

Town of Willington

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BOARD OF FINANCE

**Meeting Minutes
Via Public Online Video Conference**

**June 18, 2020
7:00 PM**

**Minutes are not official until approved at the next regular meeting*

Members Present (a quorum of 4 members is required to conduct business):

Mike Makuch – Chair
Geoff Prusak – Vice Chair
Peter Tanaka – Secretary
Matt Clark
Christina Mailhos

Members Absent:

Stef Summers
Mike Perry – Alternate
Elisabeth Woolf – Alternate

Also Present:

First Selectwoman Erika Wiecewski
Business Manager Donna Latinsics
Members of the Public

Chairman Mike Makuch called the meeting to order at 7:05pm.

SEATING OF ALTERNATES

No alternates present.

APPROVAL OF MINUTES

Attachments #1, 2, 3, 4, 5

Peter Tanaka made a motion to accept the regular meeting minutes of February 20, 2020 as amended (Attachment #1).

Geoff Prusak seconded the motion.

On pg. 3, subsection F, “Conservation Commission have” was changed to “Conservation Commission has”

Vote: 5 Yes (G. Prusak, P. Tanaka, C. Mailhos, M. Clark, M. Makuch), 0 No

Peter Tanaka made a motion to accept the budget meeting minutes of February 27, 2020 as amended (Attachment #2).

Geoff Prusak seconded the motion.

On pg. 4, first paragraph, 3rd line, an extraneous “all” was removed.

Vote: 5 Yes (G. Prusak, P. Tanaka, C. Mailhos, M. Clark, M. Makuch), 0 No

Geoff Prusak made a motion to approve the emergency meeting minutes of February 27, 2020.

Peter Tanaka seconded the motion.

Vote: 5 Yes (G. Prusak, P. Tanaka, C. Mailhos, M. Clark, M. Makuch), 0 No

Peter Tanaka made a motion to approve the budget meeting minutes of March 5, 2020.

Geoff Prusak seconded the motion.

Vote: 5 Yes (G. Prusak, P. Tanaka, C. Mailhos, M. Clark, M. Makuch), 0 No

Geoff Prusak made a motion to approve the budget meeting minutes of April 9, 2020 as amended (Attachment #3).

Christina Mailhos seconded the motion.

On pg. 3, paragraph 2 of New Business, line 2, the word “go” was added for clarity. A cover page was added before Attachment #1.

Vote: 5 Yes (G. Prusak, P. Tanaka, C. Mailhos, M. Clark, M. Makuch), 0 No

Peter Tanaka made a motion to approve the budget meeting minutes of May 7, 2020.

Christina Mailhos seconded the motion.

Vote: 5 Yes (G. Prusak, P. Tanaka, C. Mailhos, M. Clark, M. Makuch), 0 No

Peter Tanaka made a motion to approve the budget meeting minutes of May 14, 2020 as amended (Attachment #4).

Geoff Prusak seconded the motion.

On pg. 5, paragraph 2, line 1, “one” was corrected to “once”. A cover page was added before Attachment #1.

Vote: 5 Yes (G. Prusak, P. Tanaka, C. Mailhos, M. Clark, M. Makuch), 0 No

Christina Mailhos made a motion to approve the public hearing minutes of May 28, 2020.

Peter Tanaka seconded the motion.

Vote: 4 Yes (G. Prusak, P. Tanaka, C. Mailhos, M. Makuch), 0 No, 1 Abstain (M. Clark)

Geoff Prusak made a motion to approve the budget meeting minutes of May 28, 2020 as amended (Attachment #5).

Peter Tanaka seconded the motion.

On pg. 4, paragraph 4, wording was adjusted for clarity.

