

**MIDDLEFIELD BOARD OF FINANCE**  
**405 Main Street**  
**Middlefield, Connecticut 06455**

Minutes of the March 11, 2021 Public Hearing and Regular Meeting via Zoom

Jim Irish called the public hearing to order at 7:04 pm.

Attendance:

Members

Others

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

A=Absent

X=Present

The Pledge of Allegiance was recited.

Approval of the Agenda

Michael Skelps made a motion, seconded by Melissa Kowal, to approve the agenda, as presented. Motion carried unanimously.

Brief Introduction to the Budget Process and Calendar

Jim Irish reviewed the budget process, explaining that the First Selectman and Director of Finance solicited information from each of the town's departments at the beginning of the year. Those have been combined into the Selectman's budget. The process will then continue after tonight's meeting with a series of workshops that the Board of Finance will hold with the various departments. The second public hearing for the budget as presented by the Board of Finance will be on April 22, 2021. There will then be a town meeting on May 10, 2021 when the final proposal will be presented, followed by discussion and a vote on the budget. The public hearing and town meeting may be in person this year, but all of the workshops will continue to be via Zoom.

First Selectman's Presentation of the 2021-2022 Budget Proposal - Ed Bailey

Ed Bailey reviewed that, according to the Town Charter, the First Selectman submits a budget 120 days before the end of the fiscal year. Beginning with highlights, the total town budget proposed is \$16,624,976, which is an increase of \$86,106 from the current fiscal budget. The municipal expenses have decreased by \$169,686. School cost allocation increased by \$255,792. The town's contribution to the capital and nonrecurring fund decreased by \$24,076.

This proposed budget has a mill rate decrease from 32.23 to 31.92. The taxable Grand List has decreased slightly, by .0079 percent, resulting in a reduction of \$34,554. Mr. Bailey reported that several million dollars of personal property came off the Grand List this year, perhaps because of businesses closing. The adjusted Grand List for 2019 was \$434.3 million and is pretty close to that this year. The average homeowner will see a decrease of \$50 on their property taxes. The current year surplus is estimated to be \$200,000, which should leave the undesignated fund balance at 18 percent at the end of FY22.

Mr. Bailey reviewed the mill rate history, with an increase in 2018 due to a statistical revaluation. Since then, the mill rate has steadily decreased because of the Grand List increase as well as flat town expenses. A full revaluation will be done starting April 1<sup>st</sup>. Mr. Bailey noted that Durham did a revaluation, and had a 5 percent increase in real estate values. Property values have increased quite a bit because of the pandemic and the median house price in Middlefield went from \$240,000 to \$280,000. He believes that the Middlefield physical reval that will be done will reflect a substantial change in residential real estate values.

The Grand List has grown every year since FY13. This year, there was a very small decrease, but it remains essentially flat as of October 1, 2020.

The fund balance was approximately 9 percent in 2014 and has increased rather dramatically since FY17, with a surplus this year projected to be about \$200,000. This budget does show use of \$350,000 for revenue from the undesignated fund to offset tax increases.

Mr. Bailey reviewed that educational expenses for FY22 will be \$11.9 million, or 72 percent of the town's budget, and town expenses are \$4.7 million, or 28 percent, for a total of \$16.62 million which is not much different than last year. Over the last nine years, there has been slight variation from year to year, but the total budget and proportions of spending have stayed very close.

Last year, the Board of Finance was concerned with the tax collection rate due to the pandemic. Between February and April of last year, the unemployment rate in town went from 5 percent to 13.4 percent, which was still about 2 percent less than the state average. In December of 2020, Middlefield's unemployment rate is now at 6 percent, which is 1.5 percent less than the state average. The labor pool did decrease by 105 people, but Mr. Bailey does not know how that is determined. Because of the improvement in the unemployment rate, his proposed budget includes a 99 percent tax collection rate.

Looking at the total budget, the town spends about 72 percent of their budget on education. General government is approximately 10 percent, capital funding is about 5 percent, public works is 4 percent, public safety is 4 percent, library is 2 percent, health and welfare is 1 percent, park and rec 1 percent and debt service 1 percent.

