



# Town of Glastonbury

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ITEM #7  
02-11-2020 Meeting

Richard J. Johnson  
Town Manager

February 7, 2020

The Glastonbury Town Council  
2155 Main Street  
Glastonbury, CT 06033

**Re: Town Manager's Report**

Dear Council Members:

The following will keep you up to date on various topics.

1. **Stallion Ridge Subdivision – Open Space Dedication**

Additional work is required of the applicant for this potential subdivision off Bell Street. Once details are available, I will circle back with Council on the open space dedication. In the meantime, it appears best to have details of the subdivision resolved before continued discussion.

2. **Glastonbury at a Glance**

The February edition of this monthly newsletter is attached for your information.

3. **Intersections at Stop Signs**

In response to questions asked at the January 28<sup>th</sup> meeting, Chief Porter prepared the attached reports providing background on each intersection. This involves Woodland Street and Country Club Road.

4. **Bond Rating – Refunding**

As part of the bond refunding process now in progress, the Town was required to reaffirm its bond rating with Moody's Investor Services and Standard & Poor's. Based on the recent rating review, both agencies have reaffirmed the Town's AAA and Aaa ratings. I've attached a copy of the rating review reports. Glastonbury continues to be rated very highly on all factors.

The refunding is scheduled for mid-February and I will advise as to results and prospective savings.

5. **State Budget**

Governor Lamont recently proposed adjustments to the adopted FY21 state budget. A review indicates combined operating and capital grants total approximately \$40,000 above now proposed for the Town budget under review.

Sincerely,

Richard J. Johnson  
Town Manager

RJJ/sal  
Attachments



# GLASTONBURY AT A GLANCE

FEBRUARY 2020

## EVENTS & PROGRAMS

### Featured Event

**Feb. 13th - Age-Friendly Community Conversation: 6:00 - 8:00 pm at the RCC.** (Snow date: 2/20) - Residents of all ages are encouraged to attend. Discussion topics to include: Housing, Transportation, Outdoor Spaces/Buildings, Community & Health Services, and Social & Civic participation. Town officials will be present to hear your ideas and community member input is critical! [Please click here to view the event flyer/RSVP information](#) and share with your friends & colleagues in Glastonbury. We hope to see you there!

### Other Events

2/1 - **Take Your Child to the Library Day - 9:30 am - 4:30 pm at WTML.** Visit [www.wtmlib.info](http://www.wtmlib.info) for more information.

2/3 - **AARP Tax-Aide Program Begins -** Appointments required. Call **(860) 652-7638** to schedule yours.

2/3 - **GHS and SMS Choral Festival - 7:00 pm** at GHS Auditorium. All are welcome.

♥ 2/10 - **GHS Annual Valentine Cabaret - 7:30 pm @ GHS Cafeteria.** Performance by GHS Madrigals & Chamber Strings, dancing, and refreshments. Tickets for sale at the door.

♥ 2/12 - **Valentine's Day Chocolate Make and Take for Teens - 6:30 - 8:30 pm** at WTML. Grades 7-12 welcome.

♥ 2/13 - **Valentine's Luncheon at Riverfront Community Center (RCC) - 12:00 pm -** Lunch & entertainment with Paul Shlien

2/18 - **FREE Children's Performance - Jungle Jim's 'Wild About Balloons' Magic Show - 11:00 am** at Smith Middle School Auditorium. Appropriate for Preschool-Elementary Age Children.

View more information and all Town events at [www.glastonbury-ct.gov/events](http://www.glastonbury-ct.gov/events).

## UPCOMING DEADLINES

**Taxes** - Tax payments are due by Feb. 3 to avoid late fees! Pay online/review your balance at [www.glastonbury-ct.gov/taxpmt](http://www.glastonbury-ct.gov/taxpmt).

**Voter Registration** - You must be enrolled in the Democratic or Republican party to vote in the Presidential Primary. If you're enrolled as UNAFFILIATED (the State's equivalent of being "Independent") or if you're a NEW VOTER; you have until noon on April 27, 2020 to enroll in person for the April 28, 2020 Presidential Primary.

