

MIDDLEFIELD BOARD OF FINANCE
405 Main Street
Middlefield, Connecticut 06455

Minutes of the March 14, 2019 Public Hearing

David Lowry called the meeting to order at 7:08 pm.

Attendance:

Members

Others

A	Irish, Jim	X	Bailey, Ed
X	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.

Brief Introduction to the Budget Process

Dave Lowry explained that this is just the beginning of the budget process and they will move into workshops from here. Mr. Lowry explained that the town is lucky this year because of certain windfalls but they will not be there next year.

Jim Irish had sent in a few brief points, one of which is with the Board of Education and MBR.

First Selectman's Presentation of the 2019-2020 Budget

Ed Bailey explained that he has a Powerpoint presentation with the highlights from the budget and he will then quickly walk through the budget.

Mr. Bailey stated that the total town budget being proposed this year will be a total of \$16,843,768, which is a reduction of \$41,000-plus. The capital and nonrecurring fund increased is just over \$107,000.

School cost allocation decreases by \$233,755. Education Cost Sharing grant has been reduced by \$151,441. He also noted that the town will be mandated to pay \$39,353 in teacher retirement benefits, if the governor's budget passes as proposed.

This proposed budget has a mill rate decrease of 1.12 mills and the taxable Grand List has increased 2.33 percent. The average homeowner will see a decrease of \$181 on their property taxes. The undesignated fund balance will be maintained at 14 percent.

Mr. Bailey reviewed the mill rate history with an increase in 2018 due to declining property values, but it is now on a downward trend. Town expenses have decreased and there has been an increase in the Grand List. He then reviewed the history of the Grand List with a decrease in property values in 2018, but that is now on an upward curve. Many area towns are experiencing slight declines in their taxable Grand List. The undesignated fund was at 9 percent in 2014 and has grown to 14-15 percent. The Board of Finance adopted a policy to have that remain at 2.5 to 17 percent. The CCM target recommendation is now 15 percent.

Mr. Bailey reviewed that \$11.95 million of the budget is for educational expenses and the town's portion is \$4.9 million. Looking at the history of town expenditures, they have remained fairly flat. That is achieved by cost cutting and the school budget remaining stable. He reviewed the percentages of what makes up the total budget.

The non-tax revenue history is in a decline, primarily due to the decrease in revenue from the State of Connecticut. Other revenue has stayed relatively flat. Mr. Bailey reviewed the state impact on the town's budget and explained that the Educational Cost Sharing grant continues to be phased out. They have used the governor's proposed budget numbers to create the town's budget, but explained that those numbers may change. Alice Malcolm asked why the towns can't hold off on their budgets until after the state has approved theirs. Mr. Bailey explained that that is because of the timing on sending out the tax bills and he felt that the state should pass their budget sooner. There has been a slight change in the ECS formula which will better benefit the larger municipalities. The state is now proposing that the towns pay a percentage of the current cost of the TRB (teacher retirement benefit). If the town's teachers' wages are above the state average, the town will have to pay an equal percent increase. This will result in the town having to pay a total of 31 percent, or \$120,621, however it is being phased in over three years, leaving a cost of \$38,000-plus this year, doubling to \$81,000 next year and the full amount due the following year. Again, Mr. Bailey reminded everyone that this is based on the proposed budget numbers. He also mentioned that the Town of Ridgefield has obtained a legal opinion that may challenge this. Mr. Bailey added that by the time the town reaches FY 2028, they will be reduced by \$926,000 over FY 2017.

Also impacting the town budget is the fact that some of the town's full-time employees belong to the municipal employee retirement system (MERS). The town's contribution will increase to 22.4 percent of payroll, phased in over five years. The town currently pays 11.74 percent, moving up to 14.4 percent of payroll. Mr. Bailey felt the payroll affected by this is around \$350,000, which is all full-time town employees except for elected officials. The employees current contribute 2.5 percent, but there is legislation pending to increase the employees' contribution, however they expect labor unions to fight that.

Reviewing the larger increases in the budget, Mr. Bailey pointed out that the Zoning Enforcement Officer has increased hours and the Town Planner is a new position. Geoff Colegrove will be retiring and the plan will to be share a Town Planner with Durham, with a budget of \$60,000 total cost. A new Assessor was hired in December with an increase in the budget line. Summer camp payroll is increasing due to

longer hours, but that is basically a revenue pass-through. CNR should be at \$107,125, primarily including the asset management plan for the Town Hall and Community Center. Teacher Retirement cost is \$31,736 and an excess 6 percent (\$7,617).

