

TOWN OF STONINGTON
BOARD OF FINANCE SPECIAL BUDGET MEETING
Board of Education District Conference Room
Wednesday, February 22nd, 2023
7:00 PM

A meeting of the Board of Finance was held on this date at the Board of Education District Office Conference Room. Members present were Chairman Tim O'Brien, Michael Fauerbach, Deborah Norman, Lynn Young, Brian Bentz, Bob Statchen and Chris Johnson.

The Chairman called the meeting to order at 7:05 pm. The Chairman explained that it being the start of the budget season, the meeting is for departmental budget presentations and questions from Board of Finance Members (BOF), without public commentary or deliberations.

Budget Presentations

Water Pollution Control Authority

As the WPCA Director was unavailable, the First Selectman, Danielle Chesebrough, presented the WPCA budget to the Board. The BOF Chairman deferred to WPCA Board Member Lynn Young, to discuss specifics pertaining to the WPCA operating budget. Ms. Young outlined a plan to reduce the WPCA's reliance on an annual \$250,000 Town subsidy, by means of incrementally increasing usage charges. The Finance Director, James Sullivan, answered Board questions, along with Ms. Young about the WPCA's proposed usage rate increase, how inflated energy rates and varying maintenance projections affect the treatment facility operational costs, as well as the ongoing Mystic Sewer Shed I&I Study progress, and infiltration results.

Mr. Fauerbach made a request of the WPCA Director, that for future WPCA budget presentations, the Board would like the Director to present the Board with a schedule showing four (4) years of financial operating results for the WPCA operations budget.

Ms. Chesebrough proceeded to review the WPCA CIP requests for Board Members.

Line-item #72 – Billing System Evaluation (\$25,000)

Ms. Chesebrough stated for Members that the billing system evaluation will hire outside consultants to identify issues within the Town's current antiquated, manually intensive water metering system. Ms. Young questioned if the project could be funded with the \$10M sewer bond, and Mr. Sullivan confirmed that the project was eligible for it.

Line-item #69 – Climate Resiliency Evaluation Study (\$50,000)

Ms. Chesebrough presented details about the Climate Resiliency Evaluation Study for Board Members. Mr. Statchen asked about grants available for the study, and Mr. Sullivan reported there currently are three grants for WPCA projects, two grants provided by DEEP, and a \$720,000 grant awarded by the EPA. Ms. Chesebrough and Board Members continued to discuss the grant details, and their relationship to the study.

The Office of First Selectman

The Chairman started off by asking Board Members if they had questions about the operating budget. Ms. Young asked for clarification regarding the last two columns on the budget schedule. Mr. Sullivan answered Board Members, stating that since year over year salaries remained flat, due last year's COLA being unknown at budget time due to ongoing union contract negotiations, Mr. Sullivan added a second column showing year over salary increases, the first representing year over year percentage increase over adopted budget, which was flat for salary line-items, and year over year percentage increase after salary line-items were adjusted for COLAs. Ms. Chesebrough noted that the second to last spreadsheet columns reflect a 5.88% increase over the 22/23 adopted budget, and a 2.80% COLA increase over the 22/23 revised budget. Board Members asked Ms. Chesebrough and Mr. Sullivan questions about line #120 – Borough of Stonington (shown under "Payment to Other Civil Divisions"), including the formula Mr. Sullivan had used to calculate the amount of the payment.

The Chairman addressed the Board, stating there are only certain times the Office of First Selectman's salary can legally be changed, and now was one of those times. The Chairman cited a challenging hiring environment, before he recommended the Board of Finance and Patti Burmahl, the Director of Administrative Services, review the First Selectman's salary for the sake of ensuring it is high enough to draw qualified candidates. Ms. Burmahl indicated to the Board that the salary wouldn't be effective until December of 2023, when the next First Selectman term begins, and confirmed she would follow up with a salary review soon.

Administrative Services

Ms. Burmahl presented the Administrative Services budget to the Board, noting two items in particular account for most of the \$12,000 increase in purchased services; the first is a \$8,100 increase to database expense for a new time and attendance system, as the old one is no longer being supported, and the second, is a \$2,800 increase to furniture and equipment to lease a new copier for the administrative services department. Board Members discussed with Mr. Sullivan the benefits of leasing a copier/printer maintained by a third party, as opposed to purchasing the copier/printer outright. He responded that the copiers tend to start failing after 5 years of use so its more cost effective to lease for 5 years instead of purchasing and having to retain a copier for 10 years. Ms. Burmahl also noted a new \$1,000 Stipend for Notaries line-item, to cover a \$500 annual stipend for two notaries, so the Town can offer this service to residents.