## GLASTONBURY BOATHOUSE WINS COUPLES' CHOICE AWARDS

The Town is pleased to report that the Glastonbury Boathouse was selected as a winner of the 2020 WeddingWire Couples' Choice Awards®. Wedding professionals receiving this recognition are members of WeddingPro, a leader in the global wedding planning industry which encompasses online marketplaces WeddingWire and The Knot. The Boathouse was selected in the Venue Category for its high scoring client reviews and for exhibiting superior professionalism, responsiveness, service, and quality interactions with potential and solidified wedding clients. This award is a wonderful platform for generating further revenue opportunities at the venue, which fund ongoing operating expenses at Riverfront Park.

**REMINDER!**  
Town facilities will be  
CLOSED Monday,  
Feb. 17th for  
Presidents' Day.

## NEWS FROM GLASTONBURY SCHOOLS

### Kindergarten Registration

Any child who will be 5 years of age on or before January 1, 2021 and meets all residency requirements is eligible to begin kindergarten at the start of the 2020-2021 school year.

After pre-registering students online, parents/guardians will be prompted to schedule a brief session with the registrar at the Glastonbury Public Schools' central office. Families will need to bring the necessary documents for the registrar to scan. This will complete the registration process.

Please complete the online pre-registration for your kindergarten student as soon as possible. Appointments with the registrar are available on days school is in session. Visit the [Kindergarten Registration website](#) for more information.

### Board of Education Approves Budget

At their January 9, 2020 meeting, the Board of Education voted to adopt a \$112,313,089 education budget for the 2020-2021 school year. This is an increase of 3.3% to the current operating budget.

Board members reduced Superintendent Bookman's proposed budget by \$300,000. Reduced areas included supplies for art, basic and secondary education, and libraries, as well as staff training, equipment, and fringe benefits.

The [BOE Budget webpage](#) provides budget documents and additional information on the budget process and upcoming meetings.

## OPPORTUNITIES TO GIVE

### Support Glastonbury Assistance Programs through "Glastonbury Gives"!

Created by Glastonbury Social Services, Glastonbury Gives assists residents experiencing a crisis situation that hinders their ability to pay for food, utilities, shelter, medical expenses, and other critical needs. It is funded entirely by contributions from generous individuals, businesses, and community groups, with 100% of donations directly supporting residents in need. To learn more or support this program, please visit [www.glastonbury-ct.gov/glastonburygives](http://www.glastonbury-ct.gov/glastonburygives).

## WINTER SAFETY REMINDERS

- Clear snow from sidewalks and fire hydrants on your property within 24 hours of snow fall for resident safety.
- Protect your concrete walkways/stairs! Avoid de-icing products that contain Magnesium Chloride (MgCl). Glastonbury recommends Calcium Magnesium Acetate (CMA) or Calcium Chloride (CaCl) products for de-icing of concrete surfaces to avoid costly repairs. Additionally, avoid over-applying any de-icing product as this can also increase the likelihood of damage and negatively impacts the environment when it permeates groundwater.
- Be mindful of where you place candles/open flames and be sure to extinguish them before sleeping or leaving your home.
- Take caution and be mindful of slippery conditions when walking or driving in inclement weather.

## SIGN UP FOR REAL-TIME UPDATES THRU TOWN RESOURCES

For real-time updates on everything Glastonbury:

- Sign up for Town emails - Visit [www.glastonbury-ct.gov/enotify](http://www.glastonbury-ct.gov/enotify) and customize your subscription to include a wide variety of categories such as Community Activities, Storm Updates, Public Health & Safety, upcoming deadlines, and more!
- Follow the Town Facebook page at [www.facebook.com/glastonburyconnecticut](http://www.facebook.com/glastonburyconnecticut)

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**GLASTONBURY POLICE DEPARTMENT**

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**TO:** RICHARD J. JOHNSON, TOWN MANAGER  
**FROM:** MARSHALL S. PORTER, POLICE CHIEF  
**SUBJECT:** CLARK HILL/WOODLAND/MATSON INTERSECTION  
**DATE:** FEBRUARY 3, 2020  
**CC:**



On July 3, 2019, I learned Highway Division staff was in the process of preparing Clark Hill Road for pavement reclamation operations and subsequent roadway surface paving. As part of the roadway improvements, they generated a plan to modify the Clark Hill/ Matson Hill/Woodland St intersection into a three-way stop configuration that included eliminating one of the two existing Clark Hill entrance/exit points.

