

## Town of Chester

203 Middlesex Avenue Chester, CT 06412

telephone: 860-526-0013 facsimile: 860-526-0004 www.chesterct.org

## Chester Board of Finance

### Minutes of Special Meeting, Thursday, December 9, 2021 at 7:00 pm Live at Town Hall

#### Call to order

- Welcome and Introduction – The meeting was called to order at about 7:05 PM by Chair Rick Nygard. Seated, in addition to Nygard, were Virginia Carmany, John O'Hare, Andrew Gardner, Michael Joplin, and William Bernhart. Present but not seated were alternate members Mike Jordan, Steve Cline, and Deb Vilcheck. Also in attendance was Chester Treasurer Joseph Cohen.
- Audience of Citizens. No Comments.

#### Old Business

Discussion and possible vote on ARPA projects prior to December 15 Town Meeting.

- Prior to discussion, Virginia Carmany reviewed the following document with those present at the meeting:

\*\*\*\*\*Start of document \*\*\*\*\*

We are being asked to approve spending some of the \$623,000 1st year ARPA Funds  
As a board we had agreed to consider spending that would benefit the whole town and be energy efficient.

I would like to put in perspective just how valuable these funds are.  
So it is important to ensure we are utilizing these funds appropriately.  
Some of this information will be a refresher of known information and for others it will be a general overview.

Our Revenue Budget* is made up of four major areas:			\$14,552,018	* 2021/22 Budget	
General Fund Surplus	\$ 225,000	2%	Placeholder		
<b>State Funding</b>	<b>\$ 1,144,115</b>	8%	ECS, Telecommunications, Town Aid roads		
Town Funding	\$ 575,400	4%	Ambulance, interest, passes, permits Fees etc.		
<b>Tax Revenue</b>		87%	Real estate, Personal Property, Back taxes,		

	\$ 12,607,503		
	\$ 14,552,018		Interest and fees

Real Estate Tax income has gone down \$5M over the last 5 years

**Personal Property has gone up \$9.7M over the last 5 years (due to tax law changes in 2017 encouraging Machinery and Equipment investments)**

Car Tax has gone up \$5.3M over the last five years

Our expenditure **Budget is made up of three major categories:		** 2020/2021 Budget
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Education	\$ 9,726,561	68%	R4 and CES
Town Operating	\$ 3,992,659	28%	
Town and Education Capital	\$ 660,500	5%	
	\$ 14,379,720		

Education has gone up \$1M over the last 5 years

Town Operating has gone up \$163K over the last 5 years (several areas have seen offsetting reductions)

Capital has gone up \$241K over the last five years (we have bought down capital with General Fund surplus)

Our main drivers for revenue is Real Estate - we have 16 square miles of town, but 10 Square miles are State Forest

Our main driver of expenditures is Education. We are expecting ADM shift increases while various groups are negotiating new contracts and teachers are most likely to be given increases due to Covid.

Why is all this important?

It will not be easy to build/develop our way out of the dilemma of growing expenditures and shrinking revenue.

There is the misunderstood idea that we can grow our grand list...

A mil is equal to about \$440,000 and a mil increase represents a 4% tax increase.

Our mil rate is 29.5, Deep River is at 29.58 and Essex at 22.43

1 property appraised at \$24M, assessed at 70% generates approximately \$440k in property taxes

**OR**

24 \$1m dollar properties

48 \$500k properties

64 \$375k properties

Capital is expected to grow from \$550k (used \$200K to buy it down) this year to \$801k next year  
(most likely we will want to buy it down again with surplus)

So I want you to carefully consider the ARPA projects:

Are we rushing? All the estimates are preliminary. In one case there is a place holder.

Whom does the project benefit?

Consider Need vs. Want

Consider waiting for further review vs. approving now

I have received several calls regarding these projects and the tax payers are concerned. It is our responsibility to send clear guidance.

Why has this even come up?

The Call does not match what the BoF voted on after the BoS voted and sent it to us.

\*\*\*\*\*End of Document \*\*\*\*\*

### Discussion:

Virginia presented a summary of the current financial situation.  
Our debt appears low for municipal operations, but most of our debt is buried in Region 4.

