

TOWN OF STONINGTON
BOARD OF FINANCE SPECIAL MEETING
Virtual Meeting/Stonington Police Dept Meeting Room
Thursday, March 18, 2021
7:00 PM

The Stonington Board of Finance held a virtual/hybrid meeting on this date at 7:00 p.m. The meeting was also streamed on Facebook live and was available via audio on a conference line. The Board of Finance members will discuss and deliberate FY21/22 budget requests amongst themselves and may inquire of the First Selectman, Department Heads and Representatives from the Education Department as to requests and may direct the Director of Finance to make adjustments to certain budget line items. There are no public comments during this meeting, however, there will be a public hearing in the coming weeks where the public may weigh in and direct comments and/or concerns to the Board of Finance.

Chairman Tim O'Brien and Mr. Glen Frishman were present at the Police Department Meeting Room. Mr. Mike Fauerbach, Ms. Lynn Young, Ms. Deb Norman, Mr. Bob Statchen and Mr. Dave Motherway were present remotely. Finance Director Jim Sullivan was present remotely.

Chairman O'Brien called the meeting to order at 7:05 p.m.

The Chairman commented that the Board of Finance's objective for this evening's meeting is to evaluate the needs of the Town, and do so based on the input from the Directors and Heads of the Town Departments. These inputs are the important drive that assists the Board of Finance with making decisions. Outside efforts and support are great to have, but first and foremost is the Department Heads requests, needs and demonstration. Chairman O'Brien noted a recent article in a local newspaper misconstrued how the Board of Finance operates. Chairman O'Brien stated the Board of Finance will continue to operate based on the needs of the community.

BUDGET DELIBERATIONS:

NEW BUSINESS

Chairman O'Brien stated that pursuant to conversations with the First Selectman regarding the distribution of funds received from the America CARES Act the following changes to the budget can be made.

Capital Improvement Requests:

Public Works/Facilities Management:

- o Line Item #55 - Town Hall HVAC Improvements \$190,000
 - o The request was reduced to \$1.00
- o Line Item #56 - Human Services HVAC Replacement \$ 31,700
 - o The request was reduced to \$1.00

Following a discussion with Mr. Pete Anderson, Chairman O'Brien stated the following changes could be made to the school budget:

Stonington Public Schools:

- o Line Item #146 - Upgraded Building Mgmt System SM & DO \$157,700
 - o The request was reduced to \$78,850
- o Line Item #155 - Two (2) Maintenance Trucks \$ 65,000
 - o The request was reduced to \$33,000

Mr. Statchen asked for clarification on Line Item #135 - SMS AC Upgrade for \$1,950,000. Chairman O'Brien stated that the Line Item will show \$1.00 while more discussion takes place regarding the CARES funding and if this project would be fully applicable.

- o Line Item #135 - SMS AC Upgrade \$1.950,000
 - o The request was reduced to \$1.00

Operating Budget

Office Of Selectmen:

- o Line Item #1 - First Selectman Salary \$99,327
- o Line Item #2 - Second Selectman Salary \$14,295
- o Line Item #3 - Third Selectman Salary \$14,295
 - o Mr. Frishman commented that in prior deliberations it was suggested that the Second and Third Selectman may take a reduction of \$10,000 in their salary line items and Mr. Frishman suggested in by doing so the monies should be put into the general fund until an accountability study be performed. Mr. Frishman also considered the salary of the First Selectman to be undervalued due to the previous Selectman donating a portion of his salary to support the second and third positions. The Board agreed that it was appropriate to take action to benchmark the Selectman's salary and discuss at a further date.
- o Line #20 - Mystic River Park - Public Restrooms \$20,000
 - o Mr. Frishman inquired about the \$9,391 increase in this years request and whether it was all related to COVID. Ms. Young stated she did have a discussion about this and it was due to the extra cleaning in order for the restrooms to be usable and heavy use of the park during COVID.

Administrative Services:

- o Line Item #62 - Diversity, Equity & Inclusion Training \$7,500
 - o Mr. Frishman suggests the Board reduce the request to \$5,000. Director Burmahl stated that the Town is a bit behind other municipalities when it comes to diversity training and the funding would cover about (3) trainings in the coming year. Mr. Statchen said he felt the training was an important issue and stated that he supported the full request of \$7,500. Ms. Young agreed with the full amount but added she hoped the training would be more inclusive. Ms. Norman and Mr. Fauerbach concurred. The amount remains at \$7,500.

Finance Department:

- o Line Item #18 - Finance & Technical Professional Services \$35,000
 - o Mr. Fauerbach asked for confirmation that the \$35,000 would be coming out of the budget. Director Jim Sullivan confirmed that the request would be reduced to zero and the request for funding an update to the Finance Dept software would come out of the present (FY20/21) budget. Line Item #18 was reduced to zero.