The proposal addressed existing condition hazards created by inadequate sight lines and grade break problems that created difficulty for large trailers and large vehicles. I reviewed the proposal, concurred with Engineering and Traffic Unit staff in their conclusions, and approved the reconfiguration.

There were two sections of Clark Hill Road roadway leading to the intersection. That configuration was unnecessary, and potentially dangerous and confusing to motorists. The easternmost section was not wide enough to safely accommodate two-way traffic. It was eliminated as a result.

The new stop sign on Woodland at Clark Hill was necessary to improve traffic safety, as there was inadequate sight distance for vehicles attempting to enter the intersection from Clark Hill Road due to the curve on Woodland Street. Addition of that stop sign would have created a two-way stop at a three-way intersection. This type of configuration can create confusion and false expectations among motorists (i.e., drivers will expect a three-way stop), increasing the risk of collisions. A new stop sign was installed on Matson Hill Road to correct that situation. That stop sign also serves to improve traffic safety as there are large truck/trailer combinations regularly exiting Clark Hill Road onto Woodland. Once they enter the intersection, they are unable to accelerate fast enough to clear it without interfering with oncoming Matson Hill Road traffic.

We have received significant positive feedback from residents regarding improvements to this intersection.

RECEIVED  
2020 FEB -4 PM 5: 21  
TOWN MANAGER

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**GLASTONBURY POLICE DEPARTMENT**

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**TO:** RICHARD J. JOHNSON, TOWN MANAGER  
**FROM:** MARSHALL S. PORTER, POLICE CHIEF  
**SUBJECT:** STOP SIGN COUNTRY CLUB AT MOTT HILL  
**DATE:** FEBRUARY 3, 2020  
**CC:**



On August 29, 2019, there was a two-car accident at the Mott Hill Road/Coldbrook Road/Country Club Road intersection. One driver had stopped at the Mott Hill Road stop sign, and then continued into the intersection intending to travel onto Coldbrook Road. The second driver was traveling south on Country Club Road. Both operators reported an inability to see the other prior to the collision. While there were no injuries, both vehicles sustained substantial damage.

Traffic Unit officers identified several problems with the intersection that were creating sight line issues and confusion for motorists including, (1) trees and vegetation on the northeast shoulder of Mott Hill Road, (2) placement of the stop sign on Mott Hill Road, which was approximately 61' east of the intersection, and (3) absence of a stop sign for south bound Country Club Road traffic.

Traffic Unit officers conferred with engineering staff and collectively recommended a number of improvements. I concurred with their recommendations and we took the following action:

1. Removal of a large tree and vegetation from the northeast corner of Mott Hill Road.
2. Repositioning of the Mott Hill Road stop sign closer to the intersection.
3. Installation of a stop sign at the intersection for southbound Country Club Road traffic.

The new stop sign has generated some complaints among residents, who are concerned that they will not be able to regain traction during inclement weather should they now have to come to a stop. There was no evidence that this was the case during a recent snowstorm, however in an abundance of caution we have asked town highway to pay extra attention to the area. The new stop sign was necessary to improve traffic safety for the following reasons:

1. An embankment on the northeast corner of the intersection creates inadequate sight distance for vehicles attempting to enter the intersection from Mott Hill Road.
2. The curve on Country Club Road and the angle at which the streets intersect creates inadequate visibility for drivers exiting Mott Hill Road and those southbound on Country Club Road.
3. Three stop signs at a four-way intersection can create confusion and false expectations among motorists (i.e., drivers will expect a four-way stop), increasing the risk of collisions.

TOWN MANAGER  
2020 FEB -4 PM 5:21  
RECEIVED

## CREDIT OPINION

5 February 2020

✓ Rate this Research

### Contacts

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# Glastonbury (Town of) CT

## Update to credit analysis

### Summary

Glastonbury (Aaa stable) benefits from a stable financial position supported by strong property tax revenue collections, conservative budgeting practices, formally adopted fiscal and financial policies and proactive management. The town's tax base continues to benefit from new development and its resident income and wealth profile is strong. The town's long-term liabilities are low and fixed costs remain manageable.

### Credit strengths

- » Sizable tax base with strong wealth and income profile
- » Stable financial position supported by formally adopted policies
- » Proactive management of long-term liabilities

### Credit challenges

- » Aging population with declines in school-age residents
- » Tax base is small relative to national and statewide Aaa-rated peers

### Rating outlook

The stable outlook reflects the expectation that the town's tax base will continue to expand given various development projects and proximity to Hartford, which will support property tax revenue growth. Additionally, the town's low fixed costs provide operating flexibility, supporting fiscal stability.

