

TOWN OF STONINGTON
BOARD OF FINANCE SPECIAL MEETING
Stonington High School Auditorium
Tuesday, March 28, 2023
7:55 PM

A special meeting of the Board of Finance was held on this date at the Stonington High School Auditorium. Members present in the auditorium were Chairman Tim O'Brien, Deborah Norman, Bob Statchen, Chris Johnson, Lynn Young, and Bryan Bentz. Mr. Fauerbach was present by speaker phone.

Chairman O'Brien called the meeting to order at 7:55 pm. Mr. O'Brien informed the public this is the time for further Board deliberations. Mr. O'Brien went on to make a statement explaining how he would like the meeting to proceed. He requested that each Member make a statement about whether they are satisfied with the budget, that was presented earlier this evening at the public hearing, or whether any member had any concerns or issues with the budget, as it currently stands. The Chairman started with me Bentz and requested that he express his thoughts on the budget as presented.

Mr. Bentz - commented that during the Public Hearing he didn't hear any comments that would cause him to change or alter the budget at this time.

Ms. Norman - commented that she felt much the same as Mr. Bentz, that nothing from tonight's public hearing causes her to make any changes to the budget, and she noted that the BOF worked hard on this budget and she is pleased with it.

Ms. Young - also agreed with Mr. Bentz and Ms. Norman.

Mr. Statchen - started by echoing the Chairman's comments about the professionalism of all the Town staff and their efforts in putting together the annual budget, and commented that the Town is fortunate to have the people that we have working for the people of Stonington and he wants to make sure that we continue to support the staff and the excellent work that they're doing. He also noted that he has prepared a written statement that he will read to the gathering and requested that it be added as an addendum to these minutes. The gist of Mr. Statchen's statement is that he doesn't think the budget as presented is sustainable, and for that reason will be voting against it.

Mr. Johnson - expressed his concerns about cutting funding for some line-items, particularly capital projects that we know will have to be done at some point, such as funding for the White Rock Bridge repairs and the Noyes Avenue Wall and Road replacement, and funding for the YMCA. And even with cutting these expenditure lines, we are still proposing to apply \$3.8million of fund balance to make this budget work. His final comments were that he didn't believe these capital projects should be cut and that they should be funded in this year's budget. But if these important capital expenditures are to be

cut, then we should not use so much of fund balance in this year's budget so that its available to fund these capital projects at some time in the future when they absolutely have to get done.

Mr. Fauerbach - expressed the following thoughts regarding the budget as proposed:

His first comment was to thank the staff in their efforts preparing the budget, he stated that staff did an exceptional job providing the Board with all the information that it needs to make informed decisions. He noted preparing the budget is a long, grueling process, and the effort expended is very much appreciated, and he is grateful for the transparency that each department has lent to the process. He also thanked the Town residents who engaged in the process as well, and believes it's always helpful to get additional perspectives directly from the residents the Board represents.

He expressed his concerns about deferring certain expenditures that he thinks are inevitable, and noted that while largely leaving the operating budget alone, the BOF cut over \$1.9 million from the Board of Selectmen's (BOS) CIP budget. Presumably the BOS put forward what it feels the Town actually needs, and that after BOF cuts, this year's CIP budget is 23% less than prior year CIP budget. He stated that he believes that we are pushing out a number of our capital expenditures that have to get done at some point. He repeated Mr. Statchen's assertion that we are fully utilizing every lever that's available to us right now, to drive down the mill rate, whether that be tapping undesignated fund balance, or tapping the COVID expense reimbursement funds that were set aside, and repurposing defunct CIP projects. So, we really are doing everything we can to drive down the mill rate, which generally is a good thing, but I do worry about some of these items that again, we've pushed out that we know are known exposures, and for which we're going to have an imminent obligation. To get more specific, he stated he would be in favor of restoring the following cuts:

- Line 5 IT storage costs - \$91,435 pushed to next year.
- Line 9 Emergency Lighting - \$14,000 pushed to next year, and he believes both lights are needed for emergency operations to function as it should.
- Line 27 Highway Equipment - \$235,000 for new dump truck pushed out to next year. He commented that highway has provided the BOF with a well thought out capital replacement schedule that is not being followed.
- Line 35 Bridge replacement fund - \$50,000 pushed out to next year. The Town has a lot of bridges in need of repair, so there is a lot of exposure here.
- Line 49 White Rock Bridge structural repairs - \$257,000 pushed out to next year. The Highway department has indicated that the \$257,000 will definitely be needed next year.