Public Works:

- o Line Item #17 - Sidewalk Repairs \$150,000
 - o Mr. Frishman suggested the request be reduced to the departmental request of \$100,000. Ms. Young agreed. Director McKrell said that during her discussion with the First Selectman it was agreed that the \$100,000 was a good start for where the budget is at financially this year. All members were in agreement. The line item was reduced to \$100,000.
- o Line Item #29 - Bridge Maintenance \$75,000
 - o Mr. Frishman inquired if these monies would be for design or identified potential repairs. Mr. Chris Greenlaw, Town Engineer stated the funds would be used for non-structural repairs, sidewalks, railings and items that do no impact the structural integrity of the bridge. No changes to the request were made.

Water Pollution Control Authority:

- o Line Item #12 - Operation's (Town Share) \$300,000
 - o Mr. Fauerbach brought up the \$50,000 increase in the request noting that over the last few years the Board has discussed gradually reducing the line item and the additional funds requested shows it moving in the opposite direction. Mr. Fauerbach acknowledged the detail of the WPCA operating budget and that it is operating at a loss, but he is concerned that by providing additional funding it will mask the problem and not correct it. Mr. Fauerbach suggested holding the request to last year's amount. Ms. Young, who sits on the WPCA Board, concurred with Mr. Fauerbach's suggestion and noted that some maintenance in the operating budget could be paid for with the revenue bond. Director Nettleton added that he could use funds from account 222 if necessary, for the operations budget for this year, but it would be twice that amount next year. A brief discussion of a rate increase to cover expenses took place with Director Nettleton suggesting it would take a 15% increase in fees to cover expenses, which could possibly equate to \$20 - \$30 per household annually. The request was reduced to \$250,000.

Human Services:

- o Line Item #7 - Community Outreach Specialist \$40,040
 - o Mr. Frishman thanked Member Norman for reaching out to him to discuss the new position request. Mr. Frishman is onboard with the new

position.

- o Line Item #42 - Stonington Free Library \$227,000
 - o Mr. Frishman inquired why the Library had a \$15,000 increase over last year and disregarded the formula for calculating the funding for the 3 libraries. Ms. Norman stated the increase is directly related to COVID expenses and pursuant to a discussion with the First Selectman has determined that the \$15,000 can be paid for thru the American Recovery Grant. Director Sullivan was instructed to remove \$15,000 from the request and earmark the request for additional funds. Once the Grant is received and it is determined how and when the funds can be distributed the \$15,000 could be provided. The line item was reduced to \$212,000.

- o Line Item #61 - Denison Pequotsepos Nature Center \$7,500
 - o Mr. Frishman inquired about the \$2,500 increase. Director Theodore speaking on behalf of the Nature Center stated the Center requested the additional funding in order to maintain and support the Giving Garden due to COVID. The volunteers had been significantly decreased and the Center relied on more staffing for the Garden. Director Theodore reminded the Board that produce from the Garden support efforts such as United Way's mobile food pantry which visits Stonington and others in the region, serving hundreds of families in need. Director Theodore understood the request increase was just for this year. No changes were made.

- o Line Item #65 - Stanton Davis Homestead \$3,000
 - o Mr. Frishman asked if the Homestead was a private entity and stated he was of the understanding that the request last year was a one-time ask. Mr. Frishman suggested the request be reduced to zero or removed. Director Theodore stated that the funding was to assist in completing ADA work to make the Homestead accessible to all and the First Selectman noted just a small contribution could assist them in obtaining a matching fund grant. Ms. Norman brought attention to the status of the Homestead as being one of the oldest homes in Stonington and a historical attraction and suggested funding the account at \$1.00 should they want to come back in the future years with projects or matching grant opportunities. Ms. Young concurred. Mr. Fauerbach stated he would like to better understand the project and when it would be open to the public and agreed a \$1.00 earmark to discuss further at a later date would be acceptable. The request was reduced to \$1.00

- o Line Item #57 - Safe Futures \$4,000
 - o Chairman O'Brien noted the Board had received an email stating the request amount was incorrect in the budget book and the amount of the request should have shown \$5,000. The request was increased to \$5,000.

