

**GLASTONBURY BOARD OF FINANCE
SPECIAL MEETING MINUTES
TUESDAY, FEBRUARY 1, 2022**

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. in the Council Chambers of Town Hall at 2155 Main Street with the option for Zoom video conferencing. The video was broadcast in real time and via a live video stream.

Roll Call

Members

Mr. Constantine “Gus” Constantine, Chairman
Ms. Jennifer Sanford, Vice Chairman {participated via video conferencing}
Mr. James McIntosh
Ms. Susan Karp
Mr. Robert Lynn {participated via video conferencing}
Mr. James Zeller

1. Public Comment Session: Comments pertaining to the call. *None*

2. Budget Reviews:

Mr. Johnson reviewed the Town Operations budget, which is proposed to increase by 2.4%. In prior years, wage costs were able to be kept down through reductions in the workforce, contractual services, and job consolidation, but this year, operations are very tight. Ms. Sanford asked if the labor force is back in the office or still working from home. Mr. Johnson stated that, for the most part, they are back in the office. Ms. Karp asked if the two new police officers are the only new positions in the budget. Mr. Johnson stated that it is just the phasing. Attracting and retaining police officers has been a challenge. He did not put in the full amount for hiring two police officers, but he would like the authorization. Mr. Johnson explained that the average increase in the wage account history from the 2017 adopted to the 2023 proposed is 2.31%. This year’s increase is higher because it is difficult to sustain such low rates.

Insurance has achieved a reduction from last year’s increase. This year, premiums are in alignment with losses, and workers’ compensation is up a bit. Mr. Johnson noted that the Town overfunded health insurance for a few years because the Self Insurance Reserve Fund was struggling to get out of the red. Previously appropriated additional funding is no longer budgeted. Ms. Sanford asked when the COVID-19 multiplier will end. Mr. Johnson stated that it continues in the coming year because the pandemic is ongoing. Mr. Zeller pointed out that the BOE took action this year to phase in bringing down their reserve. He asked if the Town would look into that in the future. Mr. Johnson does not anticipate using the reserve in the next year or two.

Regarding the pension, Mr. Johnson noted that this is the first year since 2006 when the ADC has not increased. The pension line item declined about \$162,000 altogether. Mr. Johnson noted

that when Becky Sielman of Milliman spoke to the BOF about volatility, she meant volatility in the ADC, not market volatility. She suggested the Board establish a reserve fund to help mitigate significant volatility in the ADC. Ms. Sanford asked to forward materials that the Board could read on Connecticut reserve funds. Mr. Johnson noted that he will talk about it in more detail at a later meeting.

Mr. Johnson reviewed data processing and technology, noting that there has been a focus on automating processes such as building permits and HR technologies. There is also a cost savings opportunity to transition one full time staff position to two part time positions. He then reviewed contractual services, noting that the police department is in the process of acquiring contractual license plate readers. Ms. Karp finds it helpful and prudent to relay information about the license plate readers early to the public. Ms. Sanford asked about the monies that were allocated by the Governor last year to municipal police departments. Mr. Johnson explained that approximately \$35,000 was received by the police department to cover overtime costs in response to the auto thefts issue. Ms. Sanford then asked if the portable toilets located in town parks are still needed now that facilities have opened again. Mr. Johnson explained that many facilities do not have restrooms, and with people being outside more, there is increased demand for portable toilets.

While there is a savings from the police department switching over to hybrid vehicles, the cost of fuel is up so significantly that the result is an overall increase in fuel expenditure. Mr. Johnson explained that they are monitoring the market every week to determine the best time to lock in prices. Aggregate consumption for utilities is below where it was 15 years ago.

Regarding capital outlay, the Town is still \$80,000 behind where it was in 2020 in buying power. Ms. Karp asked for a compilation of the big components in capital outlay. Mr. Johnson agreed to provide it. He then reviewed a list of three Capital Outlay items which could potentially be funded through ARPA monies. Mr. Johnson noted that all other components of the budget, which comprise 25 of the Town's 41 accounts, increase about \$88,000, representing a 0.19% increase in the budget.

Mr. Johnson reviewed the debt and transfers, noting that debt service is down \$134,000. The Capital Reserve Fund has been reduced from at one point \$6 million to \$5.25 million. There is a significant gap between that level of funding and infrastructure needs, so he increased the Capital Reserve Transfer from \$5.25 million to \$5.65 million. Until FY2016, the Town had a contingency of \$175,000. When the budget was reduced by \$1 million, he eliminated the contingency. However, this year, he heeded the request to renew the contingency account for \$75,000. From the current year to 2027, debt service declines by about \$3.4 million.

Mr. Johnson then reviewed revenues and transfers, noting that while intergovernmental revenue went down, taxes went up, offset by growth in the grand list. The mill rate went down following the Annual Town Meeting. He provided projections of the General Fund Unassigned Fund Balance as a percent of future year revenues, which will decline over time. Ms. Karp asked if there are significant differences in the 16.7% versus 12% for the Unassigned Fund Balance. Ms. Twilley explained the factors behind the GFAO's calculation, which is that the Town must have two months of savings to cover all expenses. Thus, they divide 2 by 12, which yields 16.7.

