

Motion: Bettyann Peck
Yes: 6

Second: Beverly Kennedy
No: 0 Abstain: 1 (John Stelma)

Item #6 - Comments from the First Selectman

None

Item #7 – Report from the Finance Director

Financial Reports

The General Fund expenditure, revenue, special revenue and capital projects report for fiscal year 2019 are included in your packets.

Fiscal Year 2020

Major area of concern is the retirement funding. The budget included a funding rate of 12.0% and 17.0% for general and Police wages respectively. Actual retirement funding is 13.73% and 20.24%. Budgeted general wage is \$3,525,283 and Police wages are \$3,636,917. The percentage difference is a budget deficit variance of \$60,987.39 general wages and \$117,836.11 police wages.

Other concern's; Town buildings repairs and maintenance 96% expended, Fire Department buildings repairs and maintenance 100% expended. Fire abatements over budget 16,326. Town Engineer projection over budget \$23,000. Town newsletter \$8,352.

The fiscal year 2021 budget summit has been scheduled for December 18 & 19.

Fiscal Year 2019

The fiscal year 2019 Town budget appears to have a surplus. The surplus is \$544,985. Revenue had a budget surplus of \$141,120 and expenditures had a surplus of \$403,865.

Software Update

Registered with software and working on the mapping of the chart of accounts.

Item #8 - Transfers

None

Item #9 – New Business

Bill Sawicki reported on the Annual Financial Summit held last week @ Basement Systems:

- The first day we met with the vendors of the Town's services: Town's auditing firm, Town insurance agent, Town financial advisors (talked about dead issuances, bond refunding).
- The financial advisors said that there are some dead issues that we can refinance to a lower interest rate, push the principal payments out and ease the burden on the budget for this year, next year, and the year after. They are looking at the market rates to see what they are; need to get S&P approval. We have a AA+ rating which is great.
- The second day in the morning, met with the Lockton Company which is our insurance brokers. If we stay with our current healthcare provider, the projected increase is in the neighborhood of 30%. This would cost the Town about \$1.9million. That is a non-starter. We are having Lockton looking at a variety of consortiums on hand to look at as well as some other insurance companies. Plus, we have the fallback of "Self-Insuring" ourselves. We have the insurance reserve fund set up. Essentially, we would budget insurance premiums just like we would pay them to an insurance carrier (Anthem, Cigna,

etc.) but instead of paying the insurance company, we would hire a third-party administrator or claims manager to screen claims. We would take care of paying the claims out of Town money. So instead of paying an insurance company every month for coverage, we would deposit each month how much was due for each claim coming in. This takes away the paying of profits to the insurance company and saves the administrative fees. Bill Sawicki said that in his experience with self-insurance funds, in the first few years, they tend to be fairly profitable (surplus). With these funds, you also purchase "stop-gap insurance". The Town chooses a limit that they will be responsible for and then the "stop-gap insurance" pays after that amount. The danger with self-funding is that if you have a few unexpected occurrences, it could add up pretty quickly to a large sum. Our insurance broker is looking at all these possibilities.

- One of the things we talked about is that we would like to have the Town's actuaries (that deal with the post-employment benefits for retirees and medical, as well as anything to do with pension) come in to do a presentation during one of the budget presentation slots. Whenever Doug can schedule them to come in he will let us know. This way they know we are here.
- The Town does not have their own pension plan that they have to worry about. We still are involved with the OPEB Trust actuarial (our liability was about \$37million last year).
- We talked at length about the MERF (Municipal Employees Retirement Fund). Rates are becoming astronomical. Currently are at 14% (regular) and 20% (police) and are expected to go to 17% (regular) and 25% (police). Bill and Kurt are discussing with Town Counsel about getting out of it. Although Thomaston won their lawsuit, the State has a counter-suit against Thomaston. The pension dollars that we are going to need to be sending to Hartford will be huge. Kurt and Bill will work with the financial advisors to set up a defined-contribution 401k plan for each Town employee. Have the Town make a sizeable contribution to the plan; this would still end up being better than what we would need to send to the State. The problem is that their plans are driven by the Labor contracts the State engages in. Then it filters down to where the age and years of experience are used with the actuarial tables and assumptions and the numbers of older employees and younger employees are a lot of variables. Each municipality is different. This is written into all of the union contracts. It's not just saying to the State that we aren't going to do this anymore, there must be some type of buy-in from all of the unions. This will be negotiations. The Labor Counsel, on instructions from the Board of Finance and the Board of Selectmen, will sit across the table with the various unions and bargain. This does not include certified teachers.
- With union contracts they will be looking at "comparable plans" and coverages.
- Two years ago, we had Anthem. They wanted 18%. Cigna gave us only 2% so we went with them. Then the next year they wanted 21% increase but settled for 15%. This year they are looking for a 30% increase.
- Afternoon of the second day, we had the department heads for the large departments (building department, police department, board of education, engineering) come in for discussions. Things look reasonable, but still have a few gaps to plug (between \$300,000 to \$600,000) but we are still in the initial stages. A lot of this will depend on the insurance number.
- Jim Cretella asked about the amount we may need to pay for the teacher's pension. Bill said that is still a possibility. The number we are looking at is around \$180,000.
- Richard Demko said we may need to be on the lookout for the State withholding monies if we don't approve of the tolls.
- Bill Sawicki said that the budget season should go smoothly. The bigger departments already know the expectations. We are hoping that the mill rate will stay the same. Should we start to build a small cushion? Possibly. We are still early in the process.
- A few people discussed if we should have a small increase now so that years from now we don't have a major increase. The revaluation hadn't happened for like 10 years, now we found out that we were in violation of State charter. This would not necessarily affect the budget increase/decrease.

- Bill Sawicki said that it is too early to tell how the Grand List will be affected by the revaluation. We will budget based on what we know. We have the MERF issue, the teacher retirement issue for \$180,000, we have some claim forms outstanding with the State for the construction of the Middle School.
- Bill asked if anyone cannot make one of the Budget Deliberations to let him know.
- The budget does not need to go to the voters until the first week in May. Bill also asked that the Board members not “nickel & dime” items in the individual departments. We deal with the bottom-line numbers for the departments. This is a \$56million business!
- Jim Cretella asked about the status of moving the BOE from 98 Bank Street. Kurt Miller said that there are interested parties in 98 Bank Street and the Community Center. Hopefully over the summer the BOE can complete the move.
- Bill Sawicki said that he would like to have Johnson Controls in front of this Board to discuss the success/failure of their projected savings. If there is a shortfall, they will be writing us a check. Doug is facilitating us getting the information at our January meeting.
- Richard Demko asked if the WPCA will be coming to talk to us. Jim Cretella said yes. They need to get some repairs/replacements. Bill Sawicki said that the Town can BACK the debt (can use our AA+ rating to get a better rate) but that the WPCA needs to make the payments from their revenue. Bill had this put into the charter change. Previously, Bill said that the Town ended up being responsible for the WPCA debt. The WPCA hadn’t raised rates in 15 years. They had to raise the rates due to depreciation. Now they will need to make sure that the customers foot the bill, not the Town. For sewer renovations, apply through the state DEP. They will apply for a loan-grant funding. 10% provided by the State, 10% provided by the WPCA, and 80% provided by the Feds (clean water fund loan). These rates are better than regular rates. They are desperately in need of equipment. The belt press is in dire need of replacement.

Item #10 – Correspondence

None

Item #11 – Adjournment

Motion to adjourn

Motion: Richard Demko

Yes: 7

No: 0

Second: John Stelma

Abstain: 0

Meeting was adjourned at 8:07pm.

Submitted by:

Monica Dimon
Recording Secretary