Information Systems

Ms. Burmahl presented the Information Systems Budget on behalf of Roger Kizer, the IT Manager, who was not in attendance. Ms. Burmahl explained that line-item #40 – Telecommunications, has increased by \$36,000 over last year to \$106,000, due to the increase in the dark fiber-optic line. In the past this had been included in the annual service agreement with our internet provider, but since our internet provider was sold to another company, the dark fiber

line is no longer included in the package and is an extra. Ms. Burmahl also reported a \$5,000 increase to line #35 – Equipment & Licensing, to purchase new internet switches. Ms. Young inquired about a \$17,242 increase to line-item #27 – Technology Support Specialist. The \$17,000 included two years of COLA's for both Specialists and two years of STEP increases for one of the Specialists. One works in Town Hall and the other at the Police Department.

Human Resources

Regarding Human Resources, Ms. Burmahl reported a \$30,000 combined decrease for lines #48 and #49 – Labor Negotiations, and Labor Council, which had totaled \$130,000 last fiscal year. Ms. Burmahl informed Board Members she had taken on much of the administrative tasks that the labor attorney had done in the past, resulting in the line-item decrease. Ms. Burmahl cited an \$31,093 increase to line-item #48 Pension Plan – Defined Benefit, increasing it to \$615,061, which was driven by the ad-hoc COLA approved by the retirement committee for the 2023-24 FY budget. There was also an increase of \$82,000 to line #49 Pension Plan – Defined Contribution 401a, increasing it to \$252,000, which is a result of a bunch of retirements, with their replacements participating the 401a plan vs. the defined benefit plan, as well as the Town contribution % increasing from 5% to 6% \$42,000 of the increase is attributable to the 5% to 6% increase in employer contribution match, which was done to attract and retain Town employees. Mr. Statchen asked Ms. Burmahl how much a 6% 401a match would help with competitiveness, and Ms. Burmahl stated that every incentive helps, during a particularly challenging time acquiring new talent. Board Members discussed with Ms. Burmahl potential talent acquisition incentives in detail.

Ms. Burmahl continued noting line #50 – Social Security, had increased by \$52,000 to \$659,000, but also noted the item includes two years' worth of Social Security increases. Ms. Burmahl addressed line #56 – Accrued Leave Pay-out, stating she had reduced this item by \$15,000 this year to \$105,000, but she was unsure about this figure without knowing who may retire. Ms. Burmahl estimated line-item #58 – Health Insurance, may increase by \$150,000 to \$2.27M, but she would have more accurate details in the next few months. Ms. Burmahl informed Members line-item #62 – Professional Development, shows a \$4,400 increase to \$7,600, and provides employee tuition reimbursement. Ms. Young asked Ms. Burmahl what the level of pension funding is, and Ms. Burmahl replied it was 86% funded at the end of last fiscal year. Ms. Burmahl told Members the Ledge Light Health District rate would not be increasing and will remain at \$7.59 per resident for the year.

Ms. Burmahl proceeded to address new CIP requests with the Board.

CIP Line-item #5 – Storage Update (\$136,582)

Ms. Burmahl explained that the storage update item would fund a one-time purchase of two specialized 11TB data packs, for Town Hall and for the Police data center. Ms. Burmahl indicated the Town's storage system was approaching 80% of its total capacity, largely a result of the recent Town Hall document archival project. Ms. Burmahl noted that Mr. Kizer had stated the required data packs were proprietary, and had to be purchased together for the "active cluster" system to function properly. Mr. Fauerbach stated this seemed to be expensive for storage, and would like to know more about it. Mr. Johnson asked Ms. Burmahl how long it

would take before the new storage reached capacity. Ms. Burmahl stated she was unsure, but would refer the Board Member's inquires to Mr. Kizer for clarification.

CIP Line-item #7 – ADA Accessibility – Town Facilities (\$20,000)

Ms. Burmahl requested for this item, after being taken down to \$1 in last year's budget. Ms. Burmahl reported this item was initially funded with \$20,000 in the 21/22 budget and that she has spent approximately \$9,000 from the account on ADA projects, with another \$2,000 currently earmarked. Ms. Burmahl cited the importance of implementing ADA accessible counters, throughout Town Hall.

Mr. Fauerbach asked Ms. Burmahl for clarification regarding the General Operations line-item #2 – Townwide Computer Upgrades, a \$65,000 CIP request. Ms. Burmahl explained this account is used to accumulate funds each year, to fund laptop and desktop workstation replacements every five years, as well as other IT related equipment.

CIP Line-item #27 – Assessor Revaluation (\$70,000)

Mr. Statchen asked Ms. Chesebrough about the Assessor's Department CIP line-item #27 – Town Revaluation. Ms. Chesebrough informed Members that \$70,000 is banked each year to prepare for the next revaluation cycle, which is every 5 years.

Department of Assessment

Ms. Young asked Ms. Chesebrough about the \$20,111 increase to line #1 – Director of Assessment. Ms. Chesebrough informed Board Members that another Town tried to hire away the Assessor and this increase is a result of the Town's counteroffer to retain the Director. Mr. Fauerbach asked about the \$19,626 increase to line-item #3 – Clerical Salaries. Ms. Burmahl explained that an employee was promoted to a new grade, and two new hires received step increases as part of the Clerical contract. Ms. Young requested details regarding the line #13 – Database Expense, \$4,906 increase. Mr. Sullivan replied that he suspected the increase was due to an increase from QDS (the Assessor's tax software), but he was unsure. The Chairman requested clarification regarding what the company was increasing, and Ms. Chesebrough confirmed with the Board she would follow up soon.

