

**GLASTONBURY BOARD OF FINANCE
SPECIAL MEETING MINUTES
TUESDAY, JANUARY 29, 2019**

The Glastonbury Board of Finance with Finance Director, Julie Twilley, and Town Manager, Richard J. Johnson, in attendance, held a special meeting at 4:00 p.m. in Meeting Room A, 2155 Main Street, Glastonbury, Connecticut.

Roll Call

Members

Mr. Constantine “Gus” Constantine, Chairman
Mr. Jared Soper, Vice Chairman {excused}
Mr. James McIntosh
Mr. Walter Cusson
Ms. Jennifer Sanford
Mr. James Zeller

1. Budget Reviews

Mr. Johnson reviewed the 2019/20 Recommended Town Budget. Mr. Cusson inquired if wage accounts are included in the health insurance costs. Mr. Johnson replied, no, but the combined insurance accounts increased by 1.14%, which is the largest component of the 2.92% overall budget increase. Mr. Johnson stated that the Town’s Self-Insurance Reserve Fund was negative \$435,000 at the end of December, which is down about \$1.563 million from the recommended minimum reserve of \$1.128 million. Mr. Constantine inquired how this was funded. Mr. Johnson responded that both the Town and the BOE were given a recommended premium equivalent of 11.2% by a consultant, and the Town budgeted it to 11.5%. Mr. Johnson asked the Board what the reasonableness would be of trying to make up this deficit, since the Town is being considered as a separate self-insured entity and the premium equivalent number was understated. Ms. Twilley added that, right now, the Town only has enough to cover the 2.92% increase, but not to address this.

Mr. McIntosh stated that there is no reason to disaggregate the numbers because if each entity of the BOE and the Town are contributing the premium amount, over time, that should be efficient. Mr. Johnson agreed with this statement in theory but stressed that the Town may never get out of the red. Mr. Constantine inquired as to how much the BOE would be paying if the Town didn’t self-insure. Mr. Johnson replied that the Town’s workforce on average is older, which theoretically equates to more claims. The BOE also has more people in a high deductible plan, though the Town is moving towards that system, as well. The Town is also more vulnerable to a few large loss claims.

Mr. McIntosh asked if the Board should delay this until they hear from the new insurance consultant. Mr. Cusson also inquired if the Town Manager had a timetable as to when more news

will come about. Mr. Johnson stated that the new budget information will take a while, but the new expert will likely be hired in about 2 to 3 weeks. Mr. Zeller asked if the Council could get a number before they go. Mr. Johnson stated that if the Town ends up underusing their budgeted amount, the difference will be placed in the Self Insurance Reserve Fund.

In regard to debt service and transfers, Mr. Zeller asked how much the Town and BOE are each contributing to the single OPEB account. Ms. Twilley stated that the Town is going up \$76,830, and the BOE is going down \$18,951. Mr. Johnson stated that they will ask their financial advisers what they see in the market.

In regard to increasing the Capital Reserve Fund Transfer by \$500,000, Mr. Zeller asked whether this decision was driven more by buying power or by large projects. Mr. Johnson stated that he wasn't reacting to any particular project, but rather, looking at it from buying power loss over a 5-year horizon, by taking a \$1.3 million tax reduction and allocating it to use better in the future. Ms. Sanford asked whether this money could go to the Self Insurance Reserve Fund instead. Mr. Johnson stated that one could do that, but he tried to look at it within the debt and transfer. Ms. Sanford expressed concern with the growing acceptance of using today's surpluses to purchase properties that will lower taxes in the future, as opposed to giving today's tax payers a lower tax rate now. Mr. Constantine commented that, on the other side, the interest would be greater next year. Mr. McIntosh agreed with both, stating that if one were to change the way things have been done, it will impact next year's mill rate. Mr. Johnson stated that if the Board doesn't increase the Capital Reserve Fund this year and opts to do it next year, going forward, there will be no cushion, as there is a potential that the debt transfer amount would go up. Mr. Zeller asked what the mill worth is this year. Mr. Johnson stated about \$4 million.

Mr. Constantine wondered if the high school roofs really need to be replaced immediately, as the BOE has claimed, and how much that will cost. Mr. Johnson stated that it will cost \$7 million. Mr. Zeller inquired as to how the determination is made on the roof. Mr. Johnson said that the projection is not going to be ready for the BOF in time for this budget proposal. Ms. Sanford noted that Mr. Soper wanted to ask the Town Manager if he had any demographics on the Town. Mr. Johnson stated that the data is on his desk, and he will review it at the next BOF meeting. Mr. Zeller asked what the per-resident expenditure analysis is. Mr. Johnson stated that he needs to figure out in what comparative context to frame it.

Mr. McIntosh asked what the \$500,000 in revenues to the Town consist of, as listed on page 17 of the Town Manager's budget. Mr. Johnson stated that it is an ECS grant with a few other pieces, like school transportation. Ms. Twilley added that it also includes vocational agriculture. Mr. McIntosh asked where the Links money is going. Mr. Johnson stated that the BOE collects those funds. Mr. McIntosh asked what the contributory grants of \$72,000 are, as listed on page 20a of the budget. Mr. Johnson stated that they are organizational memberships, with some contributory grants mixed in. Mr. McIntosh asked if the Town Manager would consider breaking them down into 2 pieces for future budgets. Mr. Johnson stated that it is a line item that has been in the budget for a long time but will consider making the change. Mr. McIntosh also inquired about the increase in personal services and training and dues, as listed on pages 22 and 22a respectively of the budget. Mr. Johnson noted that the former is just a reallocation between 3 or 4 staff members, and the latter is to provide professional training for new employees in his

department. Mr. McIntosh also expressed concern with the fact that the BOE is shouldering \$373,000 for the purposes of communication, when that should be under the Town's purview.

Ms. Sanford asked the Town Manager if he feels that the iPads that are allocated to the Town Council are actually a sound investment. Mr. Johnson stated that it is significantly cost effective, and the Council is also looking into some other devices, like SurfacePro. Mr. Cusson asked if the BOF would be receiving any in the near future. Ms. Twilley responded that, if the Board chooses, she can bring devices and paper print outs to the meetings.

2. Town Department Overviews

None

3. Adjournment

Motion by: Mr. Cusson

Seconded by: Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance hereby adjourns their meeting of January 29, 2019, at 5:58 p.m.

Result: Motion passes unanimously (5-0-0).

Respectfully submitted,

Lilly Torosyan

**Lilly Torosyan
Recording Clerk**

For anyone seeking more information about this meeting, a video on demand is available at www.glastonbury-ct.gov/video; click on Public Broadcast Video On Demand, and an audio recording is available in the Finance and Administrative Services Office.