

THESE MINUTES ARE SUBJECT TO APPROVAL AT THE NEXT BOF MEETING

TOWN OF CHESTER, CONNECTICUT
BOARD OF FINANCE/BOARD OF SELECTMEN
SPECIAL JOINT BUDGET WORKSHOP
Tuesday, April 7, 2020
Via Zoom Meeting

CALL TO ORDER

Chairman Carmany called the meeting to order at 7:30 p.m. In attendance included: Chairman Carmany, Rick Nygard, Jennifer Rannestad, Jon Joslow, Richard Strauss, Greg Merola, John O'Hare (alt.), Michael Joplin (alt.), and Andrew Gardner(alt.).

First Selectwoman Gister called the BOS meeting to order at 7:30 p.m. In attendance were First Selectwoman Gister, Selectwoman Janecek, Selectman Englert.

Also in attendance included: James Grzybowski, Fire Chief, Peter Evankow, Business Manager, Betty Perreault, Anne Sweeny, Charlene and Lou Feron, Bob Bands, Madelyn Meyer, and Susan Wright.

AUDIENCE OF CITIZENS

Lauren Gister read the following letter from Karen Badger:

I want to comment on the BOE submitting a budget increase and the State waiving a vote. It is unacceptable and completely tone deaf that an increase was put forth. If there ever was a time for the BOE to be mindful of the burden of their costs to the taxpayer it is the present. Education costs are 80% of the entire town budget. How are they not shamed by this? Now the town does not have the opportunity to vote. If the State can waive a vote, why can't they freeze contract obligations. No one is looking out for the public who is expected to pay with no voice despite the hardship. Wrong. The Town should not be expected to use surplus or rainy-day funds to offset higher taxes due to BOE ever increasing costs. Who know what the economic climate will be now? It is long past time for local education to act like they are part of the community instead of a separate entity and share in the sacrifice. I implore all involved in crafting these budgets to revise, adjust and at the very least submit a realistic, flat or better yet reduced budget at this time.

BUSINESS

Approval of Minutes

Virginia Carmany made a motion to table discussion/approval of meeting minutes. Rick Nygard seconded the motion. Discussion followed.

Note – the minutes referenced are Budget Workshop minutes.

The motion passed unanimously (including BOS members).

Review Executive Orders & State Statutes

Lauren reported on the budget process vis a vis Executive Orders. Because of the Covid-19 virus, and the prohibition of in-person meetings, the public will not have an opportunity to vote on budget. The BOF is still required to hold a Public Hearing (virtually) and to post appropriate documents for public

review and comment. Executive Order 7S mandates that the BOS authorize the budget making authority of the Town (BOF) to adopt a budget and set the mill rate.

Open Discussion/Goals

Virginia reported on options open to the BOF relative to the budget including: a slight increase in operating, a flat budget, a slight decrease, a decrease to off-set the education increase of \$350,000, the use of capital and/or surplus, and a decrease in education w/o the use of capital or surplus.

BOF/BOS members commented as follows:

Charlene Janecek reported that her goal is to keep taxes flat; which is possible.

Tom Englert does not favor, in general, tax increases and any increase would have more of an impact this year. The bulk of any increase is in the education budget. It is extremely difficult for the BOS/BOF to off-set the educational increases via the Town's operating budget. A collective effort is necessary to develop a reasonable budget; the BOS and BOF remain cognizant of the public's best interest when developing the budget. He continued that it is difficult to keep the budget flat when there are contractual increases per Union contracts.

Rick Nygard – We need to be very careful about not cutting too deeply but must take into consideration how we get through in case there are drastic cuts that could lead us to think about doing a budget based on a most likely scenario or a doomsday scenario (i.e. 5 to 10% cut in State aid).

Jennifer Rannestad supported decreasing as much as we can to offset any educational increases and to use Capital but not surplus for same. Need to hold the line as much as possible.