Looking specifically at only the town's expenses, general government is 39 percent, public works is 15 percent, public safety is 13 percent, library is 6 percent, park and rec is 3 percent, health and welfare is 3 percent, debt service is 3 percent and capital funding is 18 percent.

Mr. Bailey reviewed non-tax revenue history and explained that FY22 is projected to be about the same.

Last year, the Governor held the Town-Aid Road, LoCIP and Municipal Projects grant funding (\$477,593) hostage for tolls, but was eventually released. This money is not threatened this year. The Governor's proposed budget provides the same level of state funding in FY22 that was received in FY21 and is proposed to be the same for both years of the state's budget. That includes the Educational Cost

Sharing grant which means the phase-in of the new formula is on hold for two years. Teacher Retirement Benefits were not mentioned at all in the Governor's proposal.

Also impacting the town budget is the municipal employee retirement system (MERS). The town's contribution will eventually increase to 21.79 percent of payroll by FY24. The FY22 increase will be from 14.95 to 16.4 percent of payroll. The employee contributions will increase from 3.25 percent to 3.75 percent of payroll as of July 1.

Mr. Bailey reviewed that the American Rescue Plan was passed. Part of that plan allocates money directly to municipalities. He believes that Middlefield may potentially receive up to \$430,000, based on a per capita formula contained in the legislation. Cities like Hartford and New Haven will get about \$85 million. One-half of the funds will be available now and the other half up until 2024. These funds can be used for things like response to the public health emergency, including negative economic impacts. Mr. Bailey tried to determine if this money could be used for an Economic Development Coordinator and it seems to be possible. The funds can also be used for lost revenue and water, sewer and broadband infrastructure. The money cannot be used for tax cuts or funding pension plans. He hopes to get more clarity on the how the money can be used before the budget process is completed.

Looking at the larger increases in the budget, Ed Bailey explained that the Town Engineer has been increased by \$8,957 in reference to storm water permitting. He is proposing an Economic Development Coordinator at \$44,867. This is a new full-time position that will be shared with Durham and this will allow them to hire a highly-qualified individual. Mr. Bailey felt that the shared Town Planner has worked out really, really well. He feels that the towns that have someone focused on economic development have a great deal of success and this is a very important position for Middlefield. Mr. Bailey also believes that this position can be funded for more than three years from the American Rescue Plan. Labor counsel is proposed to increase by \$5,000 for contract renegotiation. Mr. Bailey is proposing to purchase cyber liability insurance at \$10,000 to protect the town's IT system as CIRMA is going to withdraw cyber liability insurance. The town now has a state-of-the-art system in place for remote access. The \$10,000 is an estimated premium for \$1 million of coverage with a \$15,000 deductible. If Middlefield wanted a \$2 million policy, the premium would be approximately \$17,000. Health insurance premiums have increased as well. Expenses at Peckham Park are projected to increase by \$5,970 for landscaping and tree work. Lake Beseck Beach is up due to the need for pass checkers from Memorial Day through Labor Day as well as the increase in the minimum wage. Police Payroll is up \$17,600, due to contractual pay increases. Operational Contingency is up \$31,271 based on the formula and an additional allocation for wage increases that may be a result of the new labor contracts.

Ed Bailey also explained that DMIAAB has increased their budget to the town by \$13,775. Unfortunately, the notice of the meeting did not get out to everyone and they plan to set up a joint meeting with DMIAAB, Middlefield's Board of Selectmen and the Board of Finance. The district budget is proposed with an increase of \$255,792, though there was a slight decrease in the student allocation. That number is already changing as the premium on health insurance has decreased since the budget was proposed.

Looking at decreases, snow removal has been reduced by \$7,650 due to salt consumption efficiencies. Emergency Management has been decreased by \$6,000 for pandemic expenses. Inland Wetlands has decreased by \$10,380 based on a five-year average. The contribution to the Capital Fund was reduced slightly by \$24,076, but continues to robustly fund capital. Mr. Bailey was pleased to announce that the Powder Ridge Loan will be paid off this fiscal year and Clean Water Fund (sewer system at Lake Beseck) has been paid off as well, though it was a revenue pass-through. Levi Coe Library has reduced their budget request by \$13,969, due to adjusting staffing levels.