- o Line Item #67 - Stonington Ambulance \$70,000
- o Line Item #68 - Mystic River Ambulance \$50,000
- o Line Item #69 - Westerly Ambulance \$50,000
 - o Mr. Fauerbach stated that based on the information provided to the Board he would like some detail about the nearly 30% increase in the

request from the Mystic River Ambulance. Mr. Michael Gilman addressed the Board noting that the additional funding would support COVID expenses such as PPE equipment presently paid for by the Department. The State had provided some PPE equipment but no longer does. The Department is taking funding from their new ambulance account and the additional funding would assist in those additional COVID purchases. Chairman O'Brien suggested that since the funds would pay for COVID related expenses that the request be brought back to the previous level of \$38,500 and the additional \$11,500 would be paid out of the American Recovery Act funds the Town receives. Mr. Gilman was supportive of the suggestion. The fund was reduced to \$38,500. Mr. Fauerbach pointed out that the funding levels for the Ambulance Corps this year should be viewed as an exception given extenuating circumstances. In the future, the current funding requests would not be a new baseline but a return to more traditional funding levels would be expected.

- o Chairman O'Brien said this does not apply to the Stonington Ambulance which was a different scenario.
- o The Board reduced the Westerly Ambulance request from \$50,000 to \$42,000 also based on the additional increase in requested funding would be paid out of funds from the American Recovery Act.

Stonington Public Schools Operating Budget

The Board moved to the operating budget of the Stonington Schools. The Board had no questions for Department Heads or Board of Ed members. No changes were made.

Stonington Public Schools Capital Improvements

- o Line 130 - Computer One-to-One Purchases \$195,000
 - o IT Director Chris Williston addressed the Board and suggested that the request could be reduced. The Board was in agreement and the line will be funded at \$75,000

The Board asked Director Sullivan to provide a snapshot of where the budget stood after the changes. Director Sullivan noted:

General Operations	\$23,893,408	1.13% increase over last year
Board of Ed	38,335,596	2.5% increase over last year
Debt Service	8,134,208	.64% increase over last year
Capital Improvements	2,773,319	13.72% increase over last year

This represents the mil rate at 23.85 mil a .49 increase over last year.

Revenue Taxes to be raised would increase 3.59%

The final budget is \$73,136,531

Chairman O'Brien polled the Board for a feeling how the members felt about the budget as presented. Hearing unanimous Board support, the Chairman asked for a motion. Mr. Frishman motioned to accept the budget as presented noting the figures above. Ms. Young seconded. All were in favor, motion carried.

Mr. Sullivan, the Director Finance notified the BOF that the Town has an opportunity to refund some outstanding GOB's due to current favorable bond interest rates. Mr. Sullivan presented two different refunding scenarios to the Board Members. The primary difference between the two scenarios was that scenario 1 was structured to take the bulk of the savings afforded by the refunding upfront, while scenario 2 would see any savings realized evenly over the next 14 year, the remaining life of the original bonds. The bonds to be refunded would be the 2013 and 2014 GOB issuances. Both Scenarios assumed a 1.5% refunding interest rate at the sale date.

In scenario 1 the projected present value of the savings on debt service over the next 14 years would be approximately \$827,420, with roughly \$677,000 of savings being realized in year one, fiscal 21/22, \$125,600 being saved in year 2, fiscal 22/23, and the balance being spread over the remaining 12 years of the bonds.

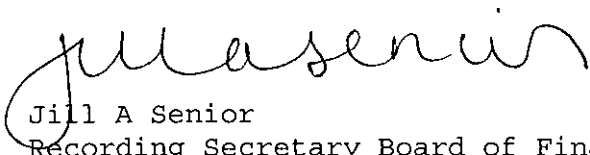
In scenario 2 the projected present value of the savings on debt service over the next 14 years would be approximately \$823,000, with approximately \$65,000 of savings being realized annually for the remaining 14 years of the bonds.

The two question Mr. Sullivan posed to the Board were whether the Board would like to move forward with the refunding at all, and if so, how would the Board prefer to have the savings structured, maximize savings upfront or equally over the remaining lives of the bonds. Mr. Sullivan noted that taking the savings upfront might ease budget pressures and allow for funding of other needed items, but also noted that traditionally refunding's have been structured such that savings were taken equally to keep the budget smooth versus creating a valley and subsequent spike.

Mr. Sullivan also noted that these projections are subject to change in the next month and a half, before the rates can be locked in, and that approval by the Board tonight would not preclude the Board from rescinding its approval if the market turned and the refunding no longer made fiscal sense. The Board approved moving ahead with the refunding, subject to the fiscal feasibility at the time of would-be issuance. As to whether to take the savings up front or over time the Board will decide at its next meeting.

With no further discussion this evening, Mr. Frishman motioned to adjourn, Ms. Norman seconded and the meeting was adjourned at 9:35 p.m.

Respectfully submitted,



Jill A Senior

Recording Secretary Board of Finance