

MIDDLEFIELD BOARD OF FINANCE
405 Main Street
Middlefield, Connecticut 06455

Minutes of the March 10, 2022 Public Hearing and Regular BOF Meeting
**** Not Approved At The Time of Filing ****

Michael Skelps, acting chairman, called the regular meeting of the Board of Finance to order at 7:06 pm.

Attendance:

Members		Others	
A	Boyle, Kevin	X	Lee Matterazzo (Zoom, not yet sworn in)
X	Kowal, Melissa (Zoom)		
A	Lowry, David	X	Yamartino, Bob
X	Skelps, Michael	X	Irish, Jim
X	Wolak, Mary	X	Rusilowicz, Al

A=Absent

X=Present

The Pledge of Allegiance was recited.

Public Hearing was called to order.

Approval of the Agenda

Mary made motion to approve, Melissa seconded. Approved Unanimously

Discussion of Budget Process

Mike explained the process. Tonight the First Selectman will present his budget to the Board of Finance. Per the town charter, a town hearing is required where the BOF presents the budget to the public. The process has been streamlined somewhat by combining tonight's budget presentation of the town budget with the public hearing. It was noted that no members of the public were present.

Nine Workshops will be held to meet with the various departments to review their budgets. The first workshop will be a BOF discussion of the budget as presented (Tuesday March 15) where we will review and give our initial reactions to the budget. This will be followed by a set of workshops – held via Zoom – throughout the remainder of March into April. The Board of Finance will make changes as they deem necessary, followed by a second public hearing on April 21. BOF will incorporate that feedback into a final proposed budget which will go to a Town Meeting. At that meeting, the Town can approve the

budget or make changes (1.5% of the budget or about \$24,000). Any changes larger than that would require a referendum. If they don't make any changes greater than this amount and the budget is approved. Immediately after that meeting the BOF will hold a quick special BOF meeting to set the mill rate.

If the BOF doesn't make any "substantial" (not defined) changes to the budget as presented by First Selectman, then a second public hearing would not be required. However, Bob said some of the numbers were preliminary and would be revised, therefore it is likely that there will be substantial changes and that the second public hearing will be required.

1st Selectman's presentation

First Selectman Bob Yamartino presented the budget. There was a detailed budget PDF and also a PowerPoint that highlighted particular items of importance.

Total Town Budget is \$17,952,000 which is an increase of \$1.428 million increase. Two major drivers: Total Municipal Budget up about \$10,000, and School cost increase of \$1.4 million. 99% of the increase is the school budget. Non-recurring fund was reduced by about \$125,000 (included in the \$10,000 above). The school cost increase is due to changing allocation of Durham and Middlefield students (\$800K). The remaining \$600K is due to the school budget increase as proposed by the Superintendent. In a similar manner to the BOF, the BOE will have the opportunity to adjust the budget. Lucy Petrella has reached out to both BOF and both BOS to see if a joint meeting can be coordinated.

Proposed mill rate reduction 31.82 to 27.56 which is 4.26 mill decrease. The major reason is the increase in the taxable grand list, which is up \$89 million. Autos, which normally decrease, actually increased this year due to market conditions. Larger homes appreciated fractionally less than smaller homes, shifting the burden towards the lower income brackets. Lee stated that higher priced cars were often owned by people with higher priced homes, potentially mitigating this shift. Businesses appreciation lagged real estate and property appreciation.

Average homeowner's property tax increased \$424, almost completely as a result of the education budget increase. We are estimating a budget surplus of \$296,000 in the current year, which will be applied towards the unassigned fund. The unassigned fund balance is targeted to be around 15% at the end of FY23, which is still above the target range of 12.5% to 17% established previously by the BOF. That number recently had gotten higher recently... around 20%. So this year's budget will use \$1,000,000 from the unassigned fund to buy down the mill rate. Without the education increase of 4.56%, it is necessary to draw down the unassigned fund.

74% of town budget goes to education. 26% goes to municipal expenses. Town spending is being held essentially flat due to seeking better and more cost effective ways to deliver town services.

Debt service is nearly zero. Only item is a lease purchase agreement for communications equipment for the fire department.

