

**TOWN OF OLD SAYBROOK
SELECTMEN'S OFFICE**

CARL P. FORTUNA JR., FIRST SELECTMAN

SCOTT M. GIEGERICH, SELECTMAN

MATTHEW PUGLIESE, SELECTMAN

302 Main Street • Old Saybrook, Connecticut 06475-2384

Telephone (860) 395-3123 • Fax (860) 395-3125

BOARD OF SELECTMEN SPECIAL MEETING MINUTES

Tuesday, February 15, 2022

4:00 p.m.

Old Saybrook Town Hall – First Floor Conference Room

Public Zoom Link: <https://zoom.us/j/97813035481?pwd=QkE1OVFXZlhIRTVTaGhMdjZKMkNOQT09>

Dial In: 929-436-2866

Meeting ID: 978 1303 5481

Passcode: 302302

One Tap Mobile: <tel://9294362866,,97813035481#>

- I. CALL TO ORDER – All members present**
- II. PLEDGE OF ALLEGIANCE - Recited**
- III. COMMENTS FROM THE PUBLIC - None**
- IV. COMMENTS FROM THE SELECTMEN:** Scott Giegerich reported on the Field Lights and that the \$150,000 goal had been reached. Mr. Fortuna stated that he is working on the purchase agreement with Musco and working with Ms. Pendleton on the logistics of installation. Mr. Fortuna gave a brief MIRA update stating that prices have not been set yet but that it is likely he will recommend that the town sign with MIRA. He announced Ms. Beckman's resignation. He spoke about the Route 1 connectivity grant and the easement required at the Mobil station.
- V. APPROVAL OF MINUTES:** Board of Selectmen Meeting January 25, 2022 - Approved.
- VI. BUSINESS BEFORE THE BOARD**
 - A.** Discussion and possible action to approve the Town's Grant Management Policy. Mr. Palladino gave an overview of the process which was recommended by the auditors. This simply lays out a written policy similar to that which the town currently follows. Matt P. asked if a timeline for submission should be given to department heads so grants are not rushed but it was agreed that this would be put in a cover letter to department heads. Moved and unanimously approved.
 - B.** MIRA: Second Amendment to the Tier I Long Term Municipal Solid Waste Management Services Agreement: Action requested: Tabled
 - C.** Discussion on FY 22-23 budget: Action requested: Mr. Fortuna outlined the town's current revenue and expenditure status for 2022 in a memo (attached); spoke to capital projects and reserves and presented the '23 budget. He explained various reductions and additions: Most notably was the addition of making the town's full ADC to the pension plan and the use of debt reserves to offset the increase in town expenditures. The use of debt reserves smooths out a huge drop off in debt over the next 5 years and allows taxpayers in FY 23 to benefit from an imminent reduction in debt service in two years. This still leaves plenty of bonding capacity built in. Mr. Fortuna spoke to the motor vehicle tax which is throwing off extra revenue this year because of the increase in the value of motor vehicles, used and new. He also explained that the Governor submitted a bill to

Board of Selectmen
Agenda
December 14, 2021

change the motor vehicle valuation from NADA market value every year to MSRP and a set reduction schedule. That bill is scheduled to take effect, if passed, two years from now. With the changes as explained in the expenditure and revenue, the mill rate will stay the same at 20.05. Unanimously approved.

Mr. Pugliese made a few comments about the tree budget and his concern about all the dead Beech trees and whether there are adequate funds if many need to be taken down. Mr. Fortuna believes the town can take care of the dead and diseased trees. He also commented that he believes there should be review system for support union workers so that they can get feedback on how they might be able to progress in their careers. Mr. Fortuna said he would look into that with the union after this contract is settled. Lastly, Mr. Fortuna tasked Mr. Pugliese with signage improvement at the base of Exit 67 on Ingham Hill Road.

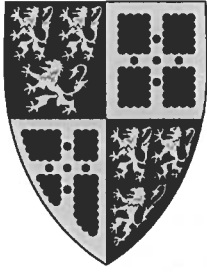
D. Appointments

1. Katharine Hepburn Cultural Arts Center. Old Saybrook representative to the Board of Trustees. *Rich Scierka* Unanimously approved.

VII. ADJOURNMENT at 515pm

Respectfully submitted,


Carl P. Fortuna, Jr.
First Selectman



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To: Board of Selectmen

From: Carl P. Fortuna, Jr., First Selectman

Subject: Presentation of Fiscal Year 2023 Budget

Date: February 15, 2022

Recommendation

At the February 15, 2022 Special Board of Selectmen meeting, I will present for your consideration the compilation of the Department Heads budgets. I recommend making several changes to these budgets as outlined below.

Background

The proposed budget is the final product of several joint Boards of Selectmen and Finance budget workshops designed to review and assess budget presentations by Town department heads. As required by the Town Charter "The First Selectman shall compile all General Government (GG) budgets no later than February 15th of each year, and present to the Board of Selectmen a consolidated proposed budget consisting of the following:

- a) A budget message which states the present financial condition of the Town and any changes proposed for the ensuing fiscal year
- b) A Statement of revenue estimates which shall include receipts collected during the then current fiscal year, last monthly financial report, estimated receipts for the remainder of the then current fiscal year, and estimates of revenue (excluding tax revenue) for the ensuing fiscal year.
- c) A statement of expenditure estimates which shall include itemized expenditures made by each board, commission, department, agency or official for the last completed fiscal year, expenditures made during the then – current fiscal year to date of the last monthly financial report, estimated expenditures for the remainder of the then current fiscal year, and estimates of expenditures for the next ensuing fiscal year.
- d) A recommendation as to any capital projects to be undertaken by the Town during the next ensuing fiscal year, together with a recommendation as to the method or methods of financing the same.

Present Financial Condition of the Town – Fiscal Year 2022

I am pleased to report that the financial outlook for FY22 remains solid.

Revenues

Through February 1, 2022, the last day for January tax payments to be collected, revenues of \$45,019,928 were collected FY22 to date. These revenues are projected to reach \$47,187,717 by the end of the fiscal year, which is the budget amount for FY22.

Most of the total revenues collected to date, \$43,497,204 are from current year taxes, of which 95% of the budgeted amount has been collected. Other sources of town revenues are tracking to meet their budgeted amount, which include past due taxes, State funding and other local revenues.

Due to conservative budgeting practices, the Town budgeted \$463,000 in State funding, of which \$376 thousand has been collected. Overall, the Town's reliance on State revenues is not material and accordingly does not have a major impact on the budget. Likewise, local revenues collected through January 31, 2022 were \$966 thousand and track to meet its budget of \$1,071,000.

Expenditures

To date through January 31, 2022, \$27,046,477 of expenses has been realized against a budget of \$47,187,722 or 57.3% of the total budget. At this time, projections through the end of the fiscal year are expected to be in line with the overall budget.

Budget for FY23

I am pleased to present the Town-wide budget for FY23 that projects an increase of \$1,136,976, or 2.41%. The revenues that will support this budget will be based primarily on property taxes. Property taxes for this budget will be based on the Grand List of October 2021. The Grand List of October 2021 recognized an increase in assessed value of approximately \$66 million, which at the current mill rate, would increase town wide property tax revenues by approximately \$1.3 million, net of the elderly tax relief but still pending assessment appeals. The large increase in market values is mainly attributable to motor vehicles, which is two-fold. First, the motor vehicle department under reported the number of cars located in Old Saybrook as of the prior Grand List, and secondly, the market values for used cars have increased significantly given supply chain disruptions. This increase in tax revenues will offset, to some extent, a portion of any increase in the town wide budget.

Over the past several years, I have been committed to creating a methodical and thoughtful budget process to ensure appropriate funding to meet the service needs of the Town while creatively redesigning operational processes, prudently renegotiating contractual terms, and addressing long term capital needs and liabilities. FY23 Budget highlights include stable finances, appropriate capital investment and healthy reserves. With this budget the Town will remain well positioned for the future. This budget also provides funding for projects that will make our community a better place to live, work and enjoy its recreation.

During Fiscal Year 2022, the Town received an allocation from the American Rescue Fund which totaled just under \$3 million. These funds will be invested in the Town's infrastructure and other eligible programs or projects over the next three years. These monies are not meant to offset the Town's budget, but to improve our community by providing funding for projects or programs outside of our normal course of budgeting.

From an operational standpoint the work done in FY22 will continue to affect not only FY23 budgets, but the permanent changes keep expenses in check across multiple fiscal years:

- ✦ The Town continued to invest in projects that improved the quality of life for its residents, which included an ongoing program of laying and repairing new sidewalks, public bathrooms in 3 locations, the commencement of a “Friday Night Lights” project, repair of the Fire Department roof and funding for the Parks & Recreation department’s strategic plan.
- ✦ All contractual arrangements are carefully reviewed and renegotiated on an ongoing basis. This includes collective bargaining contracts, benefit plans, vendor relationships, and building maintenance.
- ✦ With regard to the Town’s outstanding debt, over the course of the next five years, the Town’s debt service is projected to decrease by approximately \$1 million. Of course, our WPCA program is still ongoing and a significant amount of work remains, which will likely contribute to our future bonded indebtedness.
- ✦ Contributions to pensions remain steady and now the Town’s plan stands at strong 90.6% funded as of the actuarial valuation dated July 1, 2021. In addition, the discount rate has been lowered to 6.25% (from 8.25% in 2011). All eligible new employees now participate in the Defined Contribution plan – further reducing long term commitments.
- ✦ Reserve funds have been created and funded annually to address purchases on large equipment, building maintenance and other high-cost purchases. This smooths out budget fluctuations over the long term.

By keeping our eye on the long term, our yearly budgets have met both short-term operating obligations and successfully planned for the future in a cost-effective manner to maintain financial health for the next generation of taxpayers. The budget for FY23 is no exception and the specifics of the proposed budget are outlined below.

FY23 Revenues

General Fund Revenues for FY23 are set to equal the Expenditure Budget. Local property taxes (commercial, residential and personal) are projected to make up the majority of the General Fund revenues. Local fees will contribute approximately 2.5% to total revenues.

The Town will budget \$463 thousand in State funds for this year’s budget remaining flat versus last fiscal year. Local revenues will increase slightly.

FY23 Expenditures

The combined General Government, debt service and Board of Education budget is up \$1,136,976, or 2.4%. With regard to the GG budget:

- ✦ Department heads continue to closely manage resources and are encouraged to focus on creating efficiencies to meet the bottom line. Over the past several years, the Town has not added any new positions, and in fact through attrition several functions have been reorganized. This will continue as opportunities present.
- ✦ An appropriation in the amount of \$434,089 will be moved into the off-budget Youth and Family Services (“YFS”) Budget to augment other grant and fee revenues received and to provide funds for the management of the Town’s YFS department.
- ✦ Debt service is projected to decline \$138,000 vs. last fiscal year and will contribute to keeping overall expenses low for FY23. During the refinancing of the Town’s debt all outstanding WPCA debt was included in the General Obligation refinancing. The Town’s General Obligation debt service totals

\$3,399,963 this amount will be offset by \$228,118 in WPCA benefit assessment revenues. In addition, \$100,000 will be transferred from the debt service reserve to augment total debt service. Therefore, the Town's total net debt service budget will be \$3,071,844.

- ✚ During this budget season, the Town changed its philosophy for meeting its long-term obligations for the defined benefit plan. With this budget a new budget line item was added called "DB Employer Contribution (ADC)" was added. The Town will now fully fund its pension obligation by budgeting the full Actuarial Determined Contribution ("ADC"), which totals \$736 thousand and is funded \$611 thousand by the Town and \$125 thousand by the Board of Education. Prior to this, the budgeted retirement contributions were based on a percent of salary approach. Budgeting based on ADC is considered the more prudent budget approach.
- ✚ The Board of Education has approved an increase in their overall budget of \$701,976 over FY22. This budget will now be subject to Board of Finance review and possible revision.

Budget Summary - Expense for FY23				
	FY 2022	FY 2023	\$ Increase	Percentage
General Government Operating Expense	17,206,508	17,779,513	\$573,005	3.33%
Debt Service	3,209,844	3,071,844	-138,000	-4.30%
Total General Government Expense	20,416,352	20,851,357	435,005	2.13%
Board of Education Operating Expense	26,771,365	27,473,341	\$701,976	2.62%
Total Government	47,187,717	48,324,698	1,136,981	2.41%

Prior to Selectman budget modifications, General Government Department heads submitted budgets totaling \$21,091,809, an increase of \$675,451 thousand over FY22, up 3.31%.

I have made a few adjustments to the already lean budget, resulting in a decline in the amount of \$240,451 to the Department Head Budgets as outlined below.

Amount	Department	Comment
-\$10,000	Capital	Reduced Park and Rec annual sinking fund request to \$0.
\$5,000	Park & Recreation	Increased maintenance budget by \$5,000
\$500	Political Sub Dept.	Increased the contribution to HOPE partnership by \$500 to \$1,000
-\$13,969	Public Works	Denied promotion request
-\$50,000	Public Works	Reduced request to increase paving budget by \$100k to an increase of \$50k
-\$30,000	WPCA	Reduced professional services from \$120k to \$90k – original request was for a \$60k increase. Approved a \$30k increase.
-100,000	Debt Service	Transfer from Debt Service reserve in the amount of \$100,000
-15,000	Family Services	Youth and Family Service ("YFS") appropriation was decreased by utilizing the excess funds in the YFS Income Fund
-52,874	Heath Care	Reduced health care budget as a result of favorable renewal terms, and staff restructuring.

Amount	Department	Comment
25,892	Retirement	Increased retirement contribution to equal the actuarial determined contribution
-240,451		

FY23 Capital Reserves

This budget reflects the continued practice of reserving today for future expenses. Funds in the amount of \$735,000, a decrease of \$10,000 over last year's budget, will be added to reserve accounts through the capital outlay budget that accrue for fire department apparatus, public works equipment, capital non-recurring items, revaluation expenses, catastrophic illness, general contingency, P&R Sinking Fund and retirement payouts.

Named projects in the amount of \$164,271 are also slated for fiscal year 2023 as follows:

- \$25,000 for a roof sinking fund
- \$12,400 for a dumpster for the Transfer Station
- \$6,050 for a roof for the DPW sand shed
- \$18,000 for an asphalt roller for DPW
- \$3,299 for a new flagpole for P&R
- \$3,364 for a Main Street Park water fountain
- \$3,630 for mulch for the Trask Park playground
- \$7,528 for netting for mini golf course
- \$25,000 toward the DPW paving budget
- \$60,000 for a new gazebo on the Town Hall lawn

FY23 Capital Expenditures

An amount of \$639,964 thousand has been identified for FY23 capital expenses associated with the Fire Department, Police vehicle lease, continued work on town roads, building maintenance, and investment in technology infrastructure.

All recommendations for capital expenditures and capital outlays will be funded through the general government budget. Capital Outlay funds will be transferred to off budget funds while capital expenditures, found in the designated line-item budget, will be expensed as used during the upcoming fiscal year.

In sum, it is important to view the budget as a planning document, one that provides our citizens with the best service at the best value, one that looks forward to the next fiscal year and beyond and one that pays close attention to State finances. I believe this General Government budget accomplishes these important goals. The Town's mill rate is currently 20.05. At present, the FY23 budget, as projected and inclusive of the Board of Education budget, will likely see at stable mill rate.

To give an idea as to the implications of small mill rate increase in general, I offer the following examples:

Home Market Value*	Assessed Value*	Mill Rate Increase		
		.02 Mill	.04 Mill	.10 Mill
\$325,000	\$227,500	\$4.55	\$9.10	\$22.75
\$450,000	\$315,000	\$6.30	\$12.60	\$31.50
\$575,000	\$402,500	\$8.05	\$16.10	\$40.25

**The mill rate is calculated off of the assessed value which is 70% of properties market value.*

Being very familiar with city and town budgets all over the State, I am quite confident in stating that few towns in the State of Connecticut, if any, have presented budgets as transparent and as tightly controlled as ours. Government is a service industry and, proportionate to the services we offer, I believe there is good value in the budget I have submitted.

Respectfully,

Carl P. Fortuna, First Selectman