

THESE MINUTES ARE SUBJECT TO APPROVAL AT THE NEXT BOF/BOS MEETING

TOWN OF CHESTER, CONNECTICUT
BOARD OF FINANCE
BOARD OF SELECTMEN
JOINT BUDGET WORKSHOP
Wednesday, April 22, 2020
Via ZOOM

CALL TO ORDER

Chairman Carmany called the meeting to order at 7:35 p.m. In attendance included Virginia Carmany, Rick Nygard, Richard Strauss, Greg Merola, Jon Joslow, Jennifer Rannestad, BOF members in attendance but not seated: Michael Joplin, John O'Hare and Andrew Gardner. Also in attendance Peter Evankow, Business Manager, Madelyn Meyer and Elizabeth Nettle, Bettie Perreault, Jamie Grzybowski, Stan Wallonowski, Lol Feron, and Darlene Feron.

First Selectwoman Gister called the meeting to order at 7:35 p.m. In attendance included: First Selectwoman Gister, Selectwoman Janecek and Selectman Englert

Note that documents discussed at the meeting were available.

AUDIENCE OF CITIZENS

Lauren read the following communication submitted by Bettie Perreault:

"A sincere "Thank You!" to the Selectmen and the members of the Board of Finance for your concern for the taxpayers of Chester. The impact of the COVID virus on our community and the economy is unprecedented in our lifetimes and the ramifications will remain with us for a long time.

While technology has provided ways for us to continue to conduct business, it is also somewhat of an "out of sight, out of mind" situation. Residents, taxpayers, voters, aren't very much aware of the work you are doing.

It is critically important that everyone recognize that minimizing the impact on taxpayers when setting the budget and establishing a mil rate has far-reaching effects.

Many of the actions taken to avoid a tax increase have basically "kicked the can down the road". We are putting off things that have been planned, deferred maintenance, postponed purchase of already aged and tired equipment and vehicles. Sooner or later, all of this is going to become due.

When presenting a final budget to the taxpayers, please make sure that they are fully aware that while the town has avoided major tax increases this year in consideration of very unusual circumstances, the time will come when all those deferred or postponed items are going to have to be taken care of.

We've gotten through today; now we need to think of the future.

Thank you.

Bettie Perreault"

Virginia thanked Bettie for her recent letters and participation in the budget process. She commented that, to date, any reductions to department budgets have been made with department head approval. Even as the BOF strives to reduce the impact of increased educational costs, maintenance and safety projects have not been “kicked down the road”.

BUSINESS

Virginia commended Peter Evankow for his work in developing budget documents.

Review of Revenue and Operating Budgets

The Boards had continued discussion on the proposed 20/21 Chester Budget.

A copy of the Budget Comparison sheet, updated 4/21/20 was included in the Board’s packet and discussed. Over last year, the budget is up \$344,798 (approx. 31% General Fund and Capital, 33% CES and 34% Region 4) and Revenue has also increased.

The Budget Adjustments sheets as updated per recent Joint Board meeting(s) were included in the Board’s packet and discussed. Additional savings were realized from the Public Works budget based on past history (2 years).

Review 5 Year Capital Budget

Discussion and Determination of Strategy for Achieving Budget Goals

A copy of the Capital Budget (update 4/21/20) was included in the Board packet.

Several projects have been delayed; i.e. purchase of street lights (purchase scheduled 18 years from now), ambulance replacement, fire dept equipment and fire dept. parking lot).

Outstanding items to be discussed this evening include the request for increased hours for the Librarian and the request for additional Constable shifts.

Lauren reported that the BOF postage request was increased to \$1,500. The cost for postage for a mailing to all residents is approximately \$400 excluding design costs. The BOF postage line is utilized for various BOF mailings to residents; said mailings were approved by the entire BOF. The BOF discussed the appropriateness of the BOF Chairman revising the BOF’s budget without consulting the entire BOF. It was determined the chair has that authority pending full BoF approval during the budget process similar to all other departments. It was suggested that the Town Operations account is the appropriate line to “house” these funds though also noting that several departments carry their own postage line item.

