the Power Cost Adjustment (PCA), which was a result of increased Purchase Power costs. Total Operating Expenses, less Purchase Power Costs, decreased as a result of Operations and Maintenance projects expected to be completed in the current fiscal year and transfer of the Data Processing Team to the general government budget, further partially offset by increased Depreciation Expense and contractual wage and salary increases. New Capital Expenditures include \$500,000 for labor, contractors, and materials associated with the replacement of ten breakers at the North Wallingford Substation, \$1,200,000 for distribution transformers, and \$300,000 for Customer Information System Upgrade.

Drivers in these budgets reflect increases in the cost of doing the town's business. As indicated previously, negotiated wage increases in collective bargaining agreements have been allowed to keep Wallingford a competitive and rewarding employer. The relatively modest increase requested by the Board of Education appears to reflect the Board's consideration of comments from the council during last year's budget process. Additionally, we are listening to the wants of town residents by implementing a more consumer friendly online bill-pay system that should be operational by the time the next tax payments are due. We continue to manage changes surrounding the way we do business along with increasing costs associated with services we are obligated to purchase or fund. With all of those things in mind, we do believe that we can best serve the needs of Wallingford residents with this budget. Therefore, we encourage your favorable consideration in the adoption of this proposed budget.

Sincerely,

Vincent Cervoni
Mayor

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