



March 12, 2009

Dear Town Council Members:

I am pleased to present my Proposed Fiscal Year 2010 Operating Budget for the Town of Stratford that calls for NO INCREASE in property taxes. This ZERO tax increase budget will provide immediate and necessary relief to Stratford's taxpayers by freezing the property tax rate at its current mill rate of 30.51.

In FY 2009, the average Stratford resident's tax bill was \$5,659.88. Under my proposed operating budget for FY 2010, the average tax bill would remain unchanged, at \$5,659.88, thereby producing no tax increase to businesses and residents.

As we all know, Americans have been faced with the rising cost of living, the downturn of the housing and financial markets and rising unemployment. The citizens, businesses and government of the Town of Stratford have not been immune from these economic factors that affect the nation and our state. As Mayor, I am confident that the Town administration has prepared an operating budget that will provide needed relief in the form of no increase in property taxes in order to allow our community to work together to emerge from this economic downturn stronger and more cohesive. I respectfully urge the Town Council to support this budget, as is, and to commence immediate public meetings so adoption of this budget can occur.

BUDGET OVERVIEW

Overall, this proposed operating budget includes a recommended (0.53%) decrease in expenditures on the total Municipal services budget, (\$191,000) less than the current year budget and a 1.13%, or \$985,940, increase in expenditures for the Board of Education budget.

The following chart shows the comparison between the FY 2009 Adopted Budget and the FY 2010 Proposed Operating Budget:

Category	2009 Adopted Budget	2010 Mayor Proposed Budget	Amount Change	Percent Change
Operating Budget	\$ 174,282,035	\$ 177,488,543	\$ 3,206,508	1.84%
Other Revenues	\$ 38,392,051	\$ 38,919,816	\$ 527,765	1.37%
Grand List	\$ 4,569,050,401	\$ 4,626,610,486	\$ 57,560,085	1.26%
Collection Rate	98.25%	98.25%		
Mill Rate	30.51	30.51	-	0.00%
Tax Bill	\$ 5,659.88	\$ 5,659.88	\$ -	0.00%

The proposed FY 2010 budget totals \$177,488,543, which is \$3,206,508 or 1.84% over the FY 2009 Adopted Budget. The proposed operating budget is divided into eleven major areas of service as follows:

Service Area	2010 Mayor Proposed Budget	
	\$	%
Administration	\$ 4,085,648	2.30%
Contingencies	2,788,328	1.57%
Debt/Capital	11,692,867	6.59%
Employee Benefits	30,344,885	17.10%
Finance	1,558,811	0.88%
Fire	11,257,950	6.34%
Health/Human Svcs	2,716,400	1.53%
Library	2,800,455	1.58%
Police	10,069,907	5.67%
Public Works	11,900,646	6.71%
Board of Education	88,272,647	49.73%
Total Expenditures	\$ 177,488,543	100.00%

My proposed budget maintains the existing Town services the taxpayers have come to expect, however, in order to achieve that goal, several difficult but necessary decisions had to be made. The most critical decision was to freeze the salary and general wage increases in FY 2010 for EVERY Town and Board of Education employee.

As you know, the operating budget has two main components: anticipated revenues and proposed expenditures. The national economy is negatively impacting Town revenue and State aid, and unfortunately, Town revenue will not keep pace with our rising operating costs. In this next fiscal year, increases in education, pension, debt service, health insurance costs and workers' compensation are the key drivers of the increase in overall operating expenditures.

"Breakdown of \$3.2 Million Increase" (\$000's)			
	Town	BOE	Total
Required Pension Contribution	1,256	272	1,528
OPEB Trust Contribution	-----	287	287
Debt Service Increase	239	358	597
Department Operating Expenditures	-191	986	795
Total Increase	1,304	1,903	3,207
	41%	59%	100%

The increase in the proposed operating budget of \$3.2 million dollars of additional expenditures are necessary to fund our obligations for pension costs, OPEB Trust contributions and debt service obligations in addition to supporting government and education services.

In FY 2010, we will have to spend 10.8% of our total municipal budget on pension costs. The Town's pension cost increases have resulted from labor agreements dating back many years. These agreements have significantly widened the gap between the Town's expenses and what taxpayers can afford to pay. The administration is committed to continuing to negotiate in good faith with our Town employee labor unions to modify their pension agreement so that each plan is economically sensible to both the employees and the taxpayers.

