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**Town of Seymour ~ Board of Finance
MINUTES
Budget Deliberations
Tuesday, April 14, 2020 at 7:00pm
via Zoom Teleconference #936.1468.2076**

Members Present: Bettyann Peck, John Stelma, Kwame Dunbar, Richard Demko, Beverly Kennedy, Jim Cretella, Bill Sawicki; Paul Wetowitz (alternate)

Members Absent: Gary Popielasz, Grace Brangwynne, (alternates)

Others Present: Doug Thomas, Rory Burke, Kurt Miller

Item #1 – Call Meeting to order

Chairman Bill Sawicki called the meeting to order at 7:01pm.

Item #2 – Pledge of Allegiance

Everyone saluted the Flag and recited the Pledge of Allegiance.

Item #3 – Public Comment

None

Item #4 – Deliberation and discussion of 2020/2021 Budget

- Paul Wetowitz commented that it would not be a good idea to raise taxes at this time. Also, his suggestions were to:

1. Reduce the Board of Education by ½ %
2. Take \$50,000 from Trees
3. Remove 1 cruiser from the PD
4. Not replace the "Floater" position for Town Hall

Kurt Miller said that they WILL be replacing the Floater position (the current person has resigned) because the departments are already short staffed (down to two people) and we need to have this position filled to cover any illness or other reason for someone to be out.

- Bill Sawicki said that we are going to try to keep the mill rate the same. Bill asked Doug Thomas, considering the Revenue & Expense adjustments that Bill had sent out, what would it take to keep the mill rate the same. How much would we need to take out of the Fund Balance to keep the mill rate at 36 for the next fiscal year budget? This number is about \$498,000. Our Town is on pretty good financial footing for the past five or six years. This number is very large, but I think that we can do it. Even the State is talking about dipping into their "Rainy Day" Fund. If our projections on revenue turn out to be low, that would be less we have to dip into; if our expenses are less, that would be better. But the least impact to the residents would be if we took the money from Fund Balance. Use it in this budget year, be mindful of what we spend and what we take in, and then things will go back to normal.
- Paul Wetowitz asked what the long-term effects of using Fund Balance are?
Bill Sawicki it is a year-by-year thing. Budgets are a wash – revenues = expenses. By using Fund Balance, we are budgeting a deficit; saying we will have more expenditures than revenue. But if we control our expenditures and have an up-tick in revenues, maybe don't have to use as much. Maybe will only be \$300,000 or \$250,000. We are pretty good at managing our expenses and revenues. I think we look to put it back a little at a time. Budgets are, at best, an estimate. The main concern with this virus is the residents and not to put any more of a burden on them than we need. That is why we will keep the mill rate the same.

- Richard Demko asked if we should go higher on our Tax Collection Rate? Currently is at 98.6% - should we try for 99%? If we fell short of that 99% would we be able to transfer the amount we need from Fund Balance ? We could get into the need for a referendum. Bill Sawicki said he didn't think raising this rate would be a good idea. Not worth tinkering with. We have used the 98.6% collection rate for the past few years and are comfortable with this. We can monitor our spending once the budget is approved. We can do a spending freeze. We can monitor the revenues also. This is being done in recognition of the economic environment, not to build an artificially low mill rate.
- Richard Demko asked if the Health Insurance # is final ?
- Kurt Miller said that a referendum is required for any amount over \$500,000. Anything over \$100,000 requires a Town Meeting. The 13.5% is the number from Anthem that we have locked in on. Our loss ratio is atrocious. Our initial renewal with Cigna was 30%; right now, we are running at an \$800,000 deficit. So, we switched back to Anthem. We looked at many options, but this one was the best.
- Richard Demko said that we should have the lowest numbers for our taxpayers we can without compromising services. I think that the use of the Fund Balance in these difficult times is warranted. This is the "rainy day" fund and we definitely have a "rainy day". Normally this would not be a good idea, but for now, in this situation, it is necessary.
- John Stelma said that the 99% collection rate would not be realistic. Even in a good year it would be tough to attain. This is not a good year, so less chance we would get there. Bill said he agrees, it would not be a good idea.
- Beverly Kennedy asked why we are continuing to fund? We haven't had anyone in that department for a year now. Kurt Miller said that for a good part of 2019 we had a contract with CERC to provide a person for about 15 hours/week with great results. It was my understanding that the EDC has made a recommendation for the Board of Selectmen for their 4/21/20 meeting with how to move forward with that position. They want to hire a specific consultant. This needs to go to the Board of Selectmen for their approval first. Beverly Kennedy also asked if we currently have a Hiring Freeze? Kurt Miller said no, we have a Spending Freeze. We are fully staffed at the moment (except for the Floater that recently resigned) and have no need of hiring.
- Jim and Kwame agreed with Bill Sawicki on his opinions.
- Paul Wetowitz asked Kurt Miller if the Health Insurance situation is temporary? Will this drop over time? Is there anything proactive we can do about it? Kurt Miller said no, we have just been hit very hard. Even proactive stuff would not help.
- Kurt Miller said that the rating agency would definitely have an issue with us taking \$500,000 from Fund Balance. They just reduced Shelton two levels (they reduced their Fund Balance down to \$12,000). I understand your philosophical approach, but instead of using Fund Balance, I would recommend increasing some of the revenue lines: prior year taxes, supplemental taxes. Things that if we do not hit, at the end of the year will wash out. Using that \$500,000 will put up a red flag to the rating agencies. When we get to FY 21 if we need to move some monies out of Fund Balance, it would be looked upon much more favorably (the impact of the virus on the economy, etc.). This would be a better way to handle it. I'm not sure that the Board of Selectmen would go for taking \$500,000 out of Fund Balance either. So, we should add \$250,000 to some of the conservative revenue numbers. Then if we don't hit those numbers, we can work to control the expenses as we do every year.
- Bettyann Peck said there was a concern previously about keeping the mill rate status quo. Not sure if that still applies now given the current situation.
- Doug Thomas said that we could also bump up the number on the Capital Project Reimbursement for the High School. Bill Sawicki said that we could **add \$150,000** to that number. Doug said that Sherry Holmes is still working on this. Bill said that we could add **\$75,000 to Prior Year Taxes**. We are on-target with the estimate of 98.6% collection rate. We should not increase that.