Jon Joslow reported that no one wants to increase taxes. The current uncertainty presents a serious concern for businesses that may not be able to withstand prolonged closures. The Boards must be realistic in keeping taxes to a minimum with the understanding that there are factors that are beyond the BOF's control. He was hesitant to "tap into the rainy-day fund".

Richard Strauss reported that the BOF should continue to review the budget carefully to provide appropriate funding to meet the operational needs of the towns and to endeavor to not raise taxes.

Greg Merola reported that the BOF should keep taxes to a minimum. If surplus is used this year and taxes are not increased, a bigger "jump" in next year's taxes will be required as state funding decreases.

John O'Hare reported that his objective would be no increase in taxes and the BOF should "test" methodologies to get to that point.

Andrew Gardner agreed with much of the above BOF comments and reported that perhaps the school could find savings as students are currently working from home. He had concern that the business programs through SBA seem to leave out smaller private contractors. He expressed concern that there may be a decrease in tax collection rates.

Michael Joplin agreed with the above BOF comments and added that the town's financial position will be worse next year. Recovery will be slow. He recommended no tax rate increase.

Lauren reported that we cannot increase taxes. She supported use of any surplus to pay things down but did not recommend using the fund balance. She reported that sole proprietors and single member LLCs are having difficulty accessing assistance due to the antiquated IT systems at the State. The systems are currently being updated and it is anticipated that by Friday, 4/10, individuals will be able to access the system and benefits will be retroactive to mid-February.

Virginia reported that we must maintain infrastructure to insure the health and safety of our systems and staff. She supports maintaining town employment, including the school system as much as possible. She expressed concern about the loss of small business and arts/entertainment. She recommended using the least amount of surplus and capital to balance the budget as things may worsen. She reported that the schools have been “frozen” since December/January and the BOF has not seen the school’s year to date actuals so it is difficult to determine if the “freeze” was beneficial. She expressed disappointment that the BOE did not reopen their budgets post Covid.

Review Revenue

The Boards reviewed, in detail, the Original 20/21 Revenue Budget Report that was included in the packet. Peter Evankow and Lauren were available to address BOF questions relative to the report. The Boards discussed potential imbedded “risks” to revenue including municipal project grants, casino revenue, interest, conveyance taxes and various other line items included in the report.

Lauren and Peter reviewed the revenue history vis a vis the 2008 housing crisis. At that time, the Town realized revenue decreases in building and zoning permits and conveyance taxes but did not see decreases in property tax revenue as the majority of property taxes are paid via the lender. Decreases were not as severe as anticipated. The current pandemic is different but we may see the same property tax income as most banks pay the property taxes for their clients.

The Board discussed the potential impact that the recent unemployment rate may have on the tax collection rate and the difficulty quantifying that impact. Lauren reported that even if a person is delinquent on paying their mortgage, the bank will still pay the property taxes.

It was suggested that a 2% (\$240,000 – ½ mill) and 4% (\$480,000 – 1 mill) of expected taxes (\$12 million) be used as a “bracket” to facilitate a discussion of revenue reductions.

Lauren reported that there are options in the event of an emergency situation, including Capital, fund balance, etc.

Jon Joslow suggested creating a list of “triggers” on revenue and as expenses are reviewed, prioritize expenses and align with revenue.

Peter reported that the Masioncare lawsuit may have an impact on the Revenue depending on the outcome of same.

Determine Next Steps Regarding Expenditure Budget Review

Expenditure Budget documentation was included in the Board’s packet.

In response to John O’Hare’s question, Lauren reported that traditionally, non-union employees have been given the same increases as union employees. This year’s budget includes \$22,300 for wage increases.

Outstanding Expenditure Concerns:

Cash Register Software – The intent is to purchase the software (\$6,700) from this year’s surplus and include the monthly fee (\$150) in next year’s Town Clerk budget.

