

MIDDLEFIELD BOARD OF FINANCE
405 Main Street
Middlefield, Connecticut 06455

Minutes of the April 26, 2018 Public Hearing and Special Meeting

Jim Irish called the meeting to order at 7:00 pm.

Attendance:

Members

Others

X	Irish, Jim	X	Bailey, Ed
A	Kowal, Melissa		
X	Lowry, David		
X	Malcolm, Alice		
X	Nick, Joel		
X	Wolak, Mary	X	Rusilowicz, Al

A=Absent

X=Present

The Pledge of Allegiance was recited.

Approval of the Agenda

Joel Nick made a motion, seconded by Mary Wolak, to approve the agenda as presented. Motion carried unanimously.

Public Hearing

Dave Lowry made a motion, seconded by Joel Nick, to go into public hearing for the 2018-2019 Town Budget. Motion carried unanimously.

A. 2018-2019 Budget Presentation

Jim Irish had prepared some slides summarizing the budget as well as some history of the Town's budget. He began by thanking the Board of Finance and the Finance Director for their hard work on this budget as well as all of the Boards and Commissions who attended the workshops.

Mr. Irish reviewed that the balance sheet and fund balances are really in a very solid financial position and commented that the tax collection rate this year was over 100 percent thanks to Anne Olszewski. He also explained that the school district has proposed a zero percent increase in their net budget. State funding does continue to decline and they expect that will continue. The budget being presented has no

salary increases as they are in negotiations, however there is ample funding to be able to incorporate any raises from the contingency account.

The major changes in the 2018-2019 budget are that outside revenues are declining, but town expenses are also down. Education costs are up slightly and the Board of Finance is going to propose a mill rate that is down slightly from last year. Mr. Irish then went on to review the summary categories and showed increases and/or decreases. There is a reduction proposed in municipal expenses of over \$200,000 (over 4 percent). Educational expenses are going up due to a switch in enrollment. Total town expenses are \$16,865,000 and remain pretty flat. Revenues include a contribution from the Undesignated Fund, but also takes away some tax relief that is offered to the elderly and members of the Volunteer Fire Department. The net total revenue is going down by about \$250,000. The amount to be collected by taxation is up by \$226,000.

Last year's revised mill rate was 34.96 and, at the moment, the calculations on expenses have the mill rate at 34.49.

Moving into the details, Mr. Irish mentioned that nearly 75 cents of every tax dollar goes to education, with this year being 72 cents. Looking at municipal expenses only, salary and benefits are really at almost a third of the total expenses, followed by essential services (public works, fire department and police) at 29 percent, debt service at 10 percent and 29 percent for the balance of services and activities (library, central services, DMIAAB, park and rec, etc.) as well as capital. Capital items for public works, fire department and police are included in their percentage.

Mr. Irish then went on to compare line item operating expenses from year to year. The biggest increases include the school district, followed by \$50,000 to move to a new health district, overtime and private duty for police (some of which is reimbursed) and summer camp payroll (all of which is reimbursed). He then moved to the decreases that are projected, including \$49,000 for the sanitarian (which nearly makes up for the health district costs), \$27,000 decrease in police payroll (the State is actually paying 15 percent of the salary), capital and nonrecurring, a reduction of nearly \$25,000 for DMIAAB (elimination of a commercial hauler) and computer network.

Since receiving Ed Bailey's proposed budget in March, the Board of Finance has made some changes in line items. They include summer camp payroll revenue going up because of increased program activity and an additional \$26,000 from the Undesignated Fund to help reduce the mill rate. In terms of additional expenses that were added, there was a small addition to the Lake Beseck Park expenses, an addition for code books and membership for the Fire Marshal, and the biggest one is in Capital and Nonrecurring where a number of items were added. The First Selectman had proposed a mill rate of 34.66 for real estate and personal property with a motor vehicle mill rate of 32. The cap has been lifted on motor vehicle taxes up to 39 mills. The Board of Finance adjusted the mill rate to 34.49 for real estate, personal property and motor vehicle.