### Factors that could lead to an upgrade

- » N/A

### Factors that could lead to a downgrade

- » Tax base deterioration or weakened resident wealth and income profile
- » Trend of operating deficits leading to weakened reserves or cash
- » Significant increase in debt or capital needs

## Key indicators

Exhibit 1

Glastonbury (Town of) CT	2015	2016	2017	2018	2019
<b>Economy/Tax Base</b>					
Total Full Value (\$000)	\$5,749,529	\$5,895,699	\$5,953,139	\$6,169,975	\$5,970,628
Population	34,685	34,677	34,688	34,584	34,575
Full Value Per Capita	\$165,764	\$170,018	\$171,620	\$178,405	\$172,686
Median Family Income (% of US Median)	196.4%	194.8%	191.6%	191.6%	191.6%
<b>Finances</b>					
Operating Revenue (\$000)	\$160,256	\$165,626	\$176,297	\$181,346	\$173,946
Fund Balance (\$000)	\$25,483	\$26,845	\$26,437	\$25,555	\$28,996
Cash Balance (\$000)	\$30,192	\$31,353	\$31,384	\$30,398	\$32,858
Fund Balance as a % of Revenues	15.9%	16.2%	15.0%	14.1%	16.7%
Cash Balance as a % of Revenues	18.8%	18.9%	17.8%	16.8%	18.9%
<b>Debt/Pensions</b>					
Net Direct Debt (\$000)	\$80,918	\$74,328	\$66,965	\$59,270	\$54,117
3-Year Average of Moody's ANPL (\$000)	\$109,568	\$117,254	\$130,593	\$138,566	\$143,084
Net Direct Debt / Full Value (%)	1.4%	1.3%	1.1%	1.0%	0.9%
Net Direct Debt / Operating Revenues (x)	0.5x	0.4x	0.4x	0.3x	0.3x
Moody's - adjusted Net Pension Liability (3-yr average) to Full Value (%)	1.9%	2.0%	2.2%	2.2%	2.4%
Moody's - adjusted Net Pension Liability (3-yr average) to Revenues (x)	0.7x	0.7x	0.7x	0.8x	0.8x

Source: Moody's Investors Service; Town CAFRs

## Profile

The Town of Glastonbury is located 10 miles southeast of the state capital of Hartford (B1 positive). The town had 34,688 residents as of 2017.

## Detailed credit considerations

### Economy and tax base: growing tax base outside Hartford

Glastonbury's tax base, which benefits from its proximity to Hartford, will continue to expand based on ongoing development and redevelopment. As of 2019, the \$6 billion equalized net grand list (ENGL) had increased at a compound annual rate of 1.9% over the last five years and is slightly smaller than the statewide median for Aaa rated cities and towns.

Recent tax base growth has been driven by 1.2 million square feet of retail and commercial space approved and largely constructed since 2013. In fiscal 2019, the number building permits nearly double compared to 2018 and officials report strong permitting activity year to date in fiscal 2020.

The tax base is diverse, with top ten taxpayers representing a low 5.4% of the net grand list (or assessed values). The town's wealth and income profile is very strong, evidenced by a median family income equal to 191.7% of the national median and a high full value per capita of \$172,688. Unemployment as of November 2019 of 2.4% is below the state and national rate of 3.3%.

### Financial reserves and operations: stable financial position supported by 2019 surplus

General fund reserves have remained very stable over the past five years, with available fund balance averaging 15.6% of revenues. Audited results for fiscal 2019 report a \$3.4 million surplus largely due to property taxes over budget, increasing available fund balance to \$29 million representing 16.7% of revenues. While these levels are in line with state medians, they are below the national medians for similarly rated towns. The town's smaller than median reserves are mitigated by its stable operating performance that benefits from a substantial portion of its revenues coming from resilient and predictable property taxes.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody.com](http://www.moody.com) for the most updated credit rating action information and rating history.

The fiscal 2020 adopted budget represents a 3.1% increase over the prior year. The budget includes a modest \$575,000 fund balance appropriation, in line with the prior year. Budgetary growth is largely offset by tax revenue increases due to new development and a 0.36 mill rate increase.