Assessor – Payroll is under contract with East Haddam. The budget adjustment form was lowered by \$7,000 based on history (unused hours).

P&Z Legal – Difficult to anticipate potential lawsuits. Suggestion to reduce and to use Contingency if necessary. Lauren will discuss with P&Z.

General Maintenance – Tire Replacement – Public Works – will fund from this year’s surplus.

Winter Maintenance – 5-year history available – dependent on winter conditions – did not reduce

Bulky Waste/Recycling – not increasing at this time. However, Deep River Transfer Station has not increased our rate for several years and do anticipate Capital projects in the future.

Emergency Communications – increased by \$250

Retirement Board – no additional comments

New Financial Software System – estimate - \$60,000 to \$70,000 plus \$10,000 per year in support. Peter not interested in pursuing at this time.

Finish Review of Operating Budget from Budget Book from Health and Welfare

Lauren reported that while the Visiting Nurses have requested additional funding, they have not presented their request to the BOF. The current Covid-19 Crisis will have an impact. Prior to the pandemic, Lauren suggested an increase of several thousand to the VNA. However, since they have not presented to the Board, she withdrew that suggestion. They requested an additional \$13,000.

Medical Insurance figures are not all available at this time.

Water Testing – budget reduced due to joining the Health District. They will do the beach testing. Other water testing is budgeted in a variety of budgets.

Medical Director Stipend – necessary, per Statute, for Park & Rec. camp as this service is not provided by the Health District.

Human Services – Tri Town – Virginia questioned the calculation used to determine the budget request of \$31,818. Lauren responded that the Tri Town Director is re-balancing the budget as Chester is the only town paying their share. She is attempting to get the funding increased from the other towns. She is working on drug counseling and prevention and juvenile delinquency in the Tri Town area. Also, as the facility is housed in Deep River, rates differ. Virginia suggested reducing by between \$2,500 and \$3,000. Lauren disagreed and reported that the services they provide to our tax payers are worth more and as we enter into difficult times, they will need the funding. Richard suggested inviting Tri Town to a meeting for discussion prior to any reductions to their budget. Andrew suggested asking them what

they are doing to get the other towns to increase support. Lauren will invite Tri Town staff to the next meeting.

Employee Benefits – surplus – Peter updated the BOF on the parameters of the Town’s HSA plan. Lauren will investigate the responsible party for costs associated with Covid testing.

Payments to Organizations – similar requests each year – no additional comments

CES – increased by \$98,000 – they have not re-opened their budget post Covid. Richard Strauss reported that the BOE did meet and did not wish to adjust their budget as a result of the pandemic. He continued that the BOE will present their budget to the BOF. At that time, the BOF can present questions to the BOE. Virginia reported that it may not be helpful to have the BOE (both CES and Region 4) present to the BOF since they have already voted on their budget(s).

Lauren reported that the schools have had a budget freeze for the past several months (pre-Covid) due to capital deficits and degradation of the health insurance fund. The “freeze” only affects non-contractual items (does not include salary, transportation, etc. which is 85% of budget). Per Covid Executive Order, all contracts, including transportation, must be honored (we are not obligated to pay for fuel for the buses as they are not being used at this time).

The “grab and go” lunches being provided by the school are being paid for by the State; however, we are paying our cafeteria staff and are not getting any revenue that we typically receive for the cafeteria. These figures are unknown at this time.

Tom Englert recommended that if the BOF wishes to ask the CES BOE to reduce their budget, the BOE should have an opportunity to present their budget to the BOF. He recommended that the BOE present their budgets to the BOS/BOF.

Richard Strauss reported that the results of the school’s audit may have an impact on the proposed budget. Virginia commented that to date, the audit has not yet been published.

The status of school bonding was discussed. The current bond is up in 2023 and the BOE has begun discussions relative to another bond. The BOF briefly discussed same.

The BOE/Superintendent will be invited to the next BOF/BOS workshop.