Mr. Irish reviewed changes that were made to the Capital fund. He reported that purchase has been confirmed of a brand-new senior and disabled bus for the Town of Middlefield. This was largely State-funded, but the Town did not need contribute as well. There was a small increase for a retaining wall and several items for the Fire Department. There was also a new State requirement for an emergency medical response plan. All the additions total approximately \$22,000.

In 2014-2015, the Board of Finance began working toward an extended and balanced Capital plan and Mr. Irish explained how that plan works. The total capital reserve fund this year will be approximately \$714,000, with a little over 40 percent of that for Public Works and a little over 40 percent for the Fire Department. Mr. Irish reviewed the debt service and explained that the Merriam property will eclipse in 2022, followed by Powder Ridge and the sewer system in 2024.

Mr. Irish reviewed the revenue from the State of Connecticut over the years and showed that it held pretty steady from 2013-2017 and then the State budget activities began to take funding away. Over these last two years, the Town has lost \$460,000 in State funding and it looks like that trend will continue.

In terms of expense history, the chart shows very solid fiscal management for many years. From FY 2014-2019, the numbers are all between \$16.6 and 17 million in total and have remained very flat. Mr. Irish also pointed out that the school district budget has remained pretty flat, with some favorable percentages in enrollment up until this year.

The Board of Finance has had a target of above 10 percent for the Undesignated Fund. In 2014-2015, the town began the Capital plan and the Undesignated Fund was drawn down by \$400,000 for two years. Bob Yamartino also commented that a portion of the Powder Ridge debt was retired in that time frame. Last year, money was drawn from the Undesignated Fund due to a decrease in State revenue. This year, it is projected that the Town will add to the Undesignated Fund. The CCM target for percent is actually 15 percent and this number reflects the health of the town should you need to go for funding. The Undesignated Fund balance is right around \$2 million now.

The taxable Grand List had revaluations in 2013 and 2018 and is currently at \$412 million going into FY 2019 and is up this year by approximately \$5 million for real estate, \$5 million for personal property and \$1 million for motor vehicles.

Looking at the history of the mill rate, it has been kept right around 33 with the exception of last year when it went to a revised mill rate in late November of 34.96 for real estate and personal property. This year, it will go back down again.

Mr. Irish summarized that municipal expenses are down significantly, education expenses are up, revenue is down but that was made up from the Undesignated Fund and the fact that the taxable Grand List went up. Moving to a combined mill rate also results in a couple hundredths of a percent as well. The average home with an assessment of \$161,000 will be paying \$5,500 or a little less than \$100 less than last year.

B. Public Comment and Questions

Anne Olszewski asked about the reduction in revenue for elderly tax relief and Mr. Irish explained that it was \$35,000 for the two elderly tax reliefs and \$20,000 for the fire department. Mrs. Olszewski also thought that the Town was going to be responsible for the renter's rebate as well and Ed Bailey explained that that was an expense line item in the budget.

Alice Malcolm complimented Ed Bailey for a terrific job and highlighted the move to the health district, the LED lighting program in town and the insurance and benefits program. Ed Bailey explained that RSD 13, Durham and Middlefield went out to bid as a joint entity to get a benefits consultant. Ms. Malcolm also mentioned the new phone system. She also thanked Al Rusilowicz for all of his efforts on behalf of the Town. She also mentioned some of the new people, particularly on Planning and Zoning, who are exceptional as well as Bob Yamartino and Jim Irish. Mary Wolak also recognized Anne Olszewski's

effort in tax collection. Ed Bailey thanked the members of the Board of Finance for all their hard work as well.

Ed Bailey also described the all-in costs of maintaining a full-time sanitarian were probably \$120,000 a year which has been reduced by moving to a health district. Mr. Bailey, once again, thanked the Board of Finance.