Property taxes are the town's largest revenue source at 86.9% of total revenues. State aid, including aid for education and on behalf payments by the state for the teachers' pension plan, comprised 9% of 2019 revenues, below the Connecticut median for intergovernmental aid.

#### LIQUIDITY

General fund cash has been stable for at least the last five years and at the close of fiscal 2019 totaled \$32.9 million representing 18.9% of total revenue.

#### Debt and pensions: low long-term liabilities; manageable fixed costs

The town's debt burden of 1.0% of ENGL is consistent with the state median of 1% for Aaa towns. The town maintains a five-year Capital Improvement Program, which includes \$43.6 million in projects the majority of which will be funded with a combination of bonds and pay-go financing. Despite additional debt plans, the town's debt burden will remain manageable given the adopted policy to limit annual debt service 10% of expenditures.

#### DEBT STRUCTURE

All debt is fixed rate and amortization of principal is slower than average, with 89.9% repaid within ten years. Debt service costs in fiscal 2019 accounted for a manageable 4.7% of operating revenues.

#### DEBT-RELATED DERIVATIVES

The town is not party to any interest rate swaps or other derivative agreements.

#### PENSIONS AND OPEB

Glastonbury's unfunded pension and retiree health care (OPEB) liabilities are larger than its debt but are not currently credit pressures for the town. The town maintains a single employer defined benefit plan for all employees. As of 2019, the Moody's adjusted net pension liability, based on a 3.5% discount rate, was \$156.6 million which is 0.9 times operating revenues and 2.6% of full value. Comparatively, the town's GASB reported net liability, based on a 6.5% discount rate, was \$58.2 million. Positively, the town has taken proactive measures to gradually manage the down the plan's discount rate, reducing the plan's assumed rate of return from 7.5% in 2013 to 6.5% in 2018. The town has articulated a goal of ultimately reducing the plan's discount rate to 6.25%. Contributions to the plan in recent years exceed our "tread water" indicator<sup>1</sup>.

The table below summarizes the town's debt, unfunded pension and OPEB liabilities and related fixed costs.

Exhibit 2  
Long-term liabilities and fixed costs are manageable

2019	(000)	% of Operating Revenues	Discount Rate
Operating Revenue	172,686	n/a	n/a
Reported Unfunded Pension Liability	58,179	34%	6.50%
Moody's Adjusted Net Pension Liability	156,567	91%	3.51%
Reported Net OPEB Liability	15,384	9%	6.63%
Moody's Adjusted Net OPEB Liability	24,691	14%	4.14%
Net Direct Debt	54,117	31%	n/a
Debt & unfunded retirement benefits (Moody's adjusted)	235,375	136.30%	
Pension Contribution	7,908	4.58%	n/a
OPEB Contribution	1,580	0.91%	n/a
Debt Service	8,154	4.72%	n/a
Total Fixed Costs	17,642	10.22%	n/a
Tread Water Gap	n/a	n/a	n/a
Moody's Adjusted Fixed Costs	n/a	n/a	n/a

Source: Audited financial statements; Moody's Investors Service



Most teachers participate in the state administered plan, for which the town is not legally responsible for any contributions. In fiscal 2019, the state made a \$17.1 million contribution on behalf of the district. When including the town's share of the TRS ANPL to the adjusted liabilities of the town managed plans, the ANPL increases to \$526.7 million, representing a high 8.8% of full value.

Glastonbury contributed \$1.6 million to OPEB in fiscal 2019, which exceeds the "tread water" indicator. The town maintains an OPEB trust fund and this long-term liability is 27.4% funded, a credit strength.

Total fixed costs for fiscal 2019, including debt service, and pension and OPEB tread water payments, represented a moderate 10.2% of operating revenues. Failure to earn the assumed rate of return on pension assets and/or increased OPEB expense as the number of retirees increases and they age could result in higher fixed costs in the future.

### Management and governance

Management budgets conservatively, practices long-term capital planning and is guided by a policy to maintain reserves at least equal to 12% of General Fund expenditures. Management's proactive efforts to build its OPEB trust and its gradual reduction of its assumed rate of investment return for its locally managed defined benefit plan are positive for the town's credit profile.

