

Town of Seymour Ten-Year Strategic Planning Committee

Early Days Report

Submitted by: Trisha Danka, Committee Chairwoman

April 1, 2014

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This document outlines the thought behind the formation of the Town of Seymour's Ten-Year Strategic Planning Committee as well as the Committee's progress to date. This report reflects the activities of the early days of the Committee and is intended as an overview document that is subject to revision.

1. The Logic of Ten-Year Strategic Planning

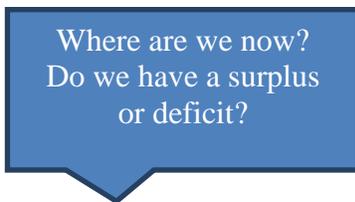
Why Strategic Planning?

Quite simply, to try to avoid unnecessary surprises!

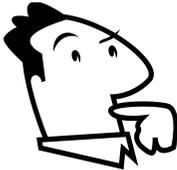
What is a Strategic Plan, anyway?

A "Strategic Plan" is the blueprint an organization uses to plan its course and direction.

Five-year strategic plans are a great start, but have become outdated. Having a ten-year strategic plan is the new best practice for municipalities.



Position



Condition



Why Can't We Just Do a Five-Year Plan?

The rating agencies are looking for a ten-year plan. The thought is that if the Town can plan, it can save for known items detailed within the plan, then lower the bond rating and possibly lower taxes to meet needs and wants. A broader, longer term view of the needs for cash, grants and bonding is required for successful planning of this type and a five-year plan is now viewed as too limited to meet the long term needs of the town; therefore, a ten-year time frame is required.

While ten years seems like a very broad window, the longer the outlook of the goal, the more flexibility is acceptable. All of these traits are attractive to bonding agencies who may perceive a lower risk associated with the bond due to the long-term planning and forethought.

A strategic plan is not only a planning tool for the entire Town, but also a strong financial tool that can earn the Town a higher bond rating, allowing us to borrow at lower rates and earn rewards by using the strategic plan in conjunction with a Comprehensive Annual Financial Report (CAFR).

2. Comprehensive Annual Financial Report (CAFR)

Each year, in conjunction with the budget, the Finance Director shall submit a *Comprehensive Annual Financial Report*, or CAFR.

Helps to identify variances → cyclical or structural? → may be properly addressed

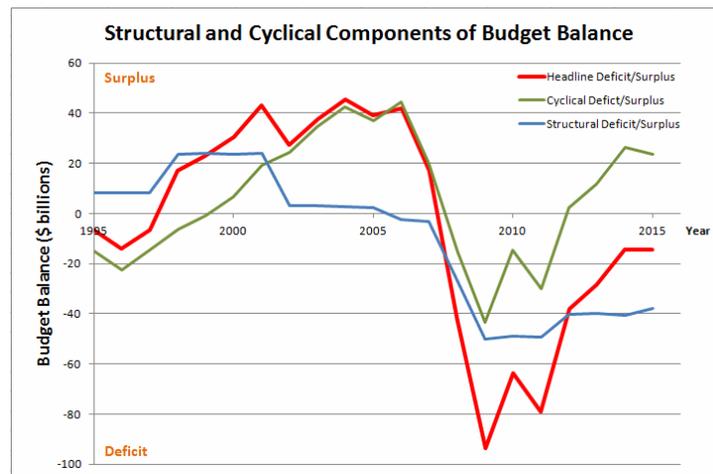
Definitions:

Cyclical (temporary): related to business or economic cycle

Structural (permanent): related to an underlying imbalance in government revenue and expenditures

If cyclical = revenue or expenditure problem for one year

If structural = have the opportunity to correct immediately when recognized OR problem will exist for a minimum of three years or longer, depending upon when addressed



The structural component (blue) indicates an underlying imbalance in government revenues and expenditures; in a well-managed, balanced budget this should remain close to zero and relatively steady. Changes in the structural component suggest that the government has altered policies to do with spending or revenue collection (taxation). The cyclical component (green) is largely determined by the business or economic cycle, including national and international conditions. Changes in the cyclical component are only partially influenced by government policies. For example the rapid switch from surplus to deficit around 2007 would be significantly due to the Global Financial Crisis.

