

OFFICE OF THE TREASURER
BRANFORD, CONNECTICUT

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Date: June 11, 2021
To: Joseph Mooney
Chairman, Board of Finance
From: James P. Finch
Finance Director
Re: Animal Shelter Renovation.

RECEIVED
2021 JUN 11 P 2:00
BRANFORD TOWN CLERK

I attach for your review and consideration a resolution to increase the appropriation for the shelter renovation from \$2,895,000 to \$4,595,000.

Background:

Last September after a series of discussions and approvals the town authorized a bond authorization of \$2,895,000. Last month the Town received a collection of bids for the project that were reviewed by the construction manager. The review of the bids, coupled with the professional judgement of the construction manager, prompted last month's meeting to discuss an increase in the appropriation of \$1,700,000 which represents an increase of nearly 60%. This increase is understandably causing friction and frustration with the appropriation bodies while the donors and proponents of the project are uneasy with regard to the future.

Observations:

While I don't claim to have my finger on the pulse of the Branford community, my overall sense is that this is a popular project as demonstrated by donor support, positive feedback from North Branford and a unanimous approval by the RTM. Admittedly, I am not an expert on inflation but my casual observation leads me to believe that prices are higher than they were last September whether one is looking to purchase used cars, computers, houses, lumber and gas grills. I trust the construction manager can provide more detail as to how the economic forces are shaping the budgets of future projects.

A framework for consideration:

I believe that a reasonable approach is one which engages all of stakeholders working together towards a solution. As with any approach it often begins with a set of assumptions and my framework assumes the following:

- Many taxpayers will not support a 60% increase in tax requirements, however, a moderate increase may be tolerable in light of the current environment;
- The Town of Branford and North Branford support the project;
- The donors remain active and engaged;
- A solution may require modifications and supplemental agreements;
- Any solution must work toward the mutual benefit of all stakeholders.

All things being equal the additional request of \$1,700,000 would increase the borrowing for the project from \$2,040,000 to \$3,740,000 as compared to the budget discussed and approved by the appropriating bodies last fall.

Stakeholder 1) Taxpayers of Branford:

The assumptions above maintain that this increase is unacceptable but perhaps a moderate increase would be acceptable. If one takes the position that in light of inflationary pressures a 15% increase in net costs is tolerable than we would add an additional \$306,000 which would increase the amount to borrow to \$2,346,000.

A frequent topic of discussion among town leaders centers on the use of fund balance. Branford leaders have been prudent in this regard by not succumbing to the temptation of using it for purely political purposes. Alternatively leaders have historically used fund balance to 1) insulate the taxpayer from conditions beyond our control and 2) one-time expenses which are usually capital in nature. A reasonable case can be made that an appropriation from fund balance is consistent with these two conditions.

Recommendation to address the needs of the taxpayer:

I recommend that the Board approve an appropriation from fund balance of \$650,000 and support an additional \$306,000 in borrowing.

Resolved: That the Board of Finance recommends to the RTM an appropriation from increased undesignated fund balance in the amount of \$650,000. This transfer will increase the Fiscal year 2021 General Fund budget from \$118,867,730 to \$119,517,730 and will be used to partially fund the animal shelter renovation.

In addition, the Board should approve the following transfer to reflect the impact on the general fund and capital fund.

General Fund Transfer

Increase:		
10190000 480296	Fund Balance Appropriation	650,000
Increase:		
10150000 599121	Transfer to Municipal Facilities Fund 720	650,000

Fund 720 Appropriation Adjustments

Increase:		
72042060 480290 18500	Donations & Contributions	529,500
72042060 490010 18500	Transfer In – General Fund	650,000
72042060 421220 18500	North Branford Contribution	214,500
72090000 490040 18500	Bond Proceeds	306,000
	TOTAL	1,700,000
Increase:		
72042060 xxxxx 18500	Various Expense Accounts	1,700,000

Stakeholder 2) North Branford:

North Branford has historically been a great partner for the Town of Branford as reflected in the inter-local agreements for sewers, animal control services, probate court and as a fellow member of the regional health district.

Therefore, we must be sensitive to the impact of any proposed actions on North Branford and identify solutions and arrangements to avoid an adverse impact on our northern neighbor. For example, the above recommendation in which Branford appropriates \$650,000 from fund balance would require us to seek a payment of \$214,500 from North Branford. In other words North Branford would need to come up with an unbudgeted appropriation to meet this demand.

Recommendation to address the needs of North Branford:

I am recommending that we amend the inter-local agreement with North Branford and sign a memorandum of understanding in which the Town of Branford extends payment terms to North Branford. This will smooth the impact on the North Branford budget and allow their council to incorporate these payments into their future budget development efforts.