Vote: 4 Yes (G. Prusak, P. Tanaka, C. Mailhos, M. Makuch), 0 No, 1 Abstain (M. Clark)

PRESENT TO SPEAK

Peter Latincsics of 97 Trask Rd. stated: I express my deep disappointment that at a time when the town was not able to vote in the normal referendum fashion due to the Governor's Executive Order, that this board chose to exercise that right for us and in doing so increased spending at a time of great economic distress in our community. Obviously you chose to do so and the majority voted that way. Many townspeople were gravely disappointed by that action, particularly since they didn't have an opportunity to vote on it. I have several questions moving forward that I would like you to address tonight:

- 1) How is this board going to be monitoring expenditures in the school budget and town budget? Will it be on a monthly basis or will we know what that is? Are the freezes still in place? This is critical during the budget process that we know that.
- 2) With respect to school budget, there is no representation here tonight from that group, but during the budget process the MBR (Minimum Budget Requirement) documentation was discussed multiple times. I would like to know if the town has received a final copy of that calculation and if the substantial E.O. Smith reduction this year was part of that calculation, because that would assist the town in next year's budget process.
- 3) With respect to the school capital project for roofs, which is now almost 2 years old; is that work commencing?
- 4) Lastly, it was mentioned during budget process that our fund balance, indicating that we are a fiscally prudent community, would be an attractive target for the teacher's union that will be negotiating for their increases in the next contract. What steps will this board be taking to restructure that fund balance so we don't have that exposure?

Chairman Makuch responded:

- 1) This time of year the board doesn't typically monitor expenses, other than those that come directly to the board, though this year is different. It is an excellent question for the board's consideration this year and it will be on their radar. Selectwoman Wiecenski added that shortly after the Civil Preparedness Emergency was declared, she put a spending freeze on nonessential spending, which is still in place. She anticipates a renewed freeze on her end or from the Board of Finance in the beginning of the new fiscal year as well.
- 2) The last time Chairman Makuch talked to Superintendent Stevens, he did not have information on the MBR, which is consistent with the fact that the state said it would be many months before that information was available. Selectwoman Wiecenski noted that the information is typically given to towns well into August.
- 3) Concerning roofs, Chairman Makuch confirmed with Superintendent Stevens at a previous meeting that he is going to do everything in his power to try to keep those roof projects going in order to try to see the reimbursement process get started in the same fiscal year.
- 4) Regarding fund balance target, Chairman Makuch replied that there has been discussion at meetings that the BOF is involved in contract negotiations and the board will be keenly interested in that. The board did reduce the fund balance through this budget process to the range of 13%, but the impact of that remains to be seen. There are many unknowns regarding the economy over the next months and years.

Matt Clark inquired when the contracts would be negotiated. Selectwoman Wiecenski stated that this is the first year of the teacher's contract, which is set to expire on July 1, 2022.

Peter Latincsics stated that he is pleased to hear that contract negotiation is 2 years away so there is time to prepare. He suggested the Board of Finance contact the town's accountants, who do a fine job every year on the audit and other aspects, and solicit their suggestions and advice for structuring our fund balance so we aren't vulnerable to organized labor raiding it. The accountants work for us, represent us, act in our best interest, and could give us capable advice.

Mike Makuch made a motion to add Emergency Communications Committee as item 3 under New Business.

Geoff Prusak seconded the motion.

Vote: 5 Yes (G. Prusak, P. Tanaka, C. Mailhos, M. Clark, M. Makuch), 0 No

OLD BUSINESS

1) Public Health Crisis Update – potential effect on municipal budgets

Chairman Makuch reported that many businesses in town that were closed are now open to some extent. He gave some examples: Hilltop Restaurant opened outdoor seating first and as of the beginning of Phase 2, indoor seating; Willington Pizza houses stayed in business; Helen's Spirits stayed in business throughout. Business is increasing.

Chairman Makuch continued that one business owner shared that he's having trouble getting employees back. The unemployment numbers may take some time to correct, as the extra \$600 unemployment benefit is still available right now, so in lower paying jobs, people are finding it economically beneficial to stay home. That benefit is set to expire in 6 weeks. Chairman Makuch continued that if he is reading the numbers right, unemployment in Willington is down to 6.1% from 11% last month. Selectwoman Wiecenski added that the official May numbers have not come out. The original 11% was based on processed continued claims. The April number was around 6% and she anticipates it will be lower in May with things reopening.

Chairman Makuch summarized that most people he's come in contact with in town are doing fairly well. A few people are in unemployed or underemployed situations, which is concerning. On the positive side, mortgage rates are very low, so mortgage agents are busy. New house sales are happening as fast as they can process them because the demand is greater than supply right now, partly due to people moving out of cities. House values are starting to go up and many people are moving out of paying Private Mortgage Insurance, which reduces their mortgage payment. He is not trying to paint a picture that everything is rosy, but those are encouraging signs.