### Revenue:

To what extent is ARPA funding a windfall or a way to keep our taxes down?  
Property tax revenue has decreased, business personal property tax revenue has increased.  
The Sweetwater building valuation has been reduced by court decision by 2/3.  
The relationship between property market value and assessment/grand list is variable over time as market values change..  
Chester is looking at open land, which is in short supply, for possible development.

### Expenditure:

ADM is the number of children registered in school as of October 1 date, and this affects our allocation of Region 4 expenses.  
There appears to be a misconception that we can grow our grand list easily but this is not based on facts and there are offsetting expenditures with development.

### Discussion of Call Notice:

Numbers in the Call notice differ from those approved by the Board of Finance. The Call notice details need to be amended.  
No capital projects or green initiatives that could meet green energy desires and/or reduce costs.  
Back up generator – the need for an emergency generator to power all circuits in the Town Hall building was questioned. Consider enabling remote operations or battery backup alternatives.  
Process for ARPA – Deep River and Essex have formed committees to develop proposals for specific projects to Board of Finance, selectmen before going to Town meeting.  
The current process appears to be unnecessarily rushed and is questionable for future reference, responding to audit, particularly with pending selectman resignation/transition.  
Selectmen appear to consider ARPA funding outside of the budget process, but some proposed expenditures may have future operating cost implications.  
We are relying on the Selectmen to operate under a process that will meet future government approval/audit. CT is planning on auditing all towns' ARPA expenditures.  
Project validity? More a process or lack of process issue – need a detailed analysis of what the specific projects should be and timing.  
RiverCOG lawyer opinion suggested that Selectmen could bypass Board of Finance. We disagree.  
Actual direct expenses related to COVID have been minimal compared to ARPA funding.  
ARPA funding is effectively a gift to the town.  
Should we be contributing to charitable organizations?  
Sewer maintenance needs to be done. Correct sewer operation is important to the perception of the town and to sewer use customers, but other residents have expressed concern.

The Board of Finance is responsible for financial oversight and fiscal policy. We don't give blank checks. These are unvetted gross estimates, there are not yet RFPs with competitive bids and actionable details. Time has not been put in to do proper analysis and vetting. Procedurally, this is not the way to go about it. We don't want to debate currently identified projects or the cost estimates. We don't want this to go to town meeting so we will draft a motion stating the Board of Finance

position. It is hoped that the selectmen will not move this forward to town meeting at this time.

Motion: Motion by Steve Cline and Virginia Carmany, Seconded by Andrew Gardner

The Board of Finance is concerned about the procedural integrity to approve specific ARPA expenditures. The Board of Finance does not believe there has been sufficient time to thoroughly review the specific projects being proposed. In addition to reviewing specifics of these ARPA proposals, the Board of Finance has responsibility for oversight on all Town expenditures no matter the source of funds. The Board believes the residents of Chester deserve a thorough review of the ARPA projects taking into account Town need, with said review allowing for proper investigation, review and discussion.

The Board does not believe it is in the best interests of the residents of Chester to go to Town Meeting for approval of specific projects at this time. Numbers have not been vetted, confirmed or finalized and have changed since presented to the Board for approval.

Vote: Approved by unanimous vote of the Board of Finance, 6-0, with concurrence of 3 Alternates.  
8:26 PM

### **New Business**

Discussion of Finance Board role in budget process and division of responsibilities among BoF members.

Rick Nygard provided this document to those present, and with some discussion initial volunteers were noted for follow up in 2022.

\*\*\*\*\*Start of document\*\*\*\*\*

### **Areas of Focus for Chester Board of Finance**

Public Works

Chester Hose Company - John

Police Protection

Capital Funds

Engineering (dams, etc)

Education – Region 4, Chester Elementary School, Supervision District – Michael Joplin

Policy Manual and Handbook for Elected and Appointed Officials – review and update – Rick, Andrew and Deb

Research on selected topics that arise

Records of votes that BoF has taken to confirm what we have approved

Review of past spending by years – Mike Jordan

Taking on miscellaneous tasks that arise

Reviewing other Town operations – (e.g., library, Retirement Board)

Other recommendations?

ARPA involvement/process – Bill

\*\*\*\*\* End of Document \*\*\*\*\*

Adjournment at 8:51 PM

Respectfully submitted by William T. Bernhart