

**GLASTONBURY BOARD OF FINANCE  
SPECIAL MEETING MINUTES  
TUESDAY, FEBRUARY 6, 2024**

The Glastonbury Board of Finance, along with Finance Director, Keri Rowley, and Town Manager, Jonathan Luiz, held a special meeting at 3:30 p.m. in the Council Chambers of Town Hall at 2155 Main Street with an 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  
Mr. Jared Soper, Vice Chairman  
Mr. James Zeller  
Mr. Robert Lynn {participated via Zoom video conferencing}  
Ms. Susan Karp  
Mr. Kevin Graff

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

**Overview of 2024/2025 Town Manager Recommended Budget**

Mr. Luiz explained that the Town Operating budget is a 3.19% increase over the current year’s budget; this is slightly higher than the five-year operating budget increase average, at 3.04%. He also noted that this a considerable reduction from the departmental budget request, which was for a 7.42% increase. While he found the library department’s request for additional staffing to be reasonable, he did not grant it because this is a tough budget year. Mr. Zeller stated that the library’s letter refers to “average of chosen population.” He asked what that means. Mr. Luiz will check with library staff and report back.

Mr. Luiz broke down the Town Operating budget into 8 components, of which wages are the most significant component, representing 2.5 points of the 3.19% increase. He explained that there are no new full-time employees budgeted for next year, but there are several part-time positions. The Fire Marshall requested three part-timers to conduct routine inspections, but he budgeted only two. He also noted that there is a \$270,000 allocation to restructure the firefighter incentive program to help keep the Town’s volunteer firefighter program intact.

Mr. Zeller asked whether consideration has been made to cross-train police and fire departments. Mr. Luiz stated that this model is rare, but he has reached out to other municipalities in Texas. He noted that \$65,000 was placed in the fire department operating budget to fund a study, but they decided to revisit that next year. This year, the most pressing need is to restructure the

incentive program. When the study is conducted, he can reach out to those communities again.

Mr. Luiz then reviewed insurance, which represents a small component of the increase. Property liability is up 8.3% and worker's compensation is up 7.4%, which are in line with the market. There is an overall decrease of 1.82% in health insurance, which is great news. This also fully budgets for 26 pay periods, which was not done last year. This year, they cannot give budget holidays. He then reviewed the pension, explaining that Milliman suggested reducing the amortization growth rate from 3.5% to zero. However, his budgeted proposal calls for a stepped down approach, to 1.5% this year. Should the BOF choose to reduce it to zero this year, he has provided the dollar amounts. Mr. Lynn thought that they had agreed to this already. Mr. Luiz clarified that when Town Staff was formulating the budget, they did not have a dollar number. Mr. Lynn asked what it would cost to go from 1.5% to zero. Mr. Luiz replied, \$313,000.

Mr. Luiz explained that Data Processing and Technology is a \$74,000 increase from last year's budget. Most of this increase is due to upgrades in extant software. Contractual services will increase by \$53,000 and Utilities and Fleet by \$40,000. He then noted that capital outlay will increase by \$15,000. This would have been higher but for the utilization of Special Revenue Funds: Police Private Duty Fund (at \$264,000) and Recreational Activity Fund (at \$101,000). Mr. Zeller asked if they are building a cliff with this next year. Mr. Luiz stated that the capital budget is on a multi-year basis, so it depends on how much money those accounts can generate. He then noted that the eighth component of the budget, All Others, consisting of 23 of 40 line items, will achieve a savings of \$77,000.

Mr. Zeller finds it misleading to present it as though capital outlay is only going up by \$15,000, when it is really going up by \$375,000. Ms. Karp stated that the special revenue funds do not reflect anything in capital outlay. Ms. Rowley explained that the purchases that will be funded through the special revenue fund will be done in FY24, so it will be an appropriation, which is why they are not reflected in the FY25 budget. Mr. Soper inquired about the increase for voter registration this year. Mr. Luiz stated that 2024 is a presidential election year; in addition, there is a mandate for voting for extended days. Mr. Soper also asked about the increases in physical service, engineering, and highway. Mr. Luiz believes that those are mostly wage increases, but will check and report back.

Mr. Luiz reviewed Debt and Transfers, explaining that Debt Service is dropping by 25.7%, in large part by the calling of the bond that was approved several months ago. They have assumed a \$2 million open space bond next year. The Capital Reserve is going up by about 31%. He noted that the dollar change between Debt Service and the Capital Reserve is identical, at \$1.82 million, which is intentional. The OPEB Trust has a small increase and the Dog Fund is a zero percent increase.

Mr. Luiz explained that, at the conclusion of this budget season, he and Ms. Rowley will meet with financial advisors to discuss a longer-term plan to bond. Mr. Soper asked whether they should be waiting until the end of this budget season to do that. Mr. Luiz stated that he just does not have enough time to do it now. Mr. Soper noted that the high school needs a new roof next

year, which will cost \$6 million. He does not see them funding that out of operations, so it is important to look into that now, as opposed to pushing it out. Mr. Luiz stated that a conversation about that particular project would be worthwhile; he pointed out that that project will receive a 33% reimbursement.

Mr. Luiz reviewed the five-year history of the Capital Reserve Transfer. In 2020, it was \$6 million. In FY25, it is proposed to be \$7.67 million. Ms. Karp asked, when the BOF makes their recommendation to Council, will they just recommend the Capital Reserve Transfer or the projects, as well. Mr. Soper stated that they do both. Mr. Graff asked what compels them to have a list with a dollar amount. Mr. Soper thinks it might be the Town Charter, but he does not know.