In summary, Mr. Bailey explained that municipal expenses have decreased by \$169,686, educational expenses increased by \$255,792, with a total increase of \$86,106. Non-tax revenue has increased slightly and includes an Undesignated Fund transfer of \$350,000. The total needed from taxation has gone up by \$76,358, but because of the change in collection rate, the mill rate is being reduced by 0.31 mills. Again, this will result in a decrease of \$50 for the average homeowner. He reminded everyone that there may be some upcoming changes.

Mr. Bailey reviewed that, in FY19, they negotiated labor contracts that resulted in favorable contributions for benefits from the employees and reduced the town's costs. The town joined the Plainville-Southington Health District which saved the town over \$125,000 a year. The IT network was built out and new accounting and payroll systems were implemented. A robust capital improvement plan has been implemented for the town's buildings. In 2020, the Town Planner was hired as well as a part-time facilities manager. The funding for the Capital Nonrecurring Fund was increased. The LED streetlight project was completed which saves the town about \$35,000 a year in electrical costs. The town initiated the pavement survey and culvert capital plan study. The firehouse building committee was recently established, and funding was received for an emergency generator for the Town Hall/Public Works complex. The town has accomplished what they wanted to do at the Community Center and the next step will be to work on the Town Hall's lighting system.

Mr. Bailey then emphasized that they are working to recover from the pandemic and are looking to see what the needs are. One of the ways to do that is to hire the Economic Development Coordinator. A goal would be to hold the line on taxes as the economy recovers. They are always working to improve all aspects of town spending. The pavement survey and culvert capital plan should be finalized this year and they will need to decide how improvements will be funded. Mr. Bailey felt that bonding may be needed to get a head start on that. The Firehouse Building committee will hopefully have plans this year and may need to be considered for bonding as well. The town does need to continue to strategically plan for the capital fund.

Jim Irish thanked Mr. Bailey for presenting them with a budget that already offers a decrease in the mill rate.

#### Questions from BOF and Public Comment

Bob Yamartino noted that the school district, town expenses and debt service have all consistently gone down since 2018 and that is a huge tribute to the fiscal management of both the school district and the town. Mr. Yamartino also noted that the school district has included funding in their budget to finish the courts at Memorial with sealing and painting.

Joel Nick stated that he believes the schools will receive money from the stimulus and asked if that will positively affect the school budget. Bob Yamartino explained that it will not, as they are not allowed to offset current budget items with that funding. He gave the example that they could expand the summer school program using those funds, but can't use it to offset the current cost of summer school.

Michael Skelps felt this was an excellent starting point for the budget. Dave Lowry had no questions or comments at the moment. Melissa Kowal also felt this was a great starting point.

Marianne Corona felt that the Economic Development Commission and the Conservation Commission need to be reestablished before hiring any planner. She also noted that work is being done to help out local businesses. Mrs. Corona acknowledged that this has been a particularly difficult year and business people need to consult with their accountants and lawyers before doing anything. On a state level, she felt that the big issue is garbage, what it will cost and how it will be handled. Mrs. Corona also felt that the

\$430,000 should go towards the fire department and any pandemic effects. She also felt that the town needs to take a look at affordable housing which will be another big issue. She hopes that the town doesn't spend any money on an Economic Development person until the commissions are reinstated so that the townspeople can express how they'd like to see the town grow or not grow.

Ed Bailey explained that the Conservation Commission was reformed about a year ago, but Marianne Corona noted that they are not meeting. Mr. Bailey stated that they have met and have taken up issues, but they are having difficulties with remote meetings. He did believe that boards and commissions will need to begin meeting in person after April 19<sup>th</sup> and he will send out guidance about that. He also noted that there are some pending appointments for the Economic Development Commission and they plan to move that forward over the next couple of months. Mr. Bailey also stated that there are restrictions on what the town can spend the \$430,000 on. It has to be directly related to COVID-19. He is not sure that the fire department will be incurring expenses related to COVID-19, but there is no clear guidance as of yet.