Last year, Town actuaries calculated our total cost and liability for Other Post Employment Benefits (OPEB) to be over \$98 million dollars. In FY 2009 we made the first initial payment of \$302,357 to begin funding of our Annual Required Contribution (ARC) for Police, Fire and Town employees. In FY 2010, \$287,386 has been added to the ARC for the Board of Education employees, including teachers and administrators. The philosophy driving the accounting standard is that these post-employment benefits are part of the compensation that is paid to employees in return for their services, and the cost of these benefits should be recognized while the

employees are providing those services, rather than after they have retired. This accounting standard has already been applied for years to defined benefit pension plans and extends the same thinking to all other post-employment benefits for our retirees.

Modest funding in capital and equipment needs, even in an economic downturn, will yield long-term cost savings as part of our prudent long-term planning for the Town. I have proposed funding important capital improvement initiatives that include: phase II of the Birdseye and Stratford Academy Field project; renovations to Honeyspot School; renovations the Police Department Headquarters; playground improvements throughout Town; forty-three new computer workstations for the Library; and public safety equipment for the Police and Fire Departments. A comprehensive Five Year Capital Plan will be submitted to you under separate cover.

BUDGET CHALLENGES

My administration has attempted to offset the rising cost of public services with cost reductions in strategic areas. My proposed operating budget is based on all non-union employees and all union employees, both from the Town and Board of Education, accepting a zero percent salary and wage increase in order to maintain existing staffing and service levels.

This proposal has enabled me to present a budget that will achieve my stated goal of no tax increase while maintaining a high level of service to Stratford's citizens. Since raising local taxes is not an option given the current economy, it may become necessary to eliminate positions and initiate employee layoffs with the obvious human consequences and impact on services if our employees reject a pay freeze. I have met with the leadership of the municipal employee unions to discuss the local impact of the national and state economic downturn and my desire to work in partnership with them in order to deliver tax relief to all of Stratford's taxpayers.

My proposed operating budget for the Board of Education increases by \$985,940, or 1.13%, education expenditures in order to maintain current educational service levels for our children. This budget preserves the Board of Education's ability to educate our children and does not reduce core educational services. It also preserves after-school enrichment activities for all students.

I concur with the three of the seven elected Board of Education members who voted against the board-endorsed budget request and proposed an amendment to reduce education expenditures. Their message of no salary and wage increase for BOE employees from the top down is consistent with my policy decision for municipal employees. This freeze for the Board of Education non-union and union employees asks them to share in the sacrifice that all other Town municipal employees have been asked to make. I am hopeful that the Board of Education unions will implement a salary and wage freeze to bring contractual cost savings to the Town and our taxpayers next year.

My budget proposal for FY2010 meets the ultimate goal of our school system by providing quality education for the children of Stratford while balancing the economic realities that the residents of our community currently face. A major increase in the local funding for education above the amount in this proposed operating budget may require deep cuts in municipal services or an increase in the mill rate and higher local property taxes.

CONCLUSION

This budget is lean. It addresses the residents' needs and takes into account our Town's strengths, challenges and opportunities. We must continue to make structural changes in the way we deliver core services as the Town of Stratford moves ahead. My proposed operating budget reaffirms my administration's vision of providing a high level of municipal services while at the same time making Stratford one of the most affordable communities in Fairfield County.

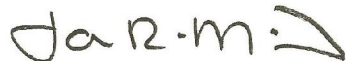
As always, the submission of the annual budget is a team effort of the entire administration and I would like to publicly express my appreciation to all of our Department Heads and Supervisors for their efforts in this budget. I would particularly like to thank Suzanne Ryan McCauley, Chief Administrative Officer; John Norko, Finance Director; and Susan Collier, Assistant Finance Director, for their extraordinary assistance in the development of this budget.

As the chief elected official of the Town of Stratford, I understand the severity of the economic downturn and have heard from our residents as to how it has affected their household budgets. I firmly believe that tough budget times are an opportunity to clarify our Town's vision and the shared sacrifices we will make, together, are an opportunity for our community to grow.

I look forward to the upcoming budget workshops and public hearings so that the Town's administration can outline the budget to the Town Council and our constituents. As always, I am available to meet with you, one on one, if you have any specific issues you wish to discuss.

In the end, I trust that you will see that this budget is worthy of swift adoption, as proposed, and urge each of you to support it.

Respectfully submitted,

A handwritten signature in black ink that reads "James R. Miron" followed by a stylized flourish.

James R. Miron, Mayor
Town of Stratford