

**GLASTONBURY BOARD OF FINANCE
SPECIAL MEETING MINUTES
MONDAY, FEBRUARY 1, 2021**

The Glastonbury Board of Finance, along with Finance Director, Julie Twilley, and Town Manager, Richard J. Johnson, held a special meeting at 3:30 p.m. via dial-in conferencing.

Roll Call

Members

Mr. Constantine “Gus” Constantine, Chairman
Ms. Jennifer Sanford, Vice Chairman
Mr. James McIntosh
Mr. Walter Cusson
Mr. James Zeller
Mr. Robert Lynn

1. Public Comment Session Pertaining to the Call *None*

2. Budget Reviews:

Mr. Johnson reviewed the Town operations budget, which is proposed to increase by 1.7%, of which 1.47% is the ADC to the pension plan. The pension component is a significant chunk of the budget increase, so Town operations are very modest. He reviewed the components of the remaining 0.23%, of which 0.8% is due to wage increases; data processing, which accounts for a modest 0.27%; and contractual services, which accounts for 0.11%. Health insurance, utility consumption, and capital outlay saw a savings of 1.1%, 0.12%, and 0.04% respectively from last year. All other costs accounted for about \$125,000, or 0.25%, of the increase to the budget. The anticipated rate of return is sustained at 6.5%.

Mr. Zeller is uncomfortable with pulling out certain costs that are within their control to show that they have achieved savings. Mr. Lynn agreed that it is not quite apples to apples. If they had made the appropriate pension payments years ago, they would not have been in this position. Mr. Johnson explained that, barring one year, in 2010, Glastonbury has always funded their pension ADC. That one exception was due to the recession and was funded over two years. Ms. Sanford added that it is not just about funding but also the new mortality tables and the model assumptions which have changed.

Ms. Sanford then noted that the decline in the insurance line item seems to be subsidizing the wage increases this year and she wondered whether that would pose a problem in future years. Mr. Johnson explained that the insurance helped offset a \$663,000 increase in the pension ADC, whereas last year, they did not have those savings and they absorbed a greater fee for the ADC. However, his concern is that they might see a post-COVID bump in claim costs.

Mr. Johnson then reviewed the debt and transfers, noting that debt service increased by about \$28,000. The sewer operating fund has had a modest decrease, and the Capital Reserve Transfer has not changed from last year, remaining at \$5.75 million. Mr. Zeller asked if they have the legal ability to loan themselves out of the fund balance, issue debt, and then pay themselves back at whatever interest rate. In other words, could they issue bonds to themselves, instead of going out to the bond market?

Mr. Cusson understood the approach, but due to the current low interest rates, he does not find that option feasible to pursue at this time. Instead, he proposed looking at this as a unique opportunity to borrow cheaply. Mr. Lynn agreed, stating that he would support looking into how they can bond more and how they can raise their pension up to 75%. Mr. McIntosh noted that the state limits investment in the General Fund, so they cannot achieve a 6% return that way; however, they can borrow for capital items at a very low rate and put the money in their pension fund, which they anticipate receiving more than a 6% return, in order to reduce their annual contribution to the pension fund. Mr. Lynn agreed with that approach.

Mr. Johnson then reviewed the proposed revenues, noting that taxes will go up 2.5%, which includes the growth from the grand list. There is a combined decrease of about \$982,000 from non-tax revenue, which is close to 0.25 of a mill. Mr. Johnson explained that this is a significant impact on the tax rate this year. The reductions are due to three things: educational cost sharing, notably the decrease in the ECS annual funding; a decrease in investment income; and the unassigned fund, which is proposed to stay flat at \$975,000. Mr. McIntosh noted that the projected general fund balance was \$23 million in 2018, but now, it is \$30 million. He asked if it really did jump that much in just three years. Mr. Johnson and Ms. Twilley agreed to take a look at it and report back.

Mr. Johnson stated that the Grand List increased by 0.93%, which brings about \$1.327 million in new tax revenue. The mill rate would increase 1.76% to 37.55. He noted that the \$1 million decrease between the ECS and the investment income is a significant factor for this. The pension investment assumption leaves \$150,000 to be reallocated, which the Town Manager proposed could be done in the following way(s): \$75,000-\$100,000 in health insurance; \$25,000-\$50,000 in capital outlay; \$25,000 for technology-HRIS; and \$10,000-\$20,000 for legal services.