Decreases include labor counsel, health and life insurance, state-mandated renters' rebate, police payroll and overtime, Planning and Zoning Commission and the RSD13 shift in enrollment.

In summary, Mr. Bailey explained that municipal expenses have increased by \$153,040 with the vast majority being in capital, educational expenses have decreased by \$192,000, with a total decrease of \$41,000. Total revenue is increasing slightly, with \$13.9 million to be collected by taxes resulting in a mill rate decrease of 1.1 mills.

Mr. Bailey reviewed some highlights, including that a lot of time has been spent on reducing town spending, labor contracts have been negotiated at 2 and 2.5 percent increases, the town joined the Plainville-Southington Health District and the IT network has been expanded. He also mentioned that Wintergreen Gardens has donated a \$5,000 irrigation system to the Giving Garden. He reviewed that that will be a community garden to grow food for the Food Bank. The town has implemented the new accounting system and a new payroll system. Again, they are proposing the creation of a new Town Planner position to be shared with Durham. He explained that the Town Planner will be a staff person for the P&Z Commission and will also assist the Zoning Enforcement Officer when needed as well as be a point person for Economic Development as well. Mr. Bailey is also proposing a part-time facilities manager who will coordinate and plan work around the town's buildings. He is also proposing preparing an RFP for a pavement survey to survey all of the towns' roads. Mr. Bailey is also proposing to wrap up the LED streetlight project and LED lighting replacement on the town buildings.

As of this morning, changes are already being made to the proposed budget and health insurance has decreased by \$28,000. DMIAAB has decreased by \$5,865. He expects that the RSD13 budget will be decreased as well.

Mr. Bailey then began to go through his proposed budget line by line. They continue to use a 99.5 percent tax collection rate, resulting in a 33.3 mill rate. He reviewed the Grand List comparison, noting that taxable real estate increased 7.2 percent. There have been seven or eight new houses added. The primary driver of the 26.95 percent increase in personal property was a \$9-10 million increase from Eversource as they have replaced the wood high-voltage poles with metal ones. This brings the total increase of the taxable Grant List to 2.33 percent.

Looking at the mill rate history, Mr. Bailey noted that the average taxpayer will see a reduction of \$181 in taxes.

Mr. Bailey does expect to see PILOT money coming in from the State this year. Last year, the budget included the ECS proposed by the Governor and the legislature approved a different number. This year, that will be decreased from \$1.94 million to \$1.79 million. Revenue from the Health Department is no longer applicable as the Town has joined the Plainville-Southington Health District. Under other revenue, the town took possession of two pieces of property via tax foreclosure. One property has water and sewer, but no house and is expected to be worth \$65,000. The other property can be sewerred and will probably be close to \$65,000 as well. They are getting the properties appraised and will put them on the market. He has

proposed using \$50,000 as a placeholder for these properties. The town has another piece of property available, but it is only worth maybe \$3,000.

Revenue from use of money is estimated to be \$50,000 and he has proposed using a \$200,000 fund balance to keep the fund balance in the appropriate range.

As for expenses, the labor contracts have been completed and employees that contribute to medical benefits were given a 2.35 percent increase. Those that do not received a 2 percent increase.

The biggest change in the First Selectman's office is the assistant salary has increased slightly more than the 2.35 percent because that position is no longer a union position and is now the Confidential Executive Assistant to the First Selectman who will now handle confidential information. The accounting software license is \$8,500 and payroll service fees have decreased with pay periods changing from one week to two weeks. Office expenses are also slightly reduced.

Under Professional Services, some of what Geoff Colegrove charges is paid out of Town and Regional Planning and that will now revert to the Town Planner line item. Labor Counsel has decreased as negotiations are complete. Consultants have been zeroed out, but some money may have to be added back in for the consultant that is assisting with employee evaluations, in the neighborhood of \$3,000 to \$5,000. There has been a slight increase in computer network support from the IT consultant. Under insurance, the deductible has increased by 25 percent as the deductible is \$2,500, not \$2,000. The town does get a rebate check from the insurance company, generally running between \$3,000 and \$5,000 which shows as a revenue item. The town did sign an agreement with CIRMA for three years which limits any increases.