Stakeholder 3) Commission members, supporters and donors:

I think it bears underscoring and applauding the tremendous effort and results of the capital campaign. Perhaps even more remarkable is that this fundraising achievement occurred during a global pandemic.

When the original project was approved the estimated fund raising target was \$730,000. In my conversations with Laura Burban she informed me that she and her supporters are committed and motivated to raise an additional \$529,500 as compared to the budget discussed and approved by the appropriating bodies last fall.

Recommendation to commission members, supporters and donors:

Challenge these stakeholders to keep their “foot on the gas” and raise or exceed the dollars required to keep the additional net taxpayer costs at \$2,346,000 or an increase of \$306,000 over the original estimates.

Conclusion:

The plan as outlined above provides a pathway if the Board chooses to move this project forward and remain largely faithful to the original project scope. Arguably one may disagree with the assumptions and approach, however, I believe it is fair to the stakeholders while providing the citizens of two communities with a first class facility.

Cc J. Cosgrove
L. Burban
L. Arpin

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2021 JUN 11 P 2:01

Kate E. Argon
BRANFORD TOWN CLERK

Step One Determine Impact of New Request of Debt Requirements

Debt Requirements Based on Original Revenue Projections
Debt Requirements Based on Bids and Projections

Increased Debt Requirements

2,040,000
1,700,000

3,740,000

Step Two Estimate a Reasonable Increase in Debt Requirements and Target

Acceptable Escalation

Reasonable increase in debt requirements

306,000

2,346,000

Step Three Identify Non Debt Sources to meet target

Contribution from F/B
Contribution from N/B
Fund Raising in excess of original estimate

650,000
214,500
529,500

1,394,000

Summary or Revised Revenue

Sustainable CT
Animal Control Fund Balance
North Branford Contribution
Town Fund Balance Assignment
Donations
Debt Issuance (1)

Original	Revised
25,000	25,000
100,000	100,000
-	214,500
-	650,000
730,000	1,259,500
2,040,000	2,346,000
<hr/> 2,895,000	<hr/> 4,595,000

Increase

1,700,000

(1) North Branford will be billed for their proportionate share of debt service @33%

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2021 JUN 11 P 2:29

1663 Appropriation
BRANFORD TOWN CLERK

RESOLUTION AMENDING A RESOLUTION
APPROPRIATING \$2,895,000 FOR THE RENOVATION AND
EXPANSION OF THE BRANFORD ANIMAL SHELTER AND
AUTHORIZING THE ISSUE OF \$2,895,000 BONDS OF THE
TOWN TO MEET SAID APPROPRIATION AND PENDING
THE ISSUANCE THEREOF THE MAKING OF TEMPORARY
BORROWINGS FOR SUCH PURPOSE

Section 1. The Resolution adopted September 9, 2020, entitled "RESOLUTION APPROPRIATING \$2,895,000 FOR THE RENOVATION AND EXPANSION OF THE BRANFORD ANIMAL SHELTER AND AUTHORIZING THE ISSUE OF \$2,895,000 BONDS OF THE TOWN TO MEET SAID APPROPRIATION AND PENDING THE ISSUANCE THEREOF THE MAKING OF TEMPORARY BORROWINGS FOR SUCH PURPOSE", which is hereby ratified, confirmed and adopted, is amended by increasing the appropriation and bond authorization by \$1,700,000 to a total of \$4,595,000 as follows:

Section 2. The title of the Resolution is amended to read as follows:

RESOLUTION APPROPRIATING \$4,595,000 FOR THE
RENOVATION AND EXPANSION OF THE BRANFORD
ANIMAL SHELTER AND AUTHORIZING THE ISSUE OF
\$4,595,000 BONDS OF THE TOWN TO MEET SAID
APPROPRIATION AND PENDING THE ISSUANCE
THEREOF THE MAKING OF TEMPORARY BORROWINGS
FOR SUCH PURPOSE

Section 3. Section 2 of the Resolution is amended by substituting the following:

The total estimated cost of the project is \$4,595,000 and is expected to be paid from an estimated \$1,259,500 to be raised for the project pursuant to a capital campaign of public contributions, energy rebates, fund balance from the Town of Branford, contributions from the Town of North Branford, and the balance from the bonds authorized herein.

Section 4. The first sentence of section 3 of the Resolution is amended to read as follows:

"To meet said appropriation, \$4,595,000 bonds of the Town or so much thereof as shall be necessary for such purpose, shall be issued, maturing not later than the twentieth year after their date."

Section 5. The Resolution is further amended by substituting the amount of \$4,595,000 for \$2,895,000, wherever it appears in the Resolution.