Department of Finance

Mr. Sullivan asked Board Members if they had questions about the Finance Department. Mr. Fauerbach asked Mr. Sullivan to explain line-item #52 – GASB 45 – OPEB Plan Contribution, budgeted at \$105,000. Mr. Sullivan explained the OPEB plan is an "Other Post Employment Benefit" plan which allows retirees to remain on the Town's health plan after retirement until they are eligible for Medicare. Mr. Sullivan indicated that he didn't think a contribution is absolutely required this year, and would leave it up to the Board Members as to whether or not to fund it in the current budget. If left, in Mr. Sullivan indicated it would probably help accelerate

full funding of the plan. Mr. Sullivan advised Board Members that if \$105,000 was needed later in deliberations, funds could be pulled from this line. The Chairman asked Mr. Sullivan how much longer line #55 – PCBs and Hazardous Materials Testing – School District would be continuing for. Mr. Sullivan described to Members a Building Committee request he intends to submit, which would likely restrict testing to every five years, rather than annually. Mr. Sullivan continued, noting a \$5,000 increase to line #59 – Property & Liability Insurance, which included workers comp, a 3% increase to Liability & Property coverage, and a 5-10% increase in the cybersecurity policy.

Debt Service

Mr. Sullivan told the Board Debt Service is declining. The Board briefly discussed bonding issues before Ms. Young asked Mr. Sullivan if he knew what the blended average interest rates were for all outstanding Town bonds. Mr. Sullivan told the Board average interest rate on current debt was 2.5% or less.

Planning Department

Keith Byrnes, the Town Planner, and Susan Cullen, the Director of Economic and Community Development, presented the Planning budget along with Ms. Chesebrough. Ms. Cullen informed Board Members that the Grant & Floodplain Manager position had yet to be filled. Ms. Chesebrough suggested renaming the Grant & Floodplain Manager position to Grant Manager instead, in an effort to attract new hires without changing the scope of the role. Mr. Statchen asked Ms. Chesebrough if the \$73,830 salary was enough to attract Grant Manager candidates, and Ms. Chesebrough indicated she was optimistic that it was. Board Members discussed the specifics of the Grant Manager salary and what the position would entail. Ms. Chesebrough asked Board Members if they approve of reposting the Grant Manager position under the new title, and the Chairman confirmed the Board has no issue with renaming the position.

CIP Line-item #90 – Plan of Conservation and Development (\$47,500)

Ms. Cullen informed Members this CIP request noted that per zoning regulations, this item needed to be updated every ten years, and is required by state law. The Chairman asked if the \$47,500 cost was for the entire project, and Mr. Byrnes replied it's a two-year project, for a total cost of \$100,000.

CIP Line-item #101 – File Retention (\$53,500)

Ms. Cullen underscored the importance of the File Retention project, which includes the scanning and migration of department documents to the ongoing digital archive project. Mr. Fauerbach asked Ms. Cullen if the \$53,500 would be enough to complete the project, and Ms. Cullen confirmed it would be.

CIP Line-item #102 – Circus Lot Acquisition and Master Plan (\$480,000)

Ms. Chesebrough outlined the overall Circus Lot proposal for Members, explaining that the current estimate has it at about a \$2.2million project based on the conceptual plan. Ms. Chesebrough indicated the project could be reduced to \$1.6million, on a short-term basis, by

phasing in parts of the plan in the future. She also noted that the Town is exploring grant opportunities for the project, but any grant would likely require a 30% match. The Board discussed many of the project details with Ms. Chesebrough and Ms. Cullen.

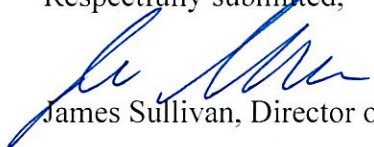
CIP Line-item #106 – Contribution to the Open Space Fund (\$50,000)

Ms. Chesebrough encouraged Members to fund this CIP item, noting the recent opportunities the Town has had to acquire several pieces of open land. Mr. Fauerbach asked for the actual account balance, and Mr. Sullivan stated he was unsure offhand, but would provide a specific figure for the Board soon.

Ms. Young asked Mr. Sullivan if there were any other sources of available funds that the Town could draw on to help offset the tax burden of the proposed 23/24 budget. Mr. Sullivan informed the Board there was approximately \$206,000 worth of Covid expense reimbursement funds set aside a special revenue fund that the Board could appropriate towards the 23/24 budget. Mr. Sullivan concluded with the caveat that those funds have yet to be audited, and if an audit concluded that the Town was ineligible for any of that funding, the Town might have to repay any amounts deemed ineligible.

The Chairman requested a motion to adjourn the meeting. Ms. Young motioned, and Ms. Norman seconded the motion. The meeting was adjourned at 8:58pm.

Respectfully submitted,



James Sullivan, Director of Finance