Connecticut cities have an institutional framework score of "Aa," or strong. Revenues are highly predictable and stable, due to a large reliance on property taxes. Cities additionally benefit from high revenue-raising ability due to the absence of a state-wide property tax cap. Expenditures primarily consist of personnel costs as well as education costs for those cities that manage school operations, and are highly predictable due to state-mandated school spending guidelines and employee contracts that dictate costs. Expenditure reduction ability is moderate as it is somewhat constrained by union presence.

## Rating methodology and scorecard factors

The US Local Government General Obligation Debt methodology includes a scorecard, a tool providing a composite score of a local government's credit profile based on the weighted factors we consider most important, universal and measurable, as well as possible notching factors dependent on individual credit strengths and weaknesses. Its purpose is not to determine the final rating, but rather to provide a standard platform from which to analyze and compare local government credits.

Exhibit 3

### Glastonbury (Town of) CT

Rating Factors	Measure	Score
<b>Economy/Tax Base (30%)<sup>[1]</sup></b>		
Tax Base Size: Full Value (in 000s)	\$5,970,136	Aa
Full Value Per Capita	\$172,672	Aaa
Median Family Income (% of US Median)	191.7%	Aaa
<b>Finances (30%)</b>		
Fund Balance as a % of Revenues	16.8%	Aa
5-Year Dollar Change in Fund Balance as % of Revenues	1.3%	A
Cash Balance as a % of Revenues	19.0%	Aa
5-Year Dollar Change in Cash Balance as % of Revenues	0.8%	A
<b>Notching Factors:<sup>[2]</sup></b>		
Other Analyst Adjustment to Finances Factor: Stable operating trends		Up
<b>Management (20%)</b>		
Institutional Framework	Aa	Aa
Operating History: 5-Year Average of Operating Revenues / Operating Expenditures	1.0x	A
<b>Notching Factors:<sup>[2]</sup></b>		
Other Analyst Adjustment to Management Factor (specify): Proactive management of long-term liabilities		Up
<b>Debt and Pensions (20%)</b>		
Net Direct Debt / Full Value (%)	1.0%	Aa
Net Direct Debt / Operating Revenues (x)	0.3x	Aa
3-Year Average of Moody's Adjusted Net Pension Liability / Full Value (%)	2.4%	A
3-Year Average of Moody's Adjusted Net Pension Liability / Operating Revenues (x)	0.8x	A
<b>Notching Factors:<sup>[2]</sup></b>		
Other Analyst Adjustment to Debt and Pensions Factor (specify): Contingent risk associated with state pension support		Down
	Scorecard-Indicated Outcome	Aa2
	Assigned Rating	Aaa

[1] Economy measures are based on data from the most recent year available.

[2] Notching Factors are specifically defined in the US Local Government General Obligation Debt methodology.

[3] Standardized adjustments are outlined in the GO Methodology Scorecard Inputs publication.

Source: US Census Bureau, Moody's Investors Service

## Endnotes

1 Our "tread water" indicator measures the annual government contribution required to prevent reported net pension liabilities from growing, given the entity's actuarial assumptions. An annual government contribution that treads water equals the sum of employer service cost and interest on the reported net pension liability at the start of the fiscal year. A pension plan that receives an employer contribution equal to the tread water indicator will end the year with an unchanged net pension liability relative to the beginning of the year if all plan assumptions hold. Net liabilities may decrease or increase in a given year due to factors other than the contribution amount, such as investment performance that exceeds or falls short of a plan's assumed rate of return. Still, higher contributions will always reduce unfunded liabilities faster, or will allow unfunded liabilities to grow more slowly than lower contributions.

# RatingsDirect®

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**Summary:**

## Glastonbury, Connecticut; General Obligation

**Primary Credit Analyst:**

Kimberly Barrett, Centennial (1) 303-721-4446; Kimberly.Barrett@spglobal.com

**Secondary Contact:**

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Rationale

Outlook

Related Research

## Summary:

# Glastonbury, Connecticut; General Obligation

### Credit Profile

US\$8.2 mil GO rfdg bnds ser 2020 due 05/15/2025

<i>Long Term Rating</i>	AAA/Stable	New
Glastonbury GO bnds		
<i>Long Term Rating</i>	AAA/Stable	Affirmed

### Rationale

S&P Global Ratings assigned its 'AAA' long-term rating to Glastonbury, Conn.'s series 2020 general obligation (GO) refunding bonds. At the same time, S&P Global Ratings affirmed its 'AAA' long-term rating on the town's existing GO debt. The outlook is stable.