The chart indicates that changes to the headline deficit/surplus (red) may be deceptive in terms of the underlying structural deficit or surplus. For example this economy has a headline deficit in the late 1990s, but this is due to cyclical factors rather than the generally healthy structural component. During the early to mid-2000s ongoing high headline surpluses indicate a strong economy, but it can be seen these surpluses are mainly resulting from cyclical factors, while the structural component is actually deteriorating. Changes to government policy around this time due to the perceived strong economy (increased spending and /or tax cuts) lead to a rapid increase in the structural deficit. These policy changes coincidentally largely correspond to an unexpected change in cyclical factors, in particular the Global Financial Crisis. Thus the headline budget balance rapidly shifts to a large deficit. It is worth noting that a major economic upheaval such as the GFC may also lead to long-term structural impacts, which is also reflected in the rapid shift to deficit, for example ongoing major changes in revenues, and large numbers of people forced into permanent unemployment or early, unexpected retirement. The government slowly starts to correct the structural deficit, but despite an improvement in economic performance as the cyclical component goes back into surplus, the headline budget remains in deficit. (Note: this chart is hypothetical and borrowed from Wikipedia via John O'Neil for illustration purposes).

3. Seymour's Strategic Planning Committee

The Seymour Strategic Planning Committee (SPC) was formed under the supervision of the First Selectman in August, 2013.

Due to the significant effort required to create a Strategic Plan, the need for perpetual monitoring and updating of the Plan, as well as the desire to have the Plan be sustainable through various administrations over the years, it was determined that the SPC should be formed by ordinance.

The process to create an ordinance establishing the SPC commenced toward the end of 2013.

The SPC Ordinance went into effect on March 25, 2014.

The Strategic Planning Committee is comprised of the following volunteer members:

Trisha Danka (Chairman)

H. Preet Singh

Jennifer Magri (Vice-chairman)

Donald Smith, Jr., P.E.

Bruce Baker

Kathie Vrlik

Jeff Dussetschleger

Advisory Members:

Richard Belden

Rory Burke (Secretary)

Committee members were selected based upon their educational and professional backgrounds with members holding advanced degrees and/or leadership positions within their business or profession. Members come from many different professional settings including, but not limited to, banking, public health, education, marketing, engineering, and manufacturing.

From an administrative perspective, it is anticipated that the SPC will operate under the following guidelines:

- The committee will not seek to control processes, but to make recommendations to enhance and improve them.
- The committee will conduct quarterly meetings with department heads and town officials regarding progress toward designated goals.
- The committee will make every effort to understand trends in order to keep plans current.
- The committee will meet twice monthly until the Ten-Year Strategic Plan is completed. The meeting schedule for on-going maintenance and updating of the plan will be determined once the initial Plan is completed.
- In order to successfully meet the goals of the strategic plan, cooperation by department heads is critical. All department heads and town officials will be responsible for adhering to ten-year plan goals and recommendations.

4. Strategic Planning Committee 2014 Meeting Schedule
All Meetings Held in the Norma Drummer Room at 7:00pm

Wednesday, January 8 th	Wednesday, July 9 th
Wednesday, January 22 nd	Wednesday, July 23 rd
Wednesday, February 12 th	Wednesday, August 13 th
Wednesday, February 26 th	Wednesday, August 27 th
Wednesday, March 12 th	Wednesday, September 10 th
Wednesday, March 26 th	Wednesday, September 24 th
Wednesday, April 9 th	Wednesday, October 8 th
Wednesday, April 23 rd	Wednesday, October 27 th
Wednesday, May 14 th	Wednesday, November 12 th
Wednesday, May 28 th	Wednesday, December 10 th
Wednesday, June 11 th	
Wednesday, June 25 th	

5. Progress to Date

Prior to the passing of the ordinance formalizing the SPC, the team had been meeting twice monthly to prepare for the task at hand. To date, the following milestones have been achieved:

- Members have been educated on and support the concept of strategic planning and the benefits associated with a ten-year strategic plan.
- Mission, Vision, and Values statements were created.
- Overall goals were created in conjunction with our Mission, Vision, and Values statements.
- Developed basic questions to begin a dialogue with the various departments.
- Committee members have informally met with a few willing and/or curious individuals, committees and commissions in order to prepare them for upcoming meetings. There has been a positive reaction by many of those with whom committee members have met.
- Plan outlines for public works and livable communities have been discussed conceptually.
- Completed the *Economic Health/Financial* plan using the following resources for its components (in no specific order):
 1. Connecticut Conference of Municipalities Town Finances conference – attended by Trisha Danka
 2. First Selectman
 3. Finance Director
 4. Chairman of the Board of Finance

6. Preparing for Economic Health: Financial

Debt service – debt per capita (\$)

As a % of operating budget:

Under 6% = doing well

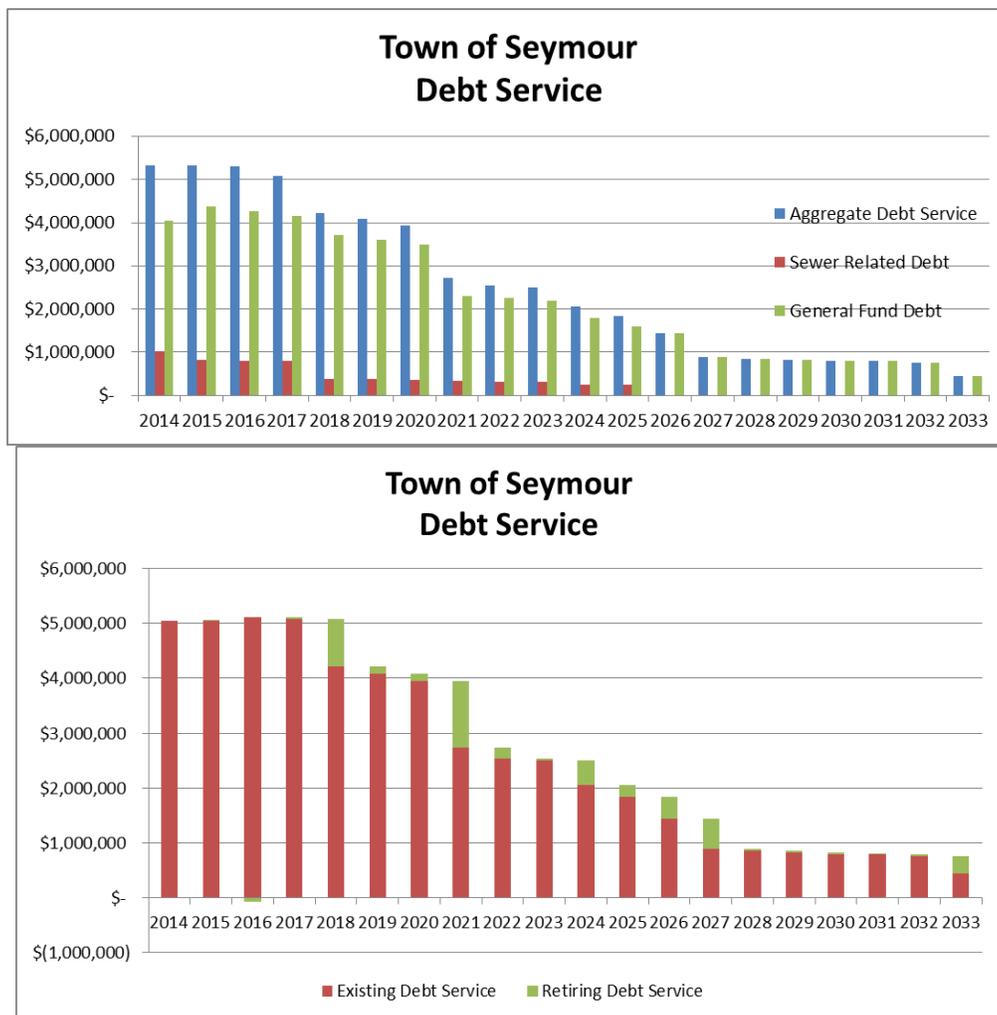
6% - 8% = acceptable

Above 8% = tough, possibly getting into some trouble

10% and above = must have a solid, valid reason at this level

Watch as levels fall – keep even when at goal (capital)

What does this mean for Seymour?



Currently, Seymour’s debt service is at approximately 10% of budget and will stay there for the next three years. During the next two years it will drop down to 8% of budget and remain stable. After that, it will drop to 5% of budget. It will take 6 years to reach Seymour’s goal of 6%.

**THE TOWN OF SEYMOUR
TEN-YEAR STRATEGIC PLAN**



Contents: Ten-Year Strategic Plan

Mission, Values and Goals

Goal: Economic Health - Financial

Exhibit A

Fund Balance Guideline

Exhibit B

Debt Service Goal

Exhibit C

Trust Fund Policy to Fund the Town's OPEB Liability

Mission, Vision, Values and Goals

Mission Statement:

Through collaboration and fiscal responsibility Seymour is committed to providing a healthy, safe and vibrant community, attractive to both families and businesses, which is supported and maintained by volunteers, employees and public servants who hold themselves and each other accountable.

Vision:

We will be an informed and engaged community that melds its history with current technologies and best practices to foster a culture of accountability that respects our town's diverse demographics.