Melissa Kowal explained that she was the "last member standing" on the Economic Development Commission and noted that it went defunct several years ago. She has been trying to find people who are willing to serve, but many people are overextended. Marianne Corona suggested she write an article for the Town Times to encourage people to volunteer. Mrs. Kowal felt that people just don't want to take the time. Mrs. Corona just felt that an effort should be made to reform the commission before anyone is hired.

Mary Johnson felt that Middlefield and Durham are two very different towns and their visions would not be the same. She felt that the person in the Economic Development position would have a hard time knowing the subtle differences, and Middlefield should think twice before getting in bed once again with Durham. She did ask why the Town Planner is under Professional Services. Ed Bailey explained that the Town Planner is a statutory employee of the Town of Durham and Middlefield pays hourly for her services. Mary then asked if the amount budgeted includes any benefits and Mr. Bailey stated that it includes everything.

Marianne Corona asked if the town ever tried to contract those services through engineering firms. Ed Bailey felt that having a Town Planner in the town's offices 20 hours a week has changed the way Middlefield does business in the Land Use Office. He felt that a consultant would have been an astronomical cost to provide those same services. His conclusion, along with Laura Francis's, is that the towns should have done it years ago.

Mary Johnson was concerned that the Town Planner's time is accounted for appropriately because Geoff Colegrove had stated that he spent 75 percent of his time in Durham. Mr. Bailey explained that Middlefield is only billed for the hours actually spent in Middlefield, and time sheets are reviewed weekly. Mary Johnson also asked about the \$12,000 budgeted for sundry expenses in Emergency Management with \$6,000 in the current year. She asked if that could be broken down. Ed Bailey explained that sundry expenses include PPE equipment and properly stock the Emergency Management facility. Budget categories had been created for COVID-related expenses and now total about \$40,000. There were also additional related election expenses. Mr. Bailey does believe they were almost fully reimbursed by the state under the CARES Act.

Marianne Corona asked if the Emergency Management person coordinates with the Fire Department and Ed Bailey explained that they do work together. Robert Poturnicki, the Emergency Management Director, has a lot of experience in his job.

A brief break was taken at this point.

Bob Johnson felt positive about Ed Bailey's intentions for hiring an Economic Development Coordinator, but wondered if the town is sure there would be reimbursement. Mr. Bailey explained that he planned for this months ago, and noted that the town just doesn't have the resources to do much for businesses or economic development. In consultation with the Town Planner, he and Laura Francis formulated the possibility of hiring a full-time Economic Development Coordinator. This new coordinator would not be about developing all of Middlefield, but encouraging development where it is already allowed and appropriate. He gave the example of vacant properties like the Red Dog. Mr. Bailey fully expects that the funds will become available from the American Rescue Plan, and the indication he has gotten is that this position would be an allowable expense; but feels that the budget can accommodate the position either way.

Bob Johnson also asked if there is a facilities manager in place, and Ed Bailey stated that the position was vacant for half of FY20, but it has been filled by the Building Official who also serves as the ZEO. The facilities manager is only four to five hours per week. Mr. Bailey felt that it has worked out really well. The line item is in the budget for about \$13,000 and is a unionized position. Bob Johnson summarized that between the three positions, it is close to \$80,000 and he felt that the Board of Finance should look at that. Mr. Bailey stated that there are no benefits with the positions. He also reminded everyone that it is very difficult to find Building Officials and Zoning Enforcement Officers on a part-time basis.

Bob Johnson also asked if the town currently has an emergency shelter and Ed Bailey stated that Memorial School was our shelter. Mr. Johnson did not believe it constitutes as a shelter and Mr. Bailey agreed, stating that they are working to figure that out. The district is installing a new generator at Memorial so it will at least be a minimal shelter. But capital improvements may be needed, or they may possibly consider using the high school as the shelter.

Mr. Johnson also agreed with Mrs. Corona that garbage is a huge issue. He stated that he and Bob Bascom would be more than willing to help in any way possible as they are very familiar with past operations of DMIAAB. Mr. Bailey stated that the State of Connecticut has lots of ideas, but is not offering to put any money behind them. Mr. Irish agreed that this issue is going to be a major concern for the Board of Finance, likely immediately after the budget process.

There were no other question or comments at this point. Mr. Irish thanked Mr. Bailey for his presentation and the excellent budget proposal.