Mr. McIntosh then asked a series of questions about specific line items in the budget. He asked if it makes sense to have the fire chief position, which is proposed to go to full time, instead be a shared responsibility with other nearby communities. Mr. Johnson replied no, other towns will not change up their structures to assume Glastonbury's responsibility. He also noted that there were three full time fire chiefs in Town until 2008, and the current Chief will be taking on other responsibilities, as well. Mr. McIntosh asked what the duties of the park ranger are. Mr. Johnson explained the background behind this position, noting that, for years, community services officers within the Police Department would monitor Town parks. However, they decided to de-police the role and went with a park ranger instead. Mr. McIntosh asked about the Everbridge Notification

System. Mr. Johnson explained that it gives the Town their own Reverse 911 system to get messages out to the public, so that they are not encumbered by the state system. It is a modest cost of \$13,000 per year. Mr. McIntosh then asked about the unevenness for increases for wages of certain employees this year. Mr. Johnson explained that it could be because some employees were on the merit plan and others were not. Mr. Johnson noted that the CIP is grouped into three categories: infrastructure and major equipment, ongoing projects and initiatives, and new projects and proposals. The net estimated capital reserve funding is about \$6.485 million. Ms. Sanford asked about the total cost of the field house project. Mr. Johnson stated that it will run about \$2.5-\$2.6 million.

Mr. Lynn reiterated that they should look into bonding, so long as they put in a commensurate amount into the pension to shore up the unassigned fund balance. Mr. Zeller asked Mr. Johnson to put together a package showing for which projects they could legitimately go out to bond and what that would cost. He also asked the Board for their opinions and consensus before moving forward with such an approach. Mr. Johnson explained that there are a lot of moving parts here, and sustainability is crucial. Mr. Cusson liked Mr. Johnson's approach. Mr. McIntosh expressed interest in helping the Town Manager develop such an option. Mr. Johnson agreed to provide a review with a few potential scenarios at the Board's February 8, 2021 meeting.

- 3. Action:** Reschedule Public Hearing from February 3 at 3:30 PM to February 8 at 3:30 PM via Zoom Video Conferencing.

Motion by: Mr. McIntosh

Seconded by: Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance hereby reschedules the public hearing from February 3 at 3:30 PM to February 8 at 3:30 PM via Zoom Video Conferencing.

Result: Motion passes unanimously {6-0-0}.

- 4. Action:** Transfer for GHS Fieldhouse - \$360,000

Mr. Johnson explained that in order to award the contract, they fall short \$360,000. If the project is to go forward, they would like to execute the contracts now, so that they can complete the project by August 2021.

Motion by: Mr. Cusson

Seconded by: Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance hereby transfers \$360,000 from the Capital Reserve - Unassigned Fund Balance to the Capital Projects - GHS Fieldhouse.

Result: Motion passes unanimously {6-0-0}.

- 5. Discussion and Possible Action:** Transfer for Automated Building Permitting Software

Mr. Johnson explained that this action is out of the ordinary. The Town once participated in a

test site project where they received software at a 50% discount. However, the vendor moved away, and the information was not current, so they vetted a number of new vendors with this software and ongoing maintenance. Their current vendor is not meeting a number of their needs, so a new option has been identified. Mr. Johnson noted that no additional funding will be necessary because they put together \$60,000 of internal savings. This action would simply be a transfer between a couple of accounts to discontinue the current vendor and move to a firm that would meet their standards. Mr. Zeller asked for the usual explanation/background form to be attached to this request. Mr. Johnson stated that Ms. Twilley will amend the agenda for Wednesday's meeting to include the form. The Board agreed to proceed that way.

6. Communication: Capital Program – Bonding

Mr. Johnson explained that the communication is from Councilmember Cavanaugh, who asked the Board if there is a way to explore bonding for capital projects that is more of an open-ended bond authorization. Mr. Johnson noted that this is a good concept to consider for ways to handle borrowing.

7. Adjournment

Motion by: Mr. Zeller

Seconded by: Mr. Cusson

BE IT RESOLVED, that the Glastonbury Board of Finance moves to adjourn their meeting of February 1, 2021, at 6:30 p.m.

Result: Motion passes unanimously {6-0-0}.

Respectfully submitted,

Lilly Torosyan
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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.