Non-tax revenue was reviewed. The downward trend of the state contribution was noted. State contribution is the largest component. ECS funding is increased by \$47K, of which student allocation

was a factor. Governor's proposal to cap the auto mill rate at 29. We are proposing 27.5 mill rate, so the cap would have no effect. Depending on how the legislation is enacted, it could be based on the FY22 mill rate or FY23. Right now best guess is that the mill rate cap reimbursement for 2022 would result in \$127K revenue to the town, but we have to wait and see how that turns out.

LOCIP and Municipal Projects Grant are anticipated to the flat.

Top 10 line item increases were identified – RSD13, Police Payroll, Library, Assessor, Operational Contingency, DMIAAB, Public Works Payroll, Youth and Family Services, health and Life Insurance, Computer Network Consultant and Snow Removal Expenses.

Top 10 line item decreases were identified

- Capital Fund – down \$124K primarily due to discontinuation of the line item for the animal control officer's vehicle (he is using his own and allowed to charge the mileage to the town)
- USDA Loan – down \$75K has been paid off
- Summer Camp Payroll down \$10.5K, which is an offset to revenue, so there is a corresponding decrease in revenue
- Town Engineer – down \$10.1K
- Labor Counsel – down \$7K

FY23 initiatives were discussed.

- Hire Economic Development Coordinator
- Hold the line on spending, improve all aspects of spending
- Pavement Survey plan
- Firehouse building committee plan
- Lake Shore Drive culvert replacement
- Professional Development
- Emergency Planning
- Improved communications – social media and website

Public Comment

No comments from the public were made

Adjournment of Public Hearing

Lee made the motion to adjourn Public Hearing for the budget presentation. Seconded by Mary. Carried unanimously. Public hearing was adjourned.

Call to order – Regular BOF Meeting

Regular Board of Finance Meeting was called to order at 8:51 pm.

Mary made a motion to approve the minutes of February 10, 2022. Made by Mary, Seconded by Melissa. A typographical error misspelling "February" was noted. Motion carried with three affirmative votes and one abstention (Lee).

RSD 13 Discussion

Mike said that at the previous meeting, the BOF expressed a desire for a joint meeting with both BOF and the BOE. Lucy had emailed saying that a finance committee meeting was held, but no BOF or BOS members were presented. I told her that we were not notified of that meeting. Apparently a meeting is difficult to coordinate. Al said that the BOE finance committee had no authority. Al interpreted the exchange as saying that the BOE budget was not subject to BOF input, but that we deserve an audience. Al also suggested that this was a rare opportunity to reduce headcount, considering the declining enrollment.

Jim said that at yesterday's BOE meeting, they said there were several meetings scheduled to review the budget. It was suggested at the second meeting (date not known), there would be an option to present. A second comment that was made was that a meeting with the full BOE and full BOF from both towns would be less than efficient, and perhaps a smaller meeting with a representative of each BOF might be arranged. Even though Durham is not as affected as much as Middlefield, they are very cost sensitive to budget increases.

Mike said he would reach out to Jim Martinelli and Durham to get their opinion on the budget increase. Mike noted that it was the biggest education increase in the decade.

Mary expressed concern that the BOE was seeking a validation from the state legislature to the resolution that the BOE passed to close John Lyman School. She felt this was a way to cut Middlefield out of the process.

Current Year Variance Analysis Discussion

Variance analysis was not presented due to him preparing the First Selectman's Budget.

Next meeting was set for 3/15 which would be the first workshop.

Chairman's Report

No report.

New Business

Al said that we also needed to put DMIAAB on our calendar. Joint meeting with Middlefield BOS and BOF (not Durham) and DMIAAB. The topic of concern is that DMIAAB wants to buy a payloader from Durham (who is purchasing their own new payloader) for \$64,000. This six year old payloader is in like-new condition. The net increase to Middlefield is \$12,000 and Al strongly recommended that we approve that purchase. This could be at a workshop combined with a special meeting, as long as we have the ability to vote on the matter.

Upcoming Dates

Upcoming workshop and other relevant dates were reviewed.

Adjournment

Motion to adjourn made by Lee. Seconded by Mary. Meeting adjourned at 9:24 pm.