Review Executive Orders & State Statutes

Lauren reported that OPM is requiring Boards of Selectmen to vote on offering a forbearance of taxes due on 7/1 for 90 days and/or reducing the delinquent tax interest from 18% to 3%. This item will be discussed by the BOS at their next meeting.

Lauren reported that Executive Order 7S calls for the BOF adopting the municipal budget and the Regional BOE adopting the Regional School budget. The FAQs adding context to the Executive Orders states: The Regional BOE, per the Executive Order, is obligated to consult with the budget making authority of the municipalities to ensure that their concerns are considered before they vote on the budget. Virginia read the actual excerpt regarding same as it pertains to the Executive Order relative to the Regional School budget adoption.

Jon Joslow suggested that Virginia develop a document summarizing the BOF's concerns with future year considerations including contractual negotiations, health insurance, etc.

AUDIENCE OF CITIZENS

Charlene Feron, Chester BOE, thanked the BOS and BOF for keeping the lines of communication open between the BOE, BOS and BOF.

Mr. Feron commented that prior to Covid 19, the BOE has been working under a budget freeze since December. The Superintendent continues to work to develop accurate numbers. Mr. Feron recommended that any surplus in the current budget be used for non-recurring expenses in next year's budget in an effort to reduce the 20/21 budget request. He continued that it would be prudent and appropriate to invite the CES BOE to present their budget to the BOF. The BOE voted to PRESENT their budget to the BOF. The BOF has the authority to accept or recommend adjustments the BOE budget. He too appreciated the work of the BOS/BOF and the opportunity to participate in the virtual meeting.

Susan Wright reported that at a recent Region 4 BOE meeting, the BOE commented that the BOS from all 3 towns had agreed with the Region 4 budget. She continued that the CES BOE, when asked to reconsider their budget as a result of the Covid 19 crisis, responded "no". She expressed concern that as a resident, due to the Covid 19 crisis, she would not have an opportunity to vote on the budget(s). She continued that while a tax increase of \$700 per year (per individual) may not seem like a lot to many, there are other residents, especially the elderly, who cannot afford any tax increase and seem to be "left out of the picture" during budget discussions. She expressed extreme disappointment and concern that the public will be unable to vote on the budget(s).

Ms. Wright questioned the protocol for hiring outside clerical and the rate of pay for same. She suggested that perhaps town hall staff could be cross-trained to provide these services.

Ms. Wright requested the tax status of the Mislick property.

In response to Ms. Wright's question, Lauren reported that the BOF/BOS cannot "turn down" the Region 4 budget. The Region 4 BOE is the only entity that will vote on the Region 4 budget. Ms. Wright reported that there was a significant increase in public participation during this year's Region 4 budget workshops (prior to Covid) and it is unfortunate that residents will be unable to vote on the Region 4 budget.

Ms. Wright thanked the BOS and BOF for their work.

Madelyn Meyer recommended that the BOS include her, as Tax Collector, in the discussion relative to Executive Order 7-S. She reported that either option will be difficult to administer in the Tax Collector's office and favors one option over others and will bring that forward to the BoS.

Jamie Grzybowski, Fire Chief, reported that there may be budget overages in the current year's budget. All expenses relative to Covid-19 are being documented for potential FEMA reimbursement.

Lauren added that all appropriate hours and expenses throughout the Town are being tracked relative to Covid 19 with regard to potential FEMA reimbursement.

Betty Perreault thanked the BOS and BOF for their work.

ADJOURNMENT

Rick Nygard made a motion to adjourn the meeting at 10:20 p.m. Greg Merola seconded the motion. The motion passed unanimously.

Charlene Janecek made a motion to adjourn the meeting at 10:20 p.m. Tom Englert seconded the motion. The motion passed unanimously.

Respectfully Submitted,

Suzanne Helchowski
Recording Clerk

Reviewed and forwarded subject to approval by BoF
Rick Nygard, Clerk, BoF