Mr. Luiz then reviewed revenues and transfers, explaining that Use of Fund Balance continues at \$775,000. Investment income is increasing 23% and Intergovernmental revenue is decreasing 23.6%, mainly because of the elimination of the state motor vehicle grant. Mr. Lynn asked if there are other idle monies that could be put to work in short-term investments. Ms. Rowley stated that they budgeted a 4% interest on investments, which is higher than what was budgeted last year, but they have also been investing aggressively longer-term in treasuries and CDs.

Mr. Luiz explained that the Use of Fund Balance shot up in FY21 because of the new mortality tables. The thought was to step it down over time, back to \$575,000. He had planned on reducing it a further \$100,000 from last year's \$775,000, but decided that this is not the budget year to do that. Therefore, it is proposed again at \$775,000. He explained that, in FY28, the unassigned fund balance as percentage of subsequent year revenue or expense is projected to be 15.9%, at \$575,000. Mr. Soper explained that, in December, the BOF transferred money out of the general fund and into the pension. They paid off the bond, moved money into the capital reserve fund, and moved money for a BOE capital project. He asked that, at a future meeting, the BOF be provided with the dollar amounts of those transfers. Ms. Rowley agreed to provide it.

Mr. Zeller asked if \$342,000 (the average value of a residential home in Glastonbury) is the appraised value. Mr. Luiz will have to check. Ms. Rowley added that this letter was done prior to the growth in the grand list. Mr. Zeller stated that taxes will go up 4.8% but there is also grand list growth that will not be in that number. Ms. Rowley explained that it does include the grand list growth because the revenue stays flat. Mr. Zeller would like to know how much hiring a full-time \$50,000-a-year non-police employee would cost to the pension and to insurance. Mr. Luiz stated that, for retirement, they apply the appropriate percentage, and make an assumption about insurance. Mr. Zeller asked about the fire department vehicle being replaced with just 110,000 miles on it. Mr. Luiz clarified that the truck will actually be handed to someone else; it is not being replaced.

Mr. Luiz stated that the Grand List is growing 0.66%, which is not robust compared to prior years. He did note, however, that this is the official grand list, which will be backed off on as they move further away from the revaluation year. He noted that the Town Assessor will present on this before the budget is decided. He also stated that the State has reset how used vehicles are assessed. Now, there is an initial value and an amortization schedule for 20 years. The assessor

will talk about that, too. Additionally, Glastonbury has not seen much commercial real estate growth lately.

Mr. Luiz explained that the budgeted collection rate for FY25 is 99.15%. This year, it is estimated to come in at 99.3%. Every one-tenth of a percentage increase in the collection rate equates to \$176,000. A decision was made this year to do a tax levy variance. Ms. Rowley explained that, last year, they discussed how much would be generated if the 99.15% collection rate were changed. Last year's discussion was to either pass a 31.04 mill rate or a 31.0 mill rate with a \$164,000 variance; they chose the latter. She believes that the 99.3% collection rate is an estimate, and that the actual will likely fall somewhere between 99.3-99.5%. Mr. Soper asked if they had passed a mill rate, knowing that it was a shortage. Ms. Rowley will check and report back.

Mr. Luiz explained that the mill rate is projected to increase by 4.22%. The loss of the motor vehicle grant is a significant impact. A 1.31 mill increase would generate \$7.08 million, so \$796,000 will be generated from new Grant List growth. He reviewed the impact of budget drivers on the mill rate. Mr. Zeller would like to have numbers to present to the BOE to convince them to switch over to the hybrid plan. Doing so has reduced the Town's liability tremendously, and he would like to see the same happen for the BOE. He also does not understand why all BOE employees are not shown under one place in the budget because listing fewer than 500 employees when there are over 800 employees is misleading. Mr. Luiz agreed to change that.

Questions and Discussion regarding Town Manager Recommended Budget *Discussed above*

#### Town Capital Projects

Mr. Luiz reviewed the capital budget, which consists of 31 projects at a total of \$11.17 million. This is estimated to be funded by grants (\$1.34 million), ARPA funds (\$1.83 million), re-programmed funds (\$330,000), and a general fund transfer (\$7.67 million). Mr. Soper noted that this shows the Capital Reserve Fund at \$1.4 million, which is above their policy of \$1 million. He asked if some of that excess could be allocated to capital projects. Ms. Rowley's recommendation is to wait until they actually receive that fund balance of \$1.4 million, then allocate it in the following year.

Mr. Zeller pointed out that he has read articles about reliability problems with Volkswagen and Tesla electric charging stations. Mr. Luiz stated that the unit they would buy would be generic. The money used to fund this would come, in part, from an Eversource rebate that the State is running from a settlement from Volkswagen. Mr. Zeller asked how many electric vehicles they have in town. Mr. Luiz will look into it and report back. While Mr. Zeller understands the Fire Chief's desire to replace a sole purpose tanker with a multipurpose vehicle, he struggles with spending \$60,000 a year to replace a vehicle that costs \$15,000 a year. He is unsure whether they need two of them. He also noted that there is much difficulty in getting replacement parts for brand new vehicles too, not just used vehicles.

Ms. Karp noted that the Council received a copy of capital projects, ranked from high to low priority. She asked that the BOF be provided a copy of this, too. Mr. Luiz agreed to do so. Mr. Graff asked which factors they should consider in the longer horizon. Mr. Luiz stated that the library request for more staffing was compelling, but the real thing to be aware of is the fire department. As a growing town, they need to make every effort to keep their volunteers happy and ensure the survival of that program.

Any Other Remaining Items                      *None*

3. Adjournment

*Motion by:* Mr. Soper

*Seconded by:* Mr. Zeller

BE IT RESOLVED, that the Glastonbury Board of Finance hereby adjourns at 5:52 p.m.

*Result:* Motion passed unanimously {6-0-0}.

**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](http://www.glastonbury-ct.gov/video). Click link to access the 'Town's Video OnDemand platform.'*