Bob Yamartino also thanked the Board of Finance for their hard work. He asked Al Rusilowicz if the reconciliation of the CNR and committed expenses for FY 2019 have been accounted for this in budget. Mr. Rusilowicz stated that the audit this year will have a balanced capital fund and the detail is reflected in the budget. Mr. Yamartino also asked about the Town looking into pickleball and putting some funds into CNR for as high as \$20,000 to \$25,000. He asked how the Board would want to handle that.

Hannah Malcolm stated that she has looked at a couple of areas where pickleball could be played, one outside the Community Center and the other on the area next to the Reed property. She also stated that there are four tennis courts at Memorial School that could be repurposed. Mr. Yamartino commented that he sees people using the tennis courts every night. Alice Malcolm felt it would be nice to have it at the park. Mr. Yamartino felt that it would be really good for the seniors and having it outside of the Senior Center makes sense, but it is also popular with kids and would be nice down at the park. Mr. Yamartino has also spoken to two businesspeople who would be willing to sponsor a league or a kick-off party. Again, Mr. Yamartino asked if the Board would consider creating a line item for this at this time or if it could be handled out of contingency.

Mary Wolak felt that they needed more information, but does believe it would be a good thing for both seniors and adolescents. She would like to see Park and Rec take that on. Mr. Yamartino stated that the nets are portable and perhaps the gymnasium downstairs could be used. Hannah Malcolm will come back to the Board of Finance with options and costs.

Anne Olszewski commented that, if it's done at the park, they cannot tell out of town people that they can't use it. Hannah Malcolm explained that the town would have first choice of using the courts.

Dave Lowry made a motion, seconded by Mary Wolak, to close the public hearing and move into the special meeting. Motion carried unanimously.

Budget Amendments - Adjustments

Jim Irish reviewed that the only thing that had been mentioned was the discussion about pickleball and he felt that the Board would need to get more information about costs and options. Al Rusilowicz stated that the contingency line item is now at \$71,000 and if there were a 2% salary increase across the board that would be \$41,000, leaving \$20,000. The contingency has normally been around \$50,000.

It was generally agreed that getting pickleball up and running will take some time and they may want to get some of the local organizations involved.

Mr. Irish brought the discussion back to the Undesignated Fund and stated that he'd like to wait on any action about pickleball until there is a plan. The Board generally agreed. Alice Malcolm felt that trying to play pickleball in the gymnasium would not be a good idea.

Jim Irish then asked if the Board wanted the contingency amount to remain at \$71,000 and Alice Malcolm suggested they include 2 percent for salaries. Dave Lowry suggested pulling \$20,000 out of undesignated and putting it in contingency as a safety valve. Mary Wolak agreed and Mr. Irish explained that if it isn't spent, it goes back to undesignated anyway. It was made clear that the extra \$20,000 was not specifically for pickleball, but to be sure there is enough in contingency. This change would still leave the undesignated fund at over 12 percent. Al Rusilowicz commented that if State money comes in as anticipated, there will be a surplus.

Everyone generally agreed at this point that the budget was solid.

Joel Nick made a motion, seconded by Mary Wolak, to send the 2018-2019 budget to the Board of Selectmen to be sent to Town Meeting as presented on 4/26/18 with the following changes: an additional \$20,000 added to line item 4700, making it \$196,000, and line item 9,000, from \$71,000 to \$91,000. The mill rate will stay at 34.49. Motion carried unanimously.

Jim Irish reminded everyone that the next regular meeting is on May 10, 2018 and the Town Meeting will be held on Monday, May 14th. The referendum for the school budget is on May 7, 2018.

Mr. Irish also reported that the work that Al Rusilowicz and Ed Bailey have done with the school district to get a new broker for healthcare has resulted in some really significant possible savings and may be as much as \$180,000 for the school district. Mr. Irish asked Mr. Yamartino if that could be shown as a reduction for the referendum. Alice Malcolm thought that the reduction in MBR was granted only for this year.

Adjournment

Dave Lowry made a motion, seconded by Mary Wolak, to adjourn the meeting. Motion was carried unanimously. The meeting was adjourned at 8:22 pm.

Respectfully submitted,

Debi Waz

Debi Waz
Alwaz First