



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

SPECIAL BOARD OF SELECTMEN MEETING
HYBRID MEETING
MINUTES

Wednesday, August 18, 2021

3:00 p.m.

Old Saybrook Town Hall – First Floor Conference Room

Public Zoom Link: Direct link to the recording: <https://youtu.be/JTROHOvWELE>

It is also included in the following playlists:

Board of Selectmen Meetings: <https://www.youtube.com/playlist?list=PLKX0JMf1KPP9SQAHO0GUQCR3yLtNYxKOWK>

Covid-19 Playlist: <https://www.youtube.com/playlist?list=PLKX0JMf1KPP9udiWTL-WmjmxSYBnCU8N>

I. CALL TO ORDER – All members present

II. PLEDGE OF ALLEGIANCE - Recited

III. COMMENTS FROM THE PUBLIC - None

IV. COMMENTS FROM THE SELECTMEN - Mr. Pugliese commented positively on the parking lot at the top of Ingham Hill Road. Mr. Fortuna stated that the contractor came in on time and under the originally projected budget. He also commented that the end of Ingham Hill Road has seen lots of improvements which include the turn-around at the end. The board also discussed a meeting update on the WPCA, which the First Selectman will arrange. Mr. Fortuna further commented on the following:

- purchase of the Ocean State/Town Fair Tire shopping plaza by Ocean State Job Lot. He feels this will be positive for the aesthetics of the area.
- The rental of the “Denali” building by an excellent restaurateur who has a very good concept for the space
- The center medians are complete except for the final sealing of the bricks
- ARPA final rule to be out soon. The hope is that uses may be expanded from the Interim Rule limitations
- The town is possibly looking to bond some road work using the yearly funding for roadwork as the payback fund.

V. APPROVAL OF MINUTES: Board of Selectmen Meeting July 13, 2021

FORTUNA /PUGLIESE

MOTION CARRIED UNANIMOUSLY

VI. BUSINESS BEFORE THE BOARD

A. Report Fiscal Year 2020-2021 Performance.

The Finance Director Lee Ann Palladino was asked to give a brief report on the town's last fiscal year performance (see attached memo). The town's revenue budget performed very well as a result of state payments and the town clerk, in particular. On the expenditure side, there were some one time events that led to larger surpluses, ie, the library was shut down for a portion of the year, not all the paving budget was spent and there was a retirement in land use and the position was not replaced one for one. In

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addition, the Old Saybrook Police Department budget had a surplus. From that surplus, the Board of Finance (BOF) has carried over \$150k from the town's paving budget, allocated \$250k towards the town pension and \$200k for additional sidewalk work. Total surplus now stands at \$900k, and there should be consideration towards putting some of this money into capital accounts. Mr. Pugliese suggested some funds be put aside for P & R. It was agreed to make a recommendation to the BOF that \$150k be put into P & R capital for new projects to start their facilities plan and another \$350k into Capital non-recurring. That would still place \$400k into the town's rainy day fund.

B. Report American Rescue Plan Act (ARPA) Lost Revenue Calculation.

With an introduction by Mr. Fortuna as to what lost revenue means in the context of the ARP, Ms. Palladino went over with the board her calculations that, assuming a 4.1% revenue growth that is allowed pursuant to the interim rule, the town would be able to classify nearly two-thirds (\$1,879,880) as lost revenue, which allows for spending on maintenance of infrastructure, pay-go spending for building new infrastructure, including roads, modernization of cyber-security and other items (see attached memo).

C. Call of Special Town Meeting August 24, 2021, Old Saybrook Town Hall, 6PM.
Mr. Fortuna reviewed the 4 items for the call that were approved by the Board of Finance. Motion to move and approve.

FORTUNA /PUGLIESE

MOTION CARRIED UNANIMOUSLY

D. Discussion and action to remove 4 Pelton Avenue from seasonal classification recorded in Volume 200 and approve as a year round dwelling. Motion to move and approve.

FORTUNA /GIEGERICH

MOTION CARRIED UNANIMOUSLY

E. Discussion and action on release of a driveway encroachment bond – 21 West Shore Drive. Motion to move and approve.

FORTUNA /PUGLIESE

MOTION CARRIED UNANIMOUSLY

F. Discussion and action on release of a driveway encroachment bond – 22 Denmore Lane. Motion to move and approve.

FORTUNA /GIEGERICH

MOTION CARRIED UNANIMOUSLY

G. Appointments

1. Connecticut River Gateway Commission – Alternate vacancy. Old Saybrook designee appointment is for the unexpired portion of a two year term due to expire 07/2022. Motion to appoint Diane Stober.