- Richard Demko asked what the “Red Flag” number is for use of Fund Balance is? Kurt Miller said that the number should be in the \$225,000 to \$250,000; it should be tied to contingency or one-time purchases, some type of Capital Expense.
- Kurt Miller said that in speaking with Chris Pelosi, we are switching our Dental Plan from self-insured to a fully-funded plan which would result a 2% savings (about \$120,000 to be split between the Town and the Board of Education). The Town portion would be about \$47,000, which could be used to offset the Health Insurance number. Bill asked Doug to reduce the Health Insurance line by \$45,000. The resulting Fund Balance # is \$228,815.
- Richard Demko said that the actual 2019 Supplemental Car Tax line was about \$550,000. And we have consistently made over \$500,000. Currently the Supplemental Car Tax line is at \$475,000. Could we increase that to \$500,000? Kurt Miller said that would be good, but not sure if we would make it. New cars may not be as much this year. If we do want to increase any other revenues, I would use the increase to REDUCE the amount of Fund Balance usage. Bill suggested that we **INCREASE Supplemental Taxes by \$25,000 and INCREASE Prior Year Taxes by \$50,000 and INCREASE Capital Project Reimbursement by \$150,000, and then REDUCE the Health Insurance line by \$45,000.** This would bring the use of Fund Balance to \$228,815.00. Kurt Miller said that he, Bill, Doug, & Rory would be keeping an eye on the numbers starting on July 1st and have a good handle on if there will be any shortfall predicted early-on. Bill asked Doug Thomas to send out reprints of the reports for tomorrow morning.
- **We will re-convene on Wednesday, April 22nd, 2020 to finalize the budget. And our Regular Meeting will be on Tuesday, April 28th, 2020. We will have the formal vote at that time.**
- Paul Wetowitz asked if we have an estimate of what we will be receiving from the State given the current situation. Bill said that as far as he knows, the numbers have remained the same as expected. Kurt Miller said the only caveat was that the Board of Education staffing numbers would need to remain status quo in order to receive the expected ECS Grant.
- **Mill Rate will remain at 36 Mills.**
- Kurt Miller said that at Board of Selectmen meeting on April 21st, they will be discussing:
 - Budget Process
 - Deferment of Tax Payments – per the Executive Order, the Governor has given Towns the ability to allow residents to defer payments up to 90 days. This is a conversation that will be had. We can do this one of two ways: one is to allow everyone to do that (except payments by escrow) and two would be that people fill out an application with the State if they meet certain criteria, they would be allowed to defer their taxes up to 90 days.
 - Also, they will vote on a Resolution to obtain Tax Anticipation Notes of \$4 million. This way if we move forward with the deferments and we run into cash flow issues, we would be able to go out and get these notes. We would set this up in advance with the bank so that if we need to, we could get this through quickly.

I will come back to the meeting on April 22nd and update you on what the Board of Selectmen decided. Assuming that everything passes, there will be no referendum. This Board will be the final decision.

Item #5 – Adjournment

Meeting was adjourned at 7:55pm.

Submitted by:

Monica Dimon,

Recording Secretary