Values:

- WE are **collaborative** working together toward common goals with cooperation and teamwork.
- WE are **accountable** to ourselves, each other and our community with honesty, integrity and respect.
- WE are **cost-conscious** ensuring tax dollars are spent responsibly.
- WE are **fair**, ensuring transparency and equal access to municipal services for all.
- WE are **effective leaders** nurturing responsible decision-making to promote success at all levels.
- WE are **innovative** encouraging continuous improvement through professional development, creativity and open communication with each other and the public
- WE are **committed** to providing customer-oriented municipal services where acknowledged standards are routinely met or exceeded.
- WE are **proud** residents, employees & volunteers contributing to the success and stability of our community.

Adopted: 09-11-2013

Goals:

<i>Pillar I</i>	<i>Pillar II</i>	<i>Pillar III</i>	<i>Pillar IV</i>
Community	Educational Excellence	Economic Health	Efficient/Effective Local Government
Housing		Financial	Infrastructure <ul style="list-style-type: none"> • Hard • Soft
Community Services & Facilities		Economic Development	
Historic/Cultural Resources			
Educational Excellence			
Land Use			
Open Space			
Public Health/Safety			

Hard Infrastructure

Transport - roads, highways, mass transit, bike paths, pedestrian walkways

Energy - electrical power network

Water Management - drinking water, sewage, drainage (sewers), irrigation (reservoirs), flood control (?), snow removal

Communications - postal service (delivery), telephone, mobile (?), tv, radio, cable, Internet

Solid Waste - garbage/recycling, landfills, incinerators (?), hazardous waste

Earth Monitoring (this one is way out there, but I thought of including it because maybe there are components with the Emergency Management) - meteorological, GPS

Soft Infrastructure

Governance - government/law enforcement, emergency services

Economic - finance, industrial parks, economic zones, agricultural

Social - health care/public health, emergencies

Cultural - parks, sports facilities, sports leagues/associations, museums, libraries, restaurants

Adopted: 09-11-2013

Goal: Economic Health - Financial

Objectives:

1. Responsible use of debt by our Town Government
2. Town services provided in the most cost effective manner
3. Adequate revenues to support defined Town services, programs and facilities
4. Competitive compensation and benefits for Town employees that are also fair to Town taxpayers
5. Reliable delivery of Town services
6. Well planned and well maintained Town facilities and infrastructure

Priority Key:
 1 – High
 2 – Medium
 3 – Low

Goals:	Deliverables:	Priority:
Formalize a fund balance guideline meeting long-term Town goals and rating agencies' expectations	Formally adopt fund balance guideline (Exhibit A)	1
Develop a debt service goal of 6% or less	Formally adopt debt service goal (Exhibit B)	1
Build into Annual Town Budget known recurring expenditures impacting Town Infrastructure and Financial Health, or other areas as applicable, so as to not strain taxpayers	Beginning in budget season 2014 for the annual budget presentation and referendum for 2014-2015: <ul style="list-style-type: none"> • Roads - \$100,000/yr. (until total \$750,000) • Revaluation - \$20,000/yr. (adjust as cost changes, potential every 5 yrs.) • Capital Plan - \$100,000 (for 2014-2015 and 2015-2016 budgets to be "built in") 	1
Develop written policy for Human Resource Director to perform audit of health insurance census every other year	Written policy to follow completed by Human Resource Manager, with approval by First Selectman, by December 31, 2014	1
Town management hire/work with specialized consultant/consulting firm to analyze town duties and their effectiveness to recommend potential cost savings and efficiencies	First Selectman, in conjunction with the Board of Selectmen and Board of Finance, will follow the Town's charter in hiring such consultant/consulting firm during the 2018 – 2019 budget year	3