FORTUNA /PUGLIESE

MOTION CARRIED UNANIMOUSLY

2. Zoning Commission – Alternate vacancy. This appointment is for the unexpired portion of a two year term due to expire 11/2021. Motion to appoint John Henry.

FORTUNA /GIEGERICH

MOTION CARRIED UNANIMOUSLY

VII. ADJOURNMENT – Motion to adjourn at 4:00 pm.

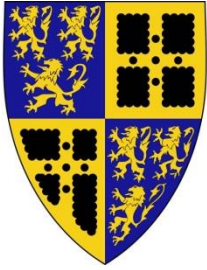
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FORTUNA /GIEGERICH
MOTION CARRIED UNANIMOUSLY

Respectfully submitted,

Carl P. Fortuna Jr., First Selectman

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SELECTMEN'S OFFICE



302 Main Street • Old Saybrook, Connecticut 06475-2384
Telephone (860) 395-3123 • Fax (860) 395-3125

To: Board of Finance Members
From: Lee Ann Palladino, Finance Director
Re: Fiscal Year 2020-2021 *Preliminary* Financial Results
Date: August 3, 2021

Summary

For the fiscal year period ending June 30, 2021 (“FY21”), the preliminary financial results lead to an estimated surplus of approximately \$1.47 million. The surplus of \$1.47 million is mainly attributable to underspending the expenditure budget (\$782 thousand surplus) and Town revenues contributed a similar amount (\$694 thousand surplus). Further, this budget surplus can be broken down between the Board of Education (“BoE”) and the General Government (“GG”) as follows: BoE surplus \$298,227 and GG surplus of \$1.18 million. Over the past several years, and in accordance with the Board of Finance’s Fund Balance Policy to target a Budget Reserve Fund Balance of 15%, the Town has worked toward building its rainy-day fund from a rate of 6.5% in 2012 to its current projected level of approximately 16.1% of the FY21 budget. The Town’s unassigned fund balance stands at \$7,559,728 as of June 30, 2020. The attainment of the budget reserve goal, prudent budget practices, and the building of capital and other long-term liabilities reserves all contributed to a strong financial foundation that will provide the Town with the financial tools it may need to navigate through difficult or uncertain economic periods.

Revenues

Overall town-wide revenues of \$47,714,560 came in \$694,134 over budget, however, after deducting the special education grant of \$160,047 that is part of the BoE surplus, Town revenues will post a revenue surplus of \$534,087.

Revenue	FY21 Budget	Actual	Surplus/(Deficit)
Total Taxes	\$45,486,426	\$45,521,324	\$34,898
State Revenue	\$ 375,000	\$ 674,439	\$299,439
Local Revenue	\$ 1,159,000	\$ 1,518,796	\$359,796
Total FY Budget	47,020,426	47,714,560	\$694,134

Taxes collected were very close to the budget target. Secondly, the Town budgeted \$375 thousand in State revenues and received \$674 thousand, including \$160 thousand of special education revenues. During the FY21 budget process, it was decided to conservatively budget State revenues to mitigate the State’s practices of cutting financial aid to the Town mid-year – particularly during the uncertainty of the COVID pandemic.

The State did provide the Town with all of the grants that it stated it would pay. Local revenues came in much higher than anticipated and the driving force were recording fees due to real estate activity and building permits. This was somewhat offset by lower than project interest income due to the very low level of interest rates.

Expenses

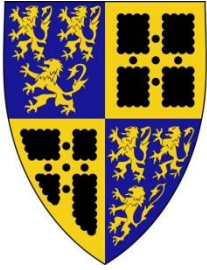
Expense	FY21 Budget	Projected Actual	Projected Surplus
Town Hall Departments	3,742,768	3,563,131	\$179,637
Public Safety	6,417,402	6,327,017	\$90,385
Public Works	3,666,813	3,433,525	\$233,288
Health & Welfare	736,338	693,144	\$43,193
Culture & Recreation	1,819,537	1,722,865	\$96,672
Education*	26,706,023	26,567,843	\$138,180
Debt Service	3,212,695	3,212,695	\$0
Capital outlay	718,850	718,191	\$659
Total Budget	47,020,426	46,238,411	782,014

- ❖ Education budget had unexpended funds of \$138,180, and revenue excess associated with the special education grant in the amount of \$160,487 for a net surplus of \$298,227.

With regard to budgeted expenses during FY21, the Town came under budget by \$644 thousand versus the Town wide budget of \$47,020,426. The General Government function that contributed the majority of the line-item surplus was Department of Public Works with a projected surplus of \$233,288, and as discussed at prior Board of Finance meetings, the department is requesting a \$150 thousand carry over into FY22 as they were unable to use all of the budgeted paving funds. The Town Hall (“TH”) Departments’ budget surplus was \$173 thousand where approximately 25 departments are a subset of TH Departments. The main driver of the TH surplus was the Land Use budget which had an \$83 thousand surplus due to a reorganization during the FY. None of the other TH departments posted material budget deviation (surplus or deficit). Finally, all department heads carefully managed their budgets and also helped to contribute to the overall surplus.

