



TOWN OF OLD SAYBROOK
Board of Finance

302 Main Street • Old Saybrook, Connecticut 06475-1741

BOARD OF FINANCE VIRTUAL MEETING MINUTES

JULY 21, 2020

Dial In Access Number: 646-307-1479 Guest Passcode: 807700

Mobile Quick Dial: : tel://16463071479,*,,807700#

Virtual Meeting FAQ: <https://www.oldsaybrookct.gov/information-technology/pages/globalmeeting-hintssuggestions>

BOF Attendant Members

David LaMay, Chairman
Carol Rzasa, V. Chairwoman
Tom Stevenson
Paul Carver
Barry O'Neill
Rick Swan
Donna Nucci

Absent Members

In Attendance

Carl Fortuna, First Selectman
Matt Pugliese, Selectman
Lee Ann Palladino, Finance Director
Fire Chief Joseph Johnson
Chief of Police Michael Spera
Susan Beckman, Director EDC
Gerri Lewis, Clerk

1. Call to order:

Chairman LaMay called the virtual meeting to order at 7:00 P.M.

2. Pledge of Allegiance:

Chairman LaMay led the pledge.

3. Roll Call: All board members present

4. Minutes:

A motion to approve the minutes of the meeting of June 16, 2020 was made by Ms. Rzasa, seconded by Mr. LaMay. Discussion: Mr. Stevenson brought the board's attention to page 3, paragraph 3. The motion read "*restrict instead of restructure.*" Motion was corrected and was so VOTED as corrected 7-0-0.

5. Emergency Management Update

None

6. Discussion regarding the purchase of fire trucks:

Chief Joseph Johnson of the Old Saybrook Fire Department presented the results of the Bid for the possible purchase of (2) two fire engines. The bid price came back as the following to the Town of Old Saybrook:

The Old Saybrook Fire Department requests the amount of \$1,441,679.00 to be allocated to purchase two replacement fire apparatus from Pierce Manufacturing. The prices below for the Engines include the 100% down payment at contract signing that the Town of Old Saybrook has done in the past. With paying 100% down the town receives additional savings. Please see the complete breakdown below.

Purchase of Engine #1 with 100% down payment at contract signing: \$687,564.00

Purchase of Engine #2 with 100% down payment at contract signing: \$667,564.00

Total for both Engines with 100% down payment at contract signing: \$1,355,128.00

The remaining monies request are in the sum of \$86,551.00. The additional funds will be used for the installation of Radios, Knox Box, Radio Chargers, CAD equipment, Portable Master Stream, Portable water tank used for non-hydrant areas of town. \$13,551.00 of the additional \$86,551.00 is set aside as a 1% contingency that is there, just in case we are at the final inspection of the apparatus and need to add a step or handrail for firefighter safety. This money will only be used if absolutely needed. If it is not needed, it will not be used.

The total amount of \$1,441,679 was presented to the Board of Finance.

The fire department has worked with a Fire Apparatus Broker for the trade in of two of the apparatus that will be replaced and received a quote for approximately \$80,000.00 for the trade in. The monies that are received from the trade in will go right back to the requested amount of \$1,441,679.00.

Questions were asked by Board of Finance Members and answers were responded. The board's discussion was favorable and looked for guidance from Selectman Fortuna.

Selectman Fortuna and Ms. Palladino wanted to take a closer look at the numbers and get back to the Board of Finance at the next meeting on August 4, 2020.

7. Treasurer Report

Treasurer Fish gave his report. He discussed briefly the expenditure status report with regard to expenses ending June 30th. He noted the year's receipts from the State of Connecticut of \$534,608.24, and noted local revenue of building department and parks and recreation. He reported that special education ended up with a healthy surplus.

Chairman LaMay thanked Treasurer Fish.

8. Finance Director Report

Budget for Fiscal Year 2020

Budget Fiscal Year 2020

The general government budget for Fiscal Year (“FY”) 2020 presently stands at \$16,766,338, along with the Town’s Debt Service budget of \$3,238,104, total General Government Expense equate to \$20,004,442, which includes an appropriation of \$5,000. The Board of Education budget of \$26,520,747 brings the Town-wide budget to \$46,525,189. The budget was approved at the May 2019 budget referendum.

Budget Appropriations - During FY20 the following budget appropriation have been made.

- An appropriation in the amount of \$5,000 for the purpose of reseeding the oyster beds in Oyster River was approved at the December 17, 2019 Board of Finance meeting. The Funds were transferred from the General Fund to the off budget Shellfish Fund

Municipal Reserve Fund Appropriations - During FY20 the following appropriations against the municipal reserve fund (“MRF”) have been made.