The GO bonds are secured by Glastonbury's full-faith-and-credit pledges, and are payable from revenues of an unlimited ad valorem tax. The series 2020 GO refunding bonds will refund existing debt for debt service savings.

The rating reflects our view of the town's continued strong economy that exhibits steady, modest annual growth. In addition, the town's sustained strong financial performance is supported by very strong management practices and policies. With relatively low debt and pension obligations, we believe the town's credit pressures are limited, and we expect the credit profile to remain stable and strong.

Glastonbury's GO debt is eligible to be rated above the sovereign, because we believe the town can maintain better credit characteristics than the U.S. in a stress scenario. Under our "Ratings Above The Sovereign: Corporate And Government Ratings--Methodology And Assumptions" criteria (published Nov. 19, 2013), Glastonbury has a predominantly locally derived revenue source, with approximately 85% of general fund revenue coming from property taxes. The town also has independent taxing authority and treasury management from the federal government.

The rating reflects our opinion of Glastonbury's:

- Very strong economy, with access to a broad and diverse metropolitan statistical area (MSA);
- Very strong management, with strong financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Strong budgetary performance, with an operating surplus in the general fund and an operating surplus at the total governmental fund level in fiscal 2019;
- Very strong liquidity, with total government available cash at 30.4% of total governmental fund expenditures and 5.7x governmental debt service, and access to external liquidity that we consider strong;
- Very strong debt and contingent liability profile, with debt service carrying charges at 5.3% of expenditures and net direct debt that is 27.9% of total governmental fund revenue, as well as low overall net debt at less than 3.0% of

market value and rapid amortization, with 88.0% of debt scheduled to be retired in 10 years, but significant medium-term debt plans; and

- Strong institutional framework score.

### **Very strong economy**

We consider Glastonbury's economy very strong. The town, with an estimated population of 34,575, is in Hartford County in the Hartford-West Hartford-East Hartford MSA, which we consider to be broad and diverse. The town has a projected per capita effective buying income of 196% of the national level and per capita market value of \$174,571. Overall, the town's market value grew 1.1% over the past year to \$6.0 billion in 2020. The county unemployment rate was 4.2% in 2018.

Glastonbury is an affluent and predominantly residential suburb approximately eight miles southeast of Hartford. State Route 2 (SR-2) and SR-3 cross the town, connecting residents with employment opportunities throughout the broad and diverse Hartford MSA. Glastonbury's local economy is anchored by health care, financial and insurance services, and commercial retail sectors. Its leading employers include the town and school district, Healthtrax Inc., Fiserv, and Home Depot. Glastonbury's tax base remains very diverse, with the 10-leading taxpayers accounting for approximately 5.4% of the net taxable grand list. Over the past 10 years, the town has realized steady, modest growth in its grand list, of about 1% annually on average, with the exception of the fiscal 2019 revaluation when values grew 5%. The town conservatively plans for annual growth in the grand list to average about 0.9% over the next several years. Management reports 223,000 square feet of commercial development is underway, including a new hotel and several other projects.. Due to the overall strength and diversity of the town's local tax base and its embeddedness in the broader regional economy, we expect Glastonbury's economy to remain very strong over the two-year outlook period.

### **Very strong management**

We view the town's management as very strong, with strong financial policies and practices under our FMA methodology, indicating financial practices are strong, well embedded, and likely sustainable.

Management evaluates historical data and trends when projecting revenue and expenditure assumptions for budgeting purposes. The budget can be amended as needed throughout the fiscal year, and management provides monthly budget-to-actual reports to the board. The town's formal investment policy follows state guidelines, and investment holdings and earnings are also reported monthly. The town has a comprehensive seven-year financial forecast, which features a sensitivity analysis of key revenue and expenditure assumptions and tests budget performance under various conditions that allow the town to manage decisions and changes related to future operations, retirement benefits, capital projects, and debt service. The town's five-year comprehensive capital improvement plan (CIP) is annually updated, and identifies project costs, timing, and funding sources. Glastonbury's reserve policy requires unassigned fund balance to be maintained at a minimum of 12% of its combined town, education, debt, and transfer budget. Management notes this minimum reserve target assists with managing cash flows in the event of a revenue shortfall and unexpected changes in expenditures. The town also maintains a formal debt management policy, which outlines allowable types of debt, restricts debt service to no more than 10% of general fund expenditures, and limits direct debt to 2.5% of the town's equalized grand list.