There is a slight increase in telephone, postage and copier expenses. Automobile maintenance and GPS has been reduced by joining the Heath District. Only one vehicle will be needed for the Land Use department as the town would no longer have a sanitarian. Mr. Bailey also explained that street lighting includes the electricity and maintenance of the streetlights. This will decrease once everything is changed over to LED. Mr. Bailey also explained that there may be a town employee who would like to take on the facilities manager position of approximately eight hours per week.

Nothing major has changed in the Town Clerk's budget, other than an increase in the Records System License and conferences and dues are up. The biggest change in the Tax Collector's budget is the assistant. The system software license is up just a bit, but may change. Office expenses are up due to printing costs. The Treasurer's salary is increased by the aforementioned percentage and the Registrar of Voters stated that were too busy to submit a budget. He noted that the town will no longer pay unofficial party checkers at elections.

The Land Use department had a few changes, with a change of hours for the Building Official and Zoning Enforcement Officer. Mr. Bailey explained that the town was without an assessor for about eight months as they were paying well below market value and the increase was negotiated with the union. The system software license is increasing. The personal property consultant is being added because the new assessor is retired from a MERS town and is collecting a pension. She is restricted as to how many hours she can work, so a consultant may be necessary to do field work.

Under Senior and Social Services, there have been some decreases. All of the departments in the Community Center building work cooperatively and check with Nancy Davidson before ordering any office supplies. Mr. Bailey explained that CRT has had no issues with providing the senior meals, but

money remains in the line item just in case. The Senior Advisory Board also receives some small donations and will occasionally bring in a catered lunch for the seniors.

Moving to Public Works, Ed Bailey explained that the biggest change is in snow removal expenses. Salt expenses are down this year and they felt that that number could be reduced. Al Rusilowicz felt it was easy to go back to the taxpayers for snow removal because they are all aware when there is a bad winter.

The biggest change in Park and Recreation is the summer camp payroll, as was already explained. The expenses in Animal Control have been averaged out.

Mr. Bailey reviewed that the payroll for the Police Department has gone down by \$28,000 because the two troopers have less experience and are paid at lower rates. Overtime and private duty has been reduced because there is no Old Home Days this year.

In the Fire Department budget, Mr. Bailey has proposed an 8 percent increase in fire house operations and truck operations. Life insurance has also been increased. He has ramped up the Appreciation Night funds over the past couple of years.

The biggest change in Boards and Commissions' budgets is a reduction in Planning and Zoning of \$9,000 which is offset by hiring a new Town Planner.

The Capital and Nonrecurring budget is proposed to increase \$107,125. Mr. Bailey has proposed a \$64,000 operational contingency which is 1.5 percent, per the Board of Finance's policy. The debt service has not changed. The Merriam property note will be paid off at the end of this calendar year and nearly \$200,000 will come off the books at the end of the 2020 calendar year, followed by the Powder Ridge loan and USDA loan at the end of the 2021 calendar year. In two fiscal years, the town will be debt free and that will free up \$486,000 which will help offset the reductions in ECS funding or go into roads and other things.

Looking at Outside Agencies, DMIAAB should come in at \$166,862 which is a little under this year's expenses. A new line item is being proposed for the Health District at \$29,652 which is based on the 2018 Department of Public Health estimate of the population of the town which is slightly under 4,400 people. Mr. Bailey noted that Middlefield businesses have traditionally paid their fees for health inspections on July 1st, but the Health District sends out their bills in January. The Health District has decided not to charge Middlefield businesses until January of next year. The town has also received approval on the \$15,000 grant that was awarded for joining the Health District.

Moving on to Capital and Nonrecurring, some LoCIP funds were received and have been added to the General Fund, bringing the total to \$784,991. He went on to review the individual items in the capital and nonrecurring budget. They have put \$16,703 in for Town Hall building improvements and increasing the contribution to \$118,552 for Community Center building improvements. Al Rusilowicz noted that the project estimated cost numbers have all been revised. They will now look to budget for only two Vehicle Replacements now. A new telephone system will probably be necessary in another 10 years. Computer and system upgrades have been updated to cover replacements and miscellaneous. The server hardware is due for replacement in 2021. He also noted that all of the computers use Windows 7 which will no longer be supported after two years and the server software will be in the same situation.

Mr. Bailey did the Facilities Asset Management Plan for the Community Center and the Town Hall. The town garage buildings will require an inspection and the fire house will need to be done as well. Accrued

Employee Benefits is a reasonable estimate based on potential retirements. Ordinance Codification will probably not happen in this fiscal year. Revaluation is coming up again in 2022. Durham and Middlefield own the old Senior Bus and they are going to allow the Parks and Rec departments to use it for some paid trips. Middletown Area Transit will provide the driver for the trips.