The consensus of the Board was to fund a BOF postage line in the amount of \$1,000.00.

Additional items discussed relative to the proposed budget included:

- As of 4/23, the difference between Revenue and Expenses is \$171,739.00. The Board discussed options, including use of surplus and fund balance, to maintain a “flat” budget.
 - The estimated 19/20 surplus is \$315,823
 - The Fund Balance is 19.81% (over \$2.6 million)

A list of “options”, developed by Peter and Lauren was distributed and included:

- Reduce General Fund Expenditure Budget – the Board determined this was not an option they wished to consider at this time.
- Reduce Capital Fund Expenditure Budget – – the Board determined this was not an option they wished to consider at this time.
- Reduce CES Expenditure Budget - – the Board determined this was not an option they wished to consider at this time.
- Masonicare – adjust estimated tax loss (currently at 2/3 or \$187,417).
 - The requested “not for profit” status relative to Masonicare has not yet been determined by the courts. Depending on the outcome, retro-active payments may be necessary but unlikely. The court may spread any reduction over future years.
 - Lauren recommended maintaining funds in the account. Virginia expressed concern that we may be taxing residents for money that we may still receive through next year.
 - The Board discussed the possibility of using surplus or fund balance if/when a court determines that Masonicare is a “non-profit”.
 - The history of similar cases was briefly discussed. In the past for one business in 2009 - 10 the Town has had to “give back” for an adjustment to the assessed value and in another case for a non-for profit the reduced tax was spread out over several future years. Depending on the judge’s order, the Town may have the opportunity to “pay back” over several years or they may have to refund a lump sum.

To reduce the mill rate, the Board discussed funding the approximate \$172,000 difference in Revenue vs. Expenses. Options to fund the “shortfall”, Use surplus to offset 20/21 Budget and Use surplus to pre-fund Capital were discussed extensively. Peter suggested that the Board consider using each option to some degree. He stressed the importance of maintaining a steady budget over several years.

After extensive discussion the BOF agreed upon the following:

- A \$10,000 reduction in BOF contingency.
- Assume loss of ½ of Masonicare Revenue
- Use of surplus to offset a portion of the 20/21 budget
- Use of surplus to pre-fund Capital
- Approve the request for additional hours for the Librarian and Constable shifts

Peter summarized as follows:

- The difference between Revenue and Expenses is \$162,000
- Use \$50,000 from the current surplus to offset next year’s budget
- Prefund Cap at \$162,000
- Assume \$45,000 from Masioncare in tax revenue

The consensus of the Board was to pre-fund the Roads Capital account.

Rick Nygard made a motion to forward a budget in the amount of \$14,552,018.00 to a Public Hearing. Richard Strauss seconded the motion. The motion passed unanimously.

Final Review, adjustment and approval of Draft Budget in preparation for submission to newspaper and presentation at Public Hearing on May 6, 2020

Lauren reviewed the upcoming budget schedule. The Public Hearing is scheduled on 5/6. To accommodate posting deadlines, the notice must be sent to the newspaper tomorrow.

Due to the Corona Virus, residents will not have an opportunity to vote on the budget. The BOF scheduled a BOF meeting on 5/27 to vote on the budget and set the mill rate.

Per Executive Order, the BOS will pass a resolution authorizing the BOF to approve a budget and set a mill rate.

AUDIENCE OF CITIZENS

Jamie Grzybowski commented that figures reported during the Capital discussion relative to the funding for the truck replacement (Fire Dept. Capital) are incorrect. Jamie, Lauren and Peter will discuss further.

ADJOURNMENT

Jennifer Rannestad made a motion to adjourn the meeting at 9:50 p.m. Rick Nygard seconded the motion. The motion passed unanimously.

Charlene Janecek made a motion to adjourn the meeting at 9:50 p.m. Tom Englert seconded the motion. The motion passed unanimously.

Respectfully Submitted,

Suzanne Helchowski
Clerk