Selectwoman Wiecenski stated that town leaders have shared similar concerns about people not going back to work because they're making more on unemployment. It's slated to end in July and they don't know if it'll be renewed on the Federal level. That a concern and could show in the unemployment numbers.

Geoff echoed that any small business owner that he's talked to that has employees has said it has been hard to get people back to work because people are making more on unemployment. Some people are doing okay, though there is more to look out for in terms of doing business. Business owners are now looking over their shoulders as far as what's next, liability, financial strain, etc. Many general contractors that he talked to are doing fine, but it's still a weird time.

Chairman Makuch added that every contractor he talked to is busy building decks on homes and at restaurants for outside seating. He talked to someone who owns an RV dealership outside of Willington who was saying lot traffic has changed a lot. There are fewer people coming in just to look and more serious customers; sales are higher than normal in previous years for the same months. People who are serious buyers are shifting toward newer campers and wanting to be in the country in fresh air more. The pandemic is changing things but not shutting things down either in a lot of areas.

NEW BUSINESS

1) CIP Reopener

Chairman Makuch shared that board was included in a response from CIP Chairman Cobb, who wants to wait until August to reconvene the CIP Committee in order to have the latest numbers from Business Manager Donna Latinsics. The board will be hearing soon about scheduling those meetings, the topics of which affects the coming fiscal year and out years.

2) Transfers – Per Request of Donna Latinsics

Chairman Makuch shared that communication was sent to the board from Business Manager Donna Latinsics regarding end of year transfers. Selectwoman Wiczenski shared that the transfer station has seen significantly more traffic recently, especially in people who don't usually visit the transfer station, as people are home more so are cleaning things out and completing projects on their homes. She shared that they are looking to open more of services at the transfer station on July 1, with the exception of the swap shed.

Chairman Makuch recalled that line item 0831 Employee Insurances line has extra funds due to the fact that it was budgeted to increase 14.5% in the current fiscal year, but was actually only increased 2%.

Motion to transfer \$24,002 from line item 0831 Employee Insurance to line item 0233 Public Health & Safety EHHD in the amount of \$2 and to line item 0351 Transfer Station in the amount of \$24,000 was made by Mike Makuch.

Matt Clark seconded the motion.

Vote: 5 Yes (G. Prusak, P. Tanaka, C. Mailhos, M. Clark, M. Makuch), 0 No

3) Emergency Communications Committee

Chairman Makuch read the Memo to the Board of Finance from Selectwoman Wiczenski detailing the creation of a 10-member committee made up of various stakeholders in the community, including a member of the Board of Finance, to explore and recommend a potential system and protocols for emergency communication. The memo asks that the board discuss the matter and nominate a member for the Board of Selectmen to appoint to the committee.

Selectwoman Wiecenski shared that in light of recent events in Willington, there has been much discussion on how the town can communicate with the public and make sure residents feel safe. One of those ways is emergency communications, which is pretty encompassing, so they decided to make a task force to recommend whether there's a system that the town could purchase, potentially on an annual basis, and develop protocols for that system. Before buying a system, the committee will decide what Willington wants and how we want to use it. The committee is 10 members; 4 members at large from the community, 1 from the Board of Education, 1 from the Board of Finance, the First Selectwoman, the Emergency Management Director, 1 from Willington Emergency Medical Services, and a non-voting member from law enforcement. Troop C has agreed to send someone to participate. Any recommendations that the committee makes may then come back to the Board of Finance to ask for funding.

Chairman Makuch commented that he feels like most of this information should already exist. The town pays \$6,000 per year for an Emergency Management Director who should have this information already and already be operating a system. In addition, he believes our 9-1-1 center has a reverse-9-1-1 system. He clarified that he is not attacking the idea, but wonders why it requires a task force instead of using the systems already in place.

Selectwoman Wiecenski replied that there is a reverse 9-1-1 system run through TN (Tolland County Mutual Aid Fire Service Inc.) that could be used, but Willington doesn't have its own system. In the recent incident, it was a law enforcement matter and if they had sent something out, it would've had to be in conjunction with law enforcement. The task force will look at whether Willington wants the administrative side of a system to operate on our own within the town. There is a system the town could utilize, but there are no protocols in place, which is important.