- An appropriation for \$111,870 from the capital non-recurring account (CNR) was approved by the Board of Finance (BoF) on September 17, 2019 and moved to Town meeting held on October 1, 2019. The funds will be moved to an off budget account “Kavanagh Park Tennis Court Repair”
- An appropriation for \$30,025 from the CNR was approved by the BoF on September 17, 2019 and moved to Town meeting held on October 1, 2019. The funds will be moved to an off budget account entitled “Town Hall Roof Repairs”.
- An appropriation of \$478,187 from the Fire Department Reserve account for the purchase of SCBA for the Fire Department was approved by the Board of Finance on November 19, 2019 with a caveat that not more than \$450 thousand would be financed.
- An appropriation in the amount of \$49,000 for the purpose of hiring a strategic planning consultant for the Park and Recreation committee was approved at the January 6, 2020 Special Board of Finance meeting and further moved to Town meeting. The funds have been moved to an off budget account entitled “P&R Strategic Plan”.
- An appropriation in an amount \$380,000 for the purpose of purchasing a municipal dump truck, a mason dump truck with plow and a roll off truck was approved at the February 25, 2020 Special Board of Finance meeting and further moved to a Town meeting. The motion included the ability to borrow an amount not to exceed \$380,000 over a term not to exceed five years; said loan would be paid from the department of public works reserve fund 3353. Given the Governor’s executive orders, this was approved at the May 12, 2020 Board of Selectmen meeting pursuant to Governor Ned Lamont’s Executive Order 7S.
- An appropriation of \$44,500 from the capital non-recurring account 3350 was approved at the February 4, 2020 Board of Finance meeting for the purpose of installing a new library door entrance and a new boiler, and to place those funds in a new account entitled “Library Door & Boiler Repair”. The appropriation was approved at the June 9, 2020 Board of Selectman meeting pursuant to Governor Ned Lamont’s Executive Order 7S.
- An appropriation of \$20 thousand from the capital non-recurring account 3350 for the purpose of providing funds to the KHCAC for building upgrades was approved at the May 19, 2020 Board of Finance meeting. Said funds will be placed in a new fund entitled “KHCAC building upgrade” and further, the appropriation will be moved to the Board of Selectman for consideration pursuant to Governor Ned Lamont’s Executive Order 7S.

Budgeted Capital Outlays FY20

The Municipal Reserve Fund, which includes capital non-recurring, fire apparatus, public work/transfer station, and Board of Education sinking funds, totals \$1,527,469 as of June 30, 2020.

Municipal Reserve Fund	FY 2020 Transfers	Balance 6/30/20
Capital Non- Recurring Budget 3350	\$192,533	\$428,240
Fire Apparatus -3351	169,591	528,583
Public Works – 3353		70,646
Board of Education – 3354	75,000	500,000
Catastrophic Illness – 7219	70,000	164,515
Post-employment Payout – 7220	40,000	153,231
Revaluation – 7222	50,000	42,818
Contingency – 7224	30,000	51,906
Roof Repair - 3020	25,000	27,185
Old Post Road Culvert Replacement (3050)	49,100	\$0
Leap Year (490000)	24,667	\$0
Fire Panel (490000)	8,700	\$0
Total	734,591	\$1,967,124

Capital Expenditures FY 2020 budgeted amount as noted below. To date, 89% has been utilized.

Department	Amount Budgeted/Transferred	Amount Used
Fire Department (4203)	\$60,000	\$59,886
Police Department (4201)	\$99,804	\$99,804
IT – Town (4143)	\$25,000	\$14,708
Highway & Streets (4303)	\$375,000	\$319,500
Library Heat Pumps (4501)	\$15,000	\$13,476
Park & Recreation (450301)	\$10,000	\$9,835
Total	\$584,804	\$517,209

Authorized Transfers –

- A transfer in the amount of \$183,845 was approved by the BoF on November 19, 2019 to cover the increased debt service for FY20 as a result of the debt refunding of October 2019. Funds in the amount of \$115,955 will come from the WPCA debt service fund 3004 and funds in the amount of \$67,890 will come from the WPCA debt service fund 3005

Fiscal Year 20 Budget Performance

Through June 30, 2020, 100% of the general government budget equates to \$16,766,338. Actual expenditures of \$16,018,151 are \$748 thousand below straight level budget expectations. Capital transfers, quarterly payment, and other one-time annual payments were made near the start of the fiscal year. The budget lines that are running ahead of budget are below, there are no unusual or unexpected expenses at this time

June 30, 2020 - General Fund Budget Overview

SUB DEPT	Department	Budget	Year to Date expense	YTD/ Budget	Comments
450503	Saybrook point	11,000	14,585	125.8%	Purchased a humidifier
415502	ZBA	13,434	16,236	120.9%	
450505	Other parks	59,280	65,620	110.7%	Seasonal
451100	The KHCAC	64,500	69,362	107.5%	Repairs on emergency lights
416300	Inland Wetland	8,628	10,087	116.9%	
431700	Waste Collection	24,990	28,713	114.9%	New recycling requirements

Fiscal Year 2020 vs. Fiscal Year 2019

The general government budget for FY19 was \$16,339,829 or \$412,509 less than FY20. The Town's General Government budget was 94.0 expended vs. 95.4% compared to the same this period last year.