Mr. Bailey then reviewed several Public Works projects and noted a few changes to equipment. There is no longer a need for snow plow replacement and they have pushed out the guard rail mower attachment for quite a few years. Sweeper replacement has also been pushed out 10 years. They have spent \$25,000 on overhauling equipment. Moving on to Park and Recreation, Mr. Bailey felt that the basketball court will need to be replaced soon and the roof is still needed on the pavilion at Peckham Park. Bleachers and other park improvements are also included. He does feel that just about everything has been accomplished at the beach.

There is really no change in the Fire Department capital fund. The Planning and Zoning Commission does plan on revising their regulations and have included an estimate of \$17,000 in the budget. Under Other Town Funds, some repairs do need to be made on the building for the Old Indian Trail water system as they were cited by the Department of Public Health.

Levi Coe Library would like to replace the front sidewalk as they feel it is a hazard. Total capital and nonrecurring contribution is \$821,863 from the General Fund (\$784,991) as well as the LoCIP funds (\$36,872).

The Board felt confident with what was presented and looked forward to seeing the detail. Ed Bailey mentioned that the Old North Cemetery was not included in the budget, but he did receive the neglected cemetery grant for \$2,500. He has left it up to the Historical Society to decide how to spend that money. Mr. Bailey felt it was important that the cemetery always be presentable and he will propose that that be funded for an outside contractor at \$3,500 a year.

The Board thanked Ed Bailey and Al Rusilowicz for their work on the budget and Mr. Bailey cautioned the Board that the budget is getting tighter and tighter with less flexibility moving forward. Mr. Rusilowicz mentioned that they just never know where the school budget will come out. Mr. Bailey felt that the big challenge is the reduction in state funding. He mentioned that several towns have formed a CEO working group of towns with regional school districts and have worked on what can be done to improve the lot of school districts when it comes to financial issues. He commented that the governor does listen and has proposed legislation to flatten the swing of the allotment to regional school districts which would provide more stability. He also explained that he and Laura Francis had a meeting with the Lieutenant Governor to discuss a lot of these issues as well. He also met with the governor's chief of staff and has been appointed to the board of MIRA, Materials Innovation and Recycling Authority.

Public Comment

Bob Johnson, from Peters Lane in Rockfall, felt that the presentation was excellent and very informative. Everyone generally agreed that they wished more people were present. Mr. Johnson asked about the Zoning Official being budgeted at \$43,000 and the ZEO at \$17,000 and if that would be one position. Mr. Bailey explained that the Building Official and the ZEO are one position. Mr. Johnson noted that there was a 63 percent increase in the ZEO's position and Mr. Bailey stated that the hours have been increased, but it will not be full-time. He explained that the only full-time position in that area will be the Town Planner who will actually be a full-time employee of Durham (for accounting purposes). Mr. Johnson also asked if the \$60,000 that is being budgeted for the Town Planner is half of the full salary and Mr.

Bailey explained that that was Middlefield's half, including taxes and benefits, but he does believe that that estimate may be on the high side.

Mr. Johnson also asked about the \$205,000 fund balance that DMIAAB has from last year and if the Board of Finance will be asking for the town's portion of that back. Al Rusilowicz has addressed that issue with Mr. Bailey and the Town of Durham and explained that \$41,000 of that is being used this year with \$74,000 going to be used in the proposed budget year. Mr. Rusilowicz felt that using the \$205,000 number is blatantly misleading. He explained that on June 30th of last year, there was a fund balance of \$205,000 with \$42,000 already appropriated to this year's budget and reduced the town's contribution. That was reflected in the FY 2019 budget. They are using \$74,522 in the FY 2020 proposed budget which will again reduce the town's contribution. It was also pointed out that DMIAAB is allowed to retain 5 percent.

Bob Johnson also asked about if the new sanitarian will be taking care of water sampling that Lee Vito has done in the past and Mr. Bailey explained that Mr. Vito was a certified water operator who operated the town's water systems and those services will now be contracted out and reflected in the Old Indian Trail line item of the budget.

Adjournment

Melissa Kowal made a motion, seconded by Mary Wolak, to adjourn the meeting. Motion was carried unanimously. The meeting was adjourned at 9:15 pm.

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Respectfully submitted,

Debi Waz

Debi Waz
Alwaz First