Adopted: 01-08-2014

Prepare a monthly cash flow projection to assist the Town in managing the flow of revenues and expenses	Finance Director to prepare such projection on or before the 20 th of the month prior to the month being projected with findings forwarded to the First Selectman and Board of Finance Chairman	1
Set up committee to review moving to a defined contribution plan for new employees	First Selectman, in conjunction with the Board of Selectmen, will appoint committee by September 1, 2015	2
Create annual letter posted on Town website detailing health costs overall and per employee	Beginning in 2015 First Selectman posts annual letter detailing overall and individual employee costs on the town website during budget process	2
Establish a policy and related Trust Fund to fund the Town's Other Post Employment Benefit (OPEB) liability	Finance Director, in conjunction with the Human Resource Director, will write policy for approval by Town attorney by February 1, 2016	3
Set up committee to review implementation of zero-based budgeting for Town	First Selectman, in conjunction with the Board of Selectmen, will appoint committee by July 1, 2016	3
First Selectman, Department Heads and Board/Committee Chairmen deemed appropriate by the First Selectman and Strategic Planning Committee shall meet quarterly with the Strategic Planning Committee for long-term and capital planning to review fund balance, revenues and projects for more accurate forecasting/measurement	Create and inform appropriate parties of quarterly meetings beginning first quarter of 2015	1
Implement the use of performance measures for planning, accountability, budgeting and communication	Departments, in conjunction with Human Resource Manager, develop performance measures by July 2015	1
Produce a Comprehensive Annual Financial Report (CAFR) for submission to the Government Finance Officers Association of the US and Canada to earn their "Certificate of Achievement in Financial Reporting"	The Finance Director will submit a CAFR each budget year under the approval of the First Selectman and Board of Finance	1

Adopted: 01-08-2014

Maintain the town's good financial position by employing industry best practices	<p>The Finance Director will take sufficient continuing professional education annually (no less than 16 hours), funded by the Town, in the field of governmental accounting to keep up on accounting principles generally accepted in the United States as it applies to governments. The most recent audit will be taken into consideration as appropriate in the selection of courses</p> <p>The Finance Director will review all financial practices each year to determine whether they meet industry standards as best practices as determined by the Government Finance Officers Association</p>	1
Maintain high collection percentage for taxes and other selected revenues due to the Town and collected through the Tax Office. Maintenance of accurate and timely records of revenues collected and amounts outstanding	<p>Maintain a minimum collection rate on property taxes of 98%</p> <p>Tax Office will ensure that liens on properties with delinquent taxes are filed on April 1st of each year</p>	1
Maximize Town funds by seeking the best possible price for goods and services by overseeing the Town's purchasing and insurance programs	At a minimum of once every other year review the feasibility of joining other municipalities in the Valley to buy supplies in bulk for those items not on the State of Connecticut bid list	2
	At a minimum of once every three years all insurance will be put out to bid	3

Short-term Challenges:

1. Uncertain economy and its impact on Town revenues
2. Employee expectations for compensation and retirement system
3. Defining and prioritizing the Town's services and responsibilities
4. State revenue funding, grants, state changes to taxes such as car, income, etc.
5. Consultant expenses
6. Employees' understanding of performance measures
7. Taxpayers' understanding of Town finances and revenues
8. Taxpayers' understanding of department roles and responsibilities as required by law or Town Charter

Adopted: 01-08-2014

Exhibit A Fund Balance Guideline

The Town of Seymour will strive to maintain an overall fund balance in the General Fund of 12% of budgeted appropriations.

- Once the General Fund reaches 12%, balances falling below 10% will require the Finance Director and Board of Finance, with acceptance from the Board of Selectmen, to adopt a plan to strive to replenish the Contingency Reserve to the minimum level over a period not to exceed 3 years. Until such time that the Town of Seymour is able to attain 12%:
 - Balances falling below 8% will require the Finance Director and Board of Finance, with acceptance from the Board of Selectmen, to adopt a plan to strive to replenish the Contingency Reserve to the minimum level over a period not to exceed 3 years;
 - At the time the General Fund reaches 10%, balances falling below 9% will require the Finance Director and Board of Finance, with acceptance from the Board of Selectmen, to adopt a plan to strive to replenish the Contingency Reserve to the minimum level over a period not to exceed 3 years.
- This designation of contingency reserve funds will be included as assigned fund balance for financial statement purposes
- Annually the Board of Selectman will dictate a minimum of 10% of the prior year's excess revenues over expenditures and assign it for future use for future acquisitions – assigned fund balance.

Exhibit B Debt Service Goal

The Government Finance Officers' Association of the United States recommends governments define specific debt limits or acceptable ranges for debt. As such, the Town of Seymour will strive to maintain a debt per capita goal of no more than 6%. Depending on the interest rate environment, debt issuance may be advisable where a capital project is:

- A large project with long-term benefits
- Benefiting the community at large
- Growth related
- A major rehabilitation
- Financed by a dedicated revenue stream

Exhibit C Trust Fund Policy to Fund the Town's OPEB Liability

The Town of Seymour shall make annual appropriations within the General Fund of no less than 1% of the previous June 30th liability as reflected in the Town's Annual Audit. The annual amount appropriated shall be transferred into this Trust Fund no later than July 31st of the following year.