Mr. Johnson explained that the mortality tables went into effect in 2021, which was a \$1.2 million increase in pension ADC to the Town. The transfer to the General Fund for opening cash was increased by \$400,000 to help moderate that. Due to another \$700,000 hit from other factors

in the current year budget, the \$975,000 stayed flat. He proposes starting the phased decrease to \$875,000 next year. Mr. Zeller asked what the realized savings are from operations. Mr. Johnson replied \$350,000. Mr. Johnson noted that the Grand List increases by 3.41%, with 1% for real estate, 1% for personal property, and 32% for motor vehicles, bringing about \$5.4 million in new tax revenue. This year, the mill rate increased 1.41% to 37.32, but in 2023, it is projected to go down 0.21% to 37.24. However, because the average motor vehicle tax will go up 32%, he is not sure if there will be an aggregate savings for taxpayers. Mr. Zeller asked how much the 0.21% is in dollars. Mr. Johnson stated that it is a little less than one-tenth of a mill, so about \$350,000.

Mr. Johnson commented that a 2.4% increase for Town Operations is tight. He showed a list of budget items that were considered but not proposed. Ms. Sanford asked which initiatives drove the increases in administration services and public safety. Mr. Johnson explained that fire service is driving the increase in public safety, largely driven by their capital outlay for needed replacements, as well as the move of the Fire Chief from part time to full time. The increase in administrative services is due to a combination of expenditures in data processing, capital outlay, and wage accounts. Ms. Sanford stated that the Town closed out the last budget with a very substantial surplus. Mr. Johnson explained that those monies are closed to the General Fund at year end. Some of that surplus came from one-time revenues, such as a \$1 million grant and other COVID-related savings, which are not expected to reiterate in the next year.

Mr. Johnson then reviewed the capital budget. 33 CIP projects are recommended this year, some of which could be funded through ARPA. He awaits clarification on whether using ARPA monies for the Naubuc School project would disqualify the Town from receiving the 33% state grant reimbursement.

Mr. McIntosh expressed concern about the budget schedule. The BOF has just over two weeks from when they were given the budget materials to when they must submit the budget proposal. The Town Council, meanwhile, has six weeks. He finds the schedule to be imbalanced, and asked that in the future, the BOF be given more than two weeks and the Council less than six weeks to review budget materials and come up with a recommendation. Mr. Zeller agreed, stating that he did not realize that the Annual Town Meeting was going to fall so close to today's meeting. Mr. Johnson acknowledged that it is a fair point. They would have liked to have given the budget to the Board at least a week before the Annual Town Meeting, but were impacted by factors such as COVID-19.

Mr. McIntosh asked whether there is an estimate on how much, if any, surplus there will be at the end of the year. Mr. Johnson stated that they forecast about \$350,000 or so, but he is not sure at the moment. Mr. McIntosh asked where the Town stands now regarding the state spending cap of 2.5%. Right now, Mr. Johnson explained that they are above the 2.5% cap on increase in municipal expenditures. In his opinion, the cap should be on the tax increase, not the expenditure increase. Ms. Karp remarked that there are significant exemptions to the 2.5% cap throughout the budget.

Mr. McIntosh stated that, on page 77, the violent crime rate is lower in 2021 than 2020; however, there seem to be more crimes at a lower rate in 2021 than in the prior year. Mr. Johnson will check with Police Chief Porter on the statistics. Mr. McIntosh asked, if the police department increases staffing, will that reduce overtime expenditures. Mr. Johnson explained that there is

always an interplay between staffing levels and overtime. The overtime budget does not approximate actual history, and it is influenced by grants they might receive throughout the year.

Mr. McIntosh commented that, apart from financial administration, none of the other 20+ divisions identify as a goal any savings, increasing efficiencies, or reducing the resources needed to do their jobs. Mr. Johnson contended that the Town budget has been kept low because staff have been efficient, though they may not have done a good job of explaining or conveying that. Mr. McIntosh finds that the Town Manager has done an extraordinary job of keeping costs down. He asked what techniques he has used to motivate staff to seek out the most efficient and effective ways of using resources. Mr. Johnson stated that the heads of all the departments and divisions are very hard working, highly professional, and take pride in doing things efficiently.

On page 69, Ms. Sanford is unclear what the increases are for, as voter registration has received CARES Act money. Ms. Twilley explained that the Town received COVID-19 funds approximately two years ago for the presidential election. There was no assumption that the funding would continue, but there is an assumption that absentee ballots would continue, which would require more part time wage costs.

Ms. Karp asked about ARPA funds being used to replace the boiler at Gideon Welles School. Mr. Johnson stated that is correct. He showed several projects that could potentially receive allocations from ARPA, including the Gideon Welles boiler and rooftop units.

Lastly, Mr. Johnson briefly reviewed financial projections. He will print it out for easier viewing and greater discussion at the Board's next meeting.

3. Adjournment

Motion by: Mr. McIntosh

Seconded by: Mr. Lynn

BE IT RESOLVED, that the Glastonbury Board of Finance moves to adjourn their meeting of February 1, 2022, 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.