Selectwoman Wiecenski continued that she is not in favor of going out and purchasing the administrative side of a system and using it without knowing how it will be used. If the town decides to buy something, the committee will make sure it fits the needs of the town. The committee may decide that the town doesn't need anything additional and but needs to work on protocols. She spoke to neighboring communities who are interested in a regional approach to messaging because the incident in Willington, though it was a law enforcement matter, bordered other towns. That's why a law enforcement representative will be on the committee as well. She would like to have lots of input since the issue is bigger than the three selectmen.

Chairman Makuch replied that as the town has an Emergency Management Director and this is standard stuff that all towns modify to fit their needs with extensive manuals. The good news is that the information is out there and it is unfortunate Willington doesn't have it already. Selectwoman Wiecenski replied that this is not the first time this conversation has been had, but they are reopening it in order to address the concerns of residents.

Peter Tanaka inquired whether there would be representation from TN on the committee. Chairman Makuch replied that Emergency Management Director Stuart Cobb, who helps to operate the TN system, is on the committee. Selectwoman Wiecenski added that Doug Racicot came and spoke at the Board of Selectman meeting and would be willing to come and speak at any meeting and help them understand the system as well.

Christina Mailhos shared that she already put her name forward for the committee as an at-large member.

Peter Tanaka nominated Mike Makuch to represent the Board of Finance on the Emergency Communications Committee.

Christina Mailhos seconded the nomination.

Vote: 5 Yes (P. Tanaka, M. Clark, C. Mailhos, G. Prusak, M. Makuch), 0 No

CORRESPONDENCE

Chairman Makuch will shared the Memo from Selectwoman Wiecenski with the Board.

PRESENT TO SPEAK

Selectwoman Wiecenski shared a change to information from the state. Town officials were originally told that any COVID-related expenses would go through FEMA and that the Office of Policy and Management (OPM) would cover expenses based on estimates of what was sent in by the 169 towns. At this point, the state has set aside \$75 million for those expenses in a Coronavirus Care Relief Fund. Towns will first apply for 75% reimbursement from FEMA, then to the state fund for the other 25%, which will hopefully enable Willington to capture 100% of COVID-related expenses to date. It is estimated that between schools, town, and EMS, the figure is about \$62,000 up to June 30, which will go back to the General Fund as it will be returned after July 1. Selectwoman Wiecenski thanked Donna Latincsics for her work on COVID expenses on top of the extended budget season and preparing for the new finance software set to take effect on July 1.

Chairman Makuch stated that there have been lots of questions about how to move forward, what comes next, how to look at this year differently from other years, etc. He's been thinking about what the board has learned over the last few months and encourages all board members do to the same as the budget process passes and the board moves into the coming months. He noted the questions asked of budget presenters late in the process and suggested improving the process to have information in advance of the next budget process. He encouraged board members to take concerns shared during this and other meetings, reflect on how to apply it in the future, and plan to talk about at the next meeting.

GOOD & WELFARE

Chairman Makuch encouraged everyone to hang in as the situation is improving. The lengthy minutes prove we went through a very complicated budget process. He expressed hopes that the board gets to meet in person again soon.

Discussion was held on the logistics and possible timeline of meeting in person, either indoor or outdoor.

Selectwoman Wiecewski shared that the guidance for indoor meetings is a complicated subject as it changes frequently. However, a public meeting cannot be restricted. If there is any limit on the number of people allowed at an indoor gathering, such as the current limit of 25 people who must be 6 feet apart; if, for example, 26 or more people are in attendance, the last people to arrive can't be admitted and therefore access to the meeting would be restricted. Currently, Willington doesn't have the ability to broadcast meetings live, but more people would be able to pay attention to the issues in town if meetings were regularly broadcast. It is an ongoing conversation.

Peter Tanaka made a motion to adjourn the meeting at 8:06pm.

Geoff Prusak seconded the motion.

Vote: 5 Yes (C. Mailhos, G. Prusak, M. Clark, P. Tanaka, M. Makuch), 0 No.

Respectfully