### **Strong budgetary performance**

Glastonbury's budgetary performance is strong, in our opinion. The town had slight surplus operating results in the general fund of 1.2% of expenditures, and surplus results across all governmental funds of 2.9% in fiscal 2019.

The town has consistently maintained positive operating results in the general fund, before regular transfers out for capital projects, capital reserves, and land acquisitions. After transfers, operating results have been essentially balanced in each of the past three audited years. The town's use of conservative budget assumptions typically results in actual revenues and expenditures outperforming budget estimates. This was particularly apparent in fiscal 2018, when Glastonbury realized positive results, despite the presence of state aid cuts in that year. The town adopted a balanced budget for fiscal 2020, and based on revenue and expenditure performance to date, expects to end the year with another surplus. Based on recent trends and expectations for fiscal 2020, we expect the town's budgetary performance to remain strong throughout the outlook period.

### **Very strong budgetary flexibility**

Glastonbury's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2019 of 18% of operating expenditures, or \$29.0 million. The town has consistently maintained very strong budgetary flexibility in each of the past three audited years, ranging from \$26 million-\$29 million or 16%-17% of general fund expenditures. This reserve level is consistent with the town's policy to maintain fund balance equal to at least 12% of expenditures. With no plans to spend fund balance in fiscal 2020, we expect budgetary flexibility to remain very strong during the outlook period.

### **Very strong liquidity**

In our opinion, Glastonbury's liquidity is very strong, with total government available cash at 30.4% of total governmental fund expenditures and 5.7x governmental debt service in 2019. In our view, the town has strong access to external liquidity if necessary. Glastonbury has demonstrated its access to external liquidity through its previous issuance of short-term and long-term GO debt. The town's investments are primarily held in short-term and medium-term certificates of deposits, which we view as relatively liquid. The town does not have any variable-rate or direct-purchase debt. It does not have any liabilities that we view as a contingent liquidity risk, and therefore, we expect liquidity to remain very strong throughout the outlook period.

### **Very strong debt and contingent liability profile**

In our view, Glastonbury's debt and contingent liability profile is very strong. Total governmental fund debt service is 5.3% of total governmental fund expenditures, and net direct debt is 27.9% of total governmental fund revenue. Overall net debt is low at 0.9% of market value, and approximately 88.0% of the direct debt is scheduled to be repaid within 10 years, which are in our view positive credit factors.

The 2020 bond proceeds will refund existing debt for debt service savings. Subsequent to this issuance, the town plans to issue approximately \$10.4 million new-money GO bonds to finance improvements to its library and acquire land. Given that a similar amount of principal will be retired within the next two years, we do not expect the new debt issuance to materially affect the town's overall debt profile.

### **Pension and other postemployment benefits**

We do not view pension and other postemployment benefits (OPEB) liabilities as an immediate source of credit pressure for Glastonbury, given our opinion of adequate plan funding status and limited escalating cost trajectory risk. Glastonbury's combined required pension and actual OPEB contributions totaled 5.4% of total governmental fund expenditures in 2019. Of that amount, 4.5% represented required contributions to pension obligations, and 0.9% represented OPEB payments.

Glastonbury participates in the following plan as of June 30, 2019:

- Single-employer defined-benefit public employee retirement system (PERS), 72.5% funded, with a net pension liability of \$58.2 million; and
- Single-employer OPEB plan: 27.4% funded, with a net OPEB liability of \$15.4 million.

### **Strong institutional framework**

The institutional framework score for Connecticut municipalities is strong.

### **Outlook**

The stable outlook reflects our opinion that Glastonbury will continue to maintain strong financial performance, supported by very strong management practices and policies. Additional rating stability is provided by the town's strong local economy and participation in the broad and diverse Hartford MSA. We do not expect to change the rating within the two-year outlook period.

### **Downside scenario**

We could lower the rating if the town experiences financial pressures that lead to structural budget imbalance and material declines in reserves.

### **Related Research**

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Criteria Guidance: Assessing U.S. Public Finance Pension And Other Postemployment Obligations For GO Debt, Local Government GO Ratings, And State Ratings, Oct. 7, 2019
- 2019 Update Of Institutional Framework For U.S. Local Governments

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.