At this time, Ms. Palladino discussed the memorandum she sent to the board on Planning for Fiscal Year 20 Surplus.

She explained that for planning purposes, in order to target the Town's unassigned fund balance to 15% of FY21 budgeted expenditures of \$47,020,426, the unassigned fund balance would need to total approximately \$7,053,000 or an increase of \$81,390. While the amount of the surplus is not yet known at this time, we do project the Town budget surplus will likely range from \$100 to \$400 thousand, and there is likely to be a surplus at the Board of Education that will increase the overall town wide surplus.

The following is an excerpt from the Fund Balance Policy that addresses year end surpluses.

"It is the goal of the Town to build an unassigned fund balance in the GF at each fiscal year end of 15% of approved GF annual expenditures. Fund balances that fall within the range of 12% to 15% are deemed to be healthy and no action or reporting is required. Should the unassigned GF fund balance fall below 12% at fiscal year end, the Board of Finance shall be notified. Should the unassigned GF balance fall below 5% the First Selectman shall develop a restoration plan to rebuild the minimum fund balance and present it to the Board of Finance for their approval.

In the event that a fiscal year ends with surplus funds projected to be in excess of the 15% policy target, the Board of Selectmen shall make a recommendation to the Board of Finance which may include one or more of the following options:

- a) Transfer excess funds to a capital reserve account;
- b) Transfer excess funds to a specific capital project;
- c) Transfer excess funds to reduce a Town liability or debt;
- d) Transfer excess funds to a debt stabilization account; or
- e) Other recommendation as may be appropriate."

With this policy as guidance, it is recommended that the Boards of Selectman and Finance consider the following uses of surplus in the following order:

1. The Town has budgeted \$590 thousand for Defined Benefit actuarial determined contribution ("ADC") in FY21 (\$440 thousand for the Town employees and \$150 thousand for the BoE employees). The ADC for FY21 is \$787 thousand. Therefore, it is recommended to transfer \$200 thousand to the municipal reserve fund ("MRF") and further to transfer these funds to the Town pension plan next fiscal year in order to meet the full ADC for FY21.
2. Transfer up to \$200 thousand to the debt stabilization fund.
3. Over the course of the last two fiscal years, the BoF has appropriated surplus funds for the purpose of constructing sidewalks and other sidewalk improvements. It is recommended that an appropriation of \$150 thousand be considered to maintain our program of improving sidewalks. The proposed sidewalk construction will take place between Lynde Street and Main Street and other sidewalk improvements in and around Town. The timely completion of the sidewalk

project will not only lead to safe walkways but also continue to complement the work that has been completed to date.

4. Establish a long term recover fund entitled “LTR COVID Fund” at a minimum amount of \$25 thousand for the purpose of providing funding that will assist businesses in the procurement of PPE and the Long Term Recovery (“LTR”) taskforce initiatives.

By way of background, the mechanism for this type of transaction is outlined in the Connecticut General Statutes, **Sec. 7-361. Procurement of the municipal reserve fund (“MRF”)**. This statute states, “Upon the recommendation of the budget-making authority and approval by the legislative body, there shall be paid into such reserve fund (a) amounts authorized to be transferred thereto from the general fund cash surplus available at the end of any fiscal year.”

In conclusion, should the BoF determine that these transfers are reasonable, it would represent a total use of surplus of \$575 thousand. At present the Town is predicting a surplus of at least \$1 million, which would leave about \$425 thousand that would fall to the bottom line and the Town’s budget reserve fund. As of June 30, 2019, the unassigned fund balance stood at \$6,971,610, or 15.5%. An additional \$375 thousand would equate to \$7,396,610 and maintain our strong budget reserve ratio at 15.7%.

The board had several questions and a discussion ensued. It was decided that this item would be continued on the August 4th, 2020 agenda.

Chairman LaMay thanked Ms. Palladino.

9. LTR Covid-29 Funding

This agenda item is continued from the previous meeting of the Board of Finance.

Selectman Fortuna reported that the purpose of the Town of Old Saybrook COVID Fund (“TOS COVID Fund”) is to procure personal protective equipment (“PPE”) resources for small businesses to meet certain requirements of responding to the COVID-19 pandemic. The Town will create a municipal procurement consortium utilizing its buying power and access to purchase lower cost PPE on behalf of the Town’s eligible businesses. Businesses will purchase the PPE from the town at the consortium price. As the length of the pandemic is unknown it is the desire of the Town to use the appropriation as seed money to create a sustainable program for the Town’s businesses.

The board had several questions and concerns. Mr. Stevenson asked if the \$30K funding, matched by U-Flowers was a part of this. Selectman Fortuna noted that money was going to be used for families and not businesses and had nothing to do with this request.

Mr. O’Neill felt that additional monies used for task force initiatives should be reported to the board of finance as did Mr. Stevenson.

After a lengthy discussion the following motion was made:

A motion was made by Mr. Swan to establish a long term recover fund entitled “LTR COVID Fund” not to exceed \$25 thousand dollars with the purpose of providing funding that will assist businesses in the procurement of PPE. That an additional \$5,000 thousand dollars shall be allocated specifically for task force initiatives with its expenses being reported back to the board of finance. Further to move said

motion to Town Meeting or the Board of Selectman pursuant to Governor Ned Lamont's' executive order 7S, seconded by Ms. Rzasa and was so VOTED unanimously 7-0-0.

10. Selectman Report

Selectman Fortuna thanked the board for their action on the Covid-19 funding. He had nothing further to report.

Mr. Swan inquired about the small town grants. Selectman Fortuna noted that certain criteria had to be met and you can apply for up to a maximum this year of \$128 thousand dollars. At the BOS meeting Selectman Fortuna reported that they wanted to use the money to buy public bathrooms; one for the pickle ball court and 2 or 3 down at Saybrook Point. He reported that the BOS don't have a final proposal yet.

Ms. Nucci asked about the legal fees paid for Zoning v. ZBA lawsuit. She requested a synopsis of monies spent. Selectman Fortuna noted that \$10 thousand dollars has been spent to this point. He noted that this is not the first time this has happened. Mediation is possible. He noted that he cannot guarantee that more money won't be spent. Ms. Rzasa and Mr. Stevenson agreed with Ms. Nucci and felt that the parties should come before the board. Chairman LaMay asked Ms. Lewis to reach out to the parties to come to the next meeting. Mr. Carver asked if it was necessary to have both parties present which he thought was inappropriate. Selectman Fortuna noted that the matter will be appropriately discussed. Mr. O'Neill asked where does money come from. Selectman Fortuna reported that Land use boards have a legal budget as do many boards.

Selectman Fortuna noted that perhaps Attorney Cronin could shed some light on the subject. He would check on this before the next meeting.

Mr. Swan had asked for an update of Parks & Recreation business Plan reports and Selectman Fortuna noted that he would email the report from Mr. Gomez of Fitzgerald & Halladay and it is as follows:

February, we met with Commissioners and the Director to initiate work. We subsequently conducted research and gathered all relevant plans and maps for Town parks from Town offices. We produced working maps for each of the parks that will be a focus of the plan (Saybrook Point, Harvey's Beach, Main Street Park, and Town Park). These maps will be used in the plan and are intended for use in working meetings with stakeholders. We began to prepare for, but had to cancel (due to COVID) in person meetings with key stakeholders. We hope to conduct these in-person meetings in the Fall, but may need to conduct them in an on-line format. We visited Town parks to collect information for an assessment of the park needs and to confirm information for the base mapping of the parks. We've collected basic demographic data for the assessment of facility needs based upon national parks and recreation standards. We prepared and released an online survey with over 500 participants. The survey will remain open through the end of July. We are currently in a holding pattern, awaiting the final survey results and the resumption of meetings with stakeholders and the Commission before advancing the plan.

Chairman LaMay thanked Selectman Fortuna.

11. Comments From The Chair

Chairman LaMay thanked everyone and called upon Ms. Nucci for her update on Covid-19.

- Ms. Nucci commented that CT is doing a great job;
- Surrounding states doing well;
- Plan your vacation now; still practice social distancing and wear masks;
- We are a very safe town;
- Perhaps flu season will bring an uptick;

Ms. Nucci wished everyone to stay safe and healthy.

Chairman LaMay thanked Ms. Nucci.

12. Public Comment

Selectman Pugliese thanked the board for their support of the Covid-19 funding request. Ms. Beckman wanted to thank everyone for their support of the business community as well.

This meeting was recorded and can be seen on the town's YouTube video website.

13. Adjournment

A motion to adjourn was made by Mr. Stevenson, seconded by Mr. LaMay at 8:44 p.m. and was so VOTED unanimously.

Submitted: Gerri Lewis