All these items total \$647,000, and if added back to the proposed budget, the mil rate would increase by .16 to 17.61, which would still be a year over year decline in taxes for the typical home owner. Taxes would have decreased for two years in a row. The BOF has the flexibility and responsibility to prevent the Town from being in a bad position next year when all these items have to be funded.

That concluded Mr. Fauerbach's comments.

There was much discussion among the members about how much money should be left in undesignated fund versus how much should be returned to the taxpayers, i.e., used to offset the mill rate in the 23/24 budget.

Mr. Bentz asked Mr. Fauerbach if he would support adding the \$647,000 back if it were to be funded from additional use of fund balance. Mr. Fauerbach responded that he would not be in favor of using more fund balance because he would like to keep those funds available to fund known future capital expenses such as bridge repairs, and that he would like to add back the \$647,000 and have it funded by tax revenue.

Mr. O'Brien commented that the Highway department was fine with reducing the White Rock Bridge repair allocation down to \$88,000, because the \$88,000 will allow them to get the engineering and design work done, which will take about a year, and then they will better be able to estimate the actual cost of repairs at that time.

Mr. Fauerbach commented that Westerly has already funded its portion of the proposed White Rock bridge repairs and that he doesn't want Stonington holding up the repairs because the money wasn't appropriated.

Mr. Statchen and Mr. Fauerbach, had a back and forth, primarily between themselves, about how much each would be willing to, both decrease the appropriation from fund balance, and increase capital expenditures through an increase to the mill rate as presently proposed. This conversation lasted for a few minutes.

At the conclusion of this back and forth, Chairman O'Brien asked each member of the BOF whether they would be in favor of adding back the \$647,000 of CIP cuts discussed earlier, by increasing the proposed mill rate by .16 mills, to 17.61.

Mr. Fauerbach – recommended adding back the \$647,000 of CIP projects to be funded by the .16 mill increase in the proposed budget.

Mr. Bentz – responded that he would be against increasing the mill rate by .16 mills, but would be in favor of adding back the \$647,000, if it were to be funded by an additional appropriation of fund balance.

Ms. Norman – responded that she is in favor of leaving the budget where it is currently, except for the reinstatement of CIP funding for the White Rock bridge repairs, which would be an increase of \$257,000 to the current budget.

Ms. Young – responded that she would support the reinstatement of the White Rock bridge funding but only if the \$257,000 was cut from somewhere else in the budget, leaving the mill rate unchanged.

Mr. Statchen – responded that he would support reinstating the \$647,000 of CIP cuts, but that would be contingent on the proposed appropriation of fund balance being reduced by \$900K from \$3.8million to \$2.9million.

Mr. Johnson – responded that he was of like mind with Mr. Statchen, but additionally he would want the funding restored to the YMCA funding request on line 104.

Mr. O'Brien – Commented that he was supportive of the budget as it currently stands.

The Chairman summarized the members' positions by concluding that he believes 3 members are in support of the budget as is, and three are against it as is, with one member not fully committing either way until the White Rock bridge question is resolved. He asked for further discussion from the members specifically regarding the White Rock bridge project.

Ms. Young – opined that there is no point in funding construction costs at this time since the engineering hasn't been done and we don't know what the ultimate cost will be, that likely it may have to be bonded. Still supports budget as is.

Mr. Fauerbach – asked Ms. Young if she would support funding the bridge replacement fund in general and not the White Rock bridge specifically. She was still against that, noting that the bridge issue in general will require bonding or grant funds to complete.

No further discussion about funding bridges.

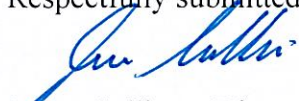
The Chairman indicated he would call for a vote on the budget as is. Mr. Bentz made a motion to approve the budget as presented. Seconded by Ms. Young. There was more discussion about funding CIP projects and use of fund balance. The Chairman called for a vote to recommend the budget to Town Meeting as currently presented:

Mr. Bentz	Aye	
Ms. Norman	Aye	
Ms. Young	Aye	
Mr. Statchen		Nay
Mr. Johnson		Nay
Mr. Fauerbach		Nay
Mr. O'Brien	Aye	

The motion to recommend the 2023-24 budget to Town Meeting was approved 4 to 3.

Having no more business before the Board this evening the Chairman declared the meeting in recess at 8:45 pm.

Respectfully submitted,



James Sullivan, Director of Finance