Michael Skelps made a motion, seconded by Dave Lowry, to close the public hearing. Motion carried unanimously and the hearing was closed at 9:01 pm.

#### Call to Order - Regular Board of Finance Meeting

Jim Irish called the regular meeting of the Board of Finance to order at 9:02 pm, with the same members present. Peter Tyc and Hannah Malcolm were also present.

#### Review and Approval of Minutes from 2/11/21 and 2/18/21

Jim Irish made a motion, seconded by Dave Lowry, to approve the minutes from the February 11, 2021 meeting, as submitted. Motion carried unanimously.

Jim Irish made a motion, seconded by Melissa Kowal, to approve the minutes from the February 18, 2021 meeting, as submitted. Motion carried, with Joel Nick abstaining.

#### Old Business

#### A. Grant Applications Review - Chief Peter Tyc

Chief Tyc reported that they had submitted a grant application to FEMA for the washer/extractor/dryer unit at \$16,306, with the town's share being \$776.48. The town will have to absorb the cost of installation which should not be a huge deal. They hope to hear mid to late April as to the awarding of the grant.

The second FEMA grant application was for the brush truck. They did research on pricing and what truck would be appropriate. The price they came up with was \$235,450 which was more than they expected. The town would be required to pay 5 percent, or \$11,211.90. The Board of Finance had originally made a commitment of \$50,000 toward this truck which was included with the grant, so they would have to add \$38,788.10 to bring it up to that mark. The grant reviewers felt confident with the application and it was submitted two weeks ago.

Chief Tyc found a new SAFER (staffing for adequate fire and emergency responses) grant and filled out the application. This grant does not require any matching funds. It has typically been used to pay for fireman, but the program has expanded to now include recruitment and retention. He applied for a grant for initial fire training, advanced fire training and specialty and leadership classes. The grant would also pay for the initial physicals for any new members (about \$500) and outfit them with a full set of turnout gear, which is about \$4,500. They also put in for advertising and development for recruitment and retention as well as an electronic message board. In total, they requested \$186,530.88, with no cost to the town. This is a four-year program which would include six new firefighters in the first two years and five in the last two years. Portions of the grant can be funded and numbers can be changed and Chief Tyc hopes that the town at least gets something. The application has been completed and Chief Tyc would like the Board's blessing to be able to submit it by tomorrow night.

Jim Irish thanked Chief Tyc for his aggressiveness in pursuing grants. He noted that they had only put \$20,000 in this year's budget for the brush truck grant, but they can amend that. Chief Tyc explained that that grant is now a two-year award so the town would have two years to fund their portion. Melissa Kowal also thanked Chief Tyc for his efforts. Jim Irish stated that the Board of Finance very strongly endorses Chief Tyc pursuing the SAFER grant. Chief Tyc explained that this grant requires the projects being completed before being reimbursed. Mr. Irish didn't feel that was a cost that would be avoided without the grant anyway. Al Rusilowicz felt that it would not be a big deal to keep the accounting on these expenses separate.

#### B. Discussion of Potential Offer by Town to Purchase 385 Jackson Hill Road Property

Ed Bailey stated that he was approached by a real estate agent that this property was going on the market. This is the property at the corner of Mack Road and Jackson Hill Road. Mr. Bailey has received positive input and everyone felt that the town should take advantage of this opportunity. There is currently no plan for the property. The house is not in good shape at all and would need to be demolished. The current appraised value is about \$179,000 as of four years ago. The property owners are willing to accept \$149,000.

Mr. Bailey noted that the town has quite a healthy fund balance and wondered if there was an appetite to acquire the property. He noted that it was going to go on the market at a much higher price. Mr. Bailey stated that he has a contract and a check has been cut for a deposit. The contract is upon approval of various boards, so no decision needs to be made tonight.

Michael Skelps noted that his concern was what the plan would be for the property. He would hope to have at least a tentative plan before purchasing it. Ed Bailey explained that the purchase would increase

the town's footprint and noted that the Town Hall is an aging building and is too small. The town would benefit from having all of the employees in one building, but isn't sure exactly how that would look. The purchase of this property provides a lot of possibilities. It would also allow for other driveways and parking. Mr. Bailey did feel that the town would benefit from rearranging the facilities at some point. The Town Planner agrees that it would make sense to expand the footprint.

Melissa Kowal asked what the cost would be to demolish the house and Ed Bailey would budget \$50,000 for that. Ms. Kowal also asked how much would be removed from the tax rolls and Dave Lowry felt that it would be about \$5,000 a year once the house is fixed. The property is a six-tenths of an acre and Ms. Kowal wondered what good that would actually do for the town. Mr. Bailey felt it would be a start.

Dave Lowry was not in favor of the purchase and didn't feel the town needs more lawn for the Town Hall. Mr. Bailey added that the property is assessed at \$121,00 which would be about \$3,700 a year in taxes. Mr. Lowry felt it could easily be \$5,000 in taxes once it is fixed up. Mr. Lowry did not see any reason to spend \$200,000 on that when the fire department obviously needs work and felt there is quite a big footprint with the property that the Town Hall is on now.

Ed Bailey explained that he was there to hear feedback and wanted to present the opportunity, but the decision needs to be made by tomorrow. He added that the Board of Selectmen were in favor. Michael Skelps felt that it would generate a fair amount of controversy and criticism. Ms. Kowal asked if it would have to go to a town vote, and Mr. Bailey felt that that wouldn't necessarily be the case. Under the current executive orders, the Board of Finance can make a transfer to capital, but it could go to a town meeting.

Michael Skelps asked if the town bought it and the plans didn't come together, would they then be able to sell it for what they spent. Ed Bailey explained that this is all speculation at this point, but added that if the Board of Finance was not comfortable with it, he would have no problem passing on the offer.

Jim Irish was under the assumption that this would go to a town meeting rather than having the Board of Finance act on it themselves. He felt that this board would not be interested in doing that. Ed Bailey stated that he was just explaining the executive order and would have to read the order to see if they were even allowed to have a town meeting for such a purpose.

Melissa Kowal stated that she is not ready to commit that amount of money with a board vote and felt that it should be vetted more with the townspeople. Ed Bailey stated that if the board doesn't have a positive vibe about this, he would just as soon drop it and Jim Irish felt that the board was neutral, at best. Mrs. Kowal felt that there will be a lot of people who would argue that \$200,000 can be spent much more efficiently than for a lawn or a two-car garage. Her fear would be how the townspeople would feel about them spending this money being that they already feel that the town has a lot of open space that isn't take care of. She also felt that the family could give the property to the town if they really wanted to. Ed Bailey reiterated that he has made no decision on this and that he would be remiss not to present the opportunity.

Jim Irish made a motion, seconded by Dave Lowry, to support the purchase of 385 Jackson Hill Road.

Mr. Irish added that he believes in the opportunity for change and his first reactions were very positive. As he listened to the discussions and thought about the amount of money needed for roads and fire department, he felt that may be a better place for the town's undesignated fund. Ed Bailey added that if the board turns this down, it will save him a lot of work.

The motion was defeated unanimously.

## New Business

- A. Potential Change of Second Public Hearing from 4/22/21 to 4/15/21
- B. Workshop Schedule

Jim Irish reviewed the budget workshop schedule and explained that they have a very robust schedule. He asked that everyone attend as many workshops as they can. Joel Nick noted that it is unlikely that he will be at any Tuesday workshops, but will attend all of the Thursday meetings. Jim Irish noted that the public hearing on April 22<sup>nd</sup> could possibly be in person, but all of the workshops will be held via Zoom.

Michael Skelps explained that he had emailed a template out to everyone that he had used at United Technologies. He always found it helpful for everyone to communicate and would like to use something like this with each of the departments in the town. Mr. Skelps understands that this will not happen in the next few weeks, but would like to see the board pursue it. Jim Irish suggested they talk about this at the next workshop. Dave Lowry felt that they have come a long way with the budget process.

Ed Bailey explained that the budget is a collaborative process between him and the various departments. No changes are made without consulting the departments.

## Adjournment

Melissa Kowal made a motion, seconded by Jim Irish, to adjourn the meeting. Motion was carried unanimously. The meeting was adjourned at 9:55 pm.

Respectfully submitted,

Debi Waz

Debi Waz  
Alwaz First