The numbers are considered preliminary estimates and will not be finalized until the audit is completed by the Town’s external auditor, Mahoney Sabol, for Fiscal Year 2021.

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To: Carl P. Fortuna, Jr., First Selectman
Board of Selectmen

From: Lee Ann Palladino, Finance Director

Re: American Rescue Lost Revenue Calculation

Date: August 6, 2021

The purpose of this memorandum is to provide you with the results of the American Rescue Plan Act (“ARPA”) lost revenue calculation. For the Town of Old Saybrook, I calculate that amount to be \$1,879,880. Please see attached calculation.

By way of background, the Town has received 50% of its ARPA funds, or \$1,482,120.54 on June 22, 2021. The Town will receive its second funding no sooner than 12 months after the first tranche was received for a total of \$2,964,241 in ARPA funds. The Town of Old Saybrook falls into the category of “Non-entitlement units, or smaller local governments” due to the size of the Town. This means that we will receive funds directly from the State and have lesser reporting requirements. Further, eligible uses of funds are for expenses incurred after March 3, 2021 or to assist with COVID related hardships that occurred as a result of the pandemic. The funds must be obligated by December 31, 2024 and expended by December 31, 2026.

The Coronavirus State and Local Fiscal Recovery Funds interim final rule (May 2021) outlines the use of these funds, including an eligible use which is the calculation associated with lost revenues. To that end, The Town utilized the GFOA ARPA revenue replacement calculator to provide this calculation. The GFOA is a national organization for financial officers and the calculation was created to provide a standard calculation and was modeled off the US Treasury and US Census guidance on revenue calculations.

Specifically, the formula for calculating the revenue reduction calls for a “Base Year Revenue”, which is defined as the most recent full fiscal year prior to the COVID 19 public health emergency. For Old Saybrook, that would be the Fiscal Year ending June 30, 2019. Base revenues of \$46,364,305 were balanced to our audited financial statements and did not include funds received from the federal government, debt, transfers or other non-permissible revenues. Further, municipalities are mandated to use a growth adjustment that is equal to or greater than 4.1% or actual revenue growth. Since The Town’s revenue growth was less than 4.1%, we used this default amount. The estimated revenue without a pandemic using this method was \$49,244,740. Actual General Revenue was defined as the Town’s actual revenue for the period of January 1, 2020, through December 2020. As each of these periods fell within separate fiscal years, the revenues for the full fiscal years were balanced to audited financials for FY2020 and accounting results for FY2021. The appropriate months were then extracted to create the Actual General Revenues in the amount of \$47,364,860. This created a revenue reduction of \$1,879,880 or -3.8%.

Given the revenue reduction of \$1,879,880. The Town will have the ability to utilize two buckets of ARPA funds. The first bucket will be required to meet the strict eligibility criteria for use of funds. The second, the revenue replacement bucket, will have less restricted guidelines. According to the Interim Final Rule “Government services can include, but are not limited to maintenance of infrastructure or pay-go spending for building new infrastructure, including roads;

modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services”.

Therefore, it is recommended to keep these funds in two separate funds for reporting purposes. The majority of funds will be housed in the ARPA (more restrictive) fund and transferred to the revenue replacement fund, not to exceed \$1,879,880, as awarded.

With regard to the eligible ARPA funds, financial records and supporting documentation related to the award must be reported on October 31, 2021 and annually every year thereafter until the completion of the program or December 30, 2026.

When using Fiscal Recovery Funds associated with a reduction in revenue, the description of government services provided may be presented in narrative form i.e. “funds were used to pave roads” to minimize administrative burden. All records must be retained for a period of 5 years after all funds have been expended or returned to the Treasury.

Finally, it is recommended that our auditors review this calculation and assumptions for accuracy to ensure that Town utilized appropriate funds when administering the ARPA program.



ARPA Revenue Replacement Calculator

Background Information

1) Fiscal Year End

Base Year Revenue Period

2) Calculation Date

Number of Months

Notes:

FY used for base year calculation

Months between Base Year and Calculation Date

Estimate Revenue

3) Base Year Revenue

4) Growth Rate

Counterfactual Revenue

5) Actual Revenue

[Use Worksheet to Calculate](#)

[Use Worksheet to Calculate](#)

Estimated Revenue Without Pandemic

[Use Worksheet to Calculate](#)

Reduction in Revenue

Revenue Reduction

Revenue Reduction %

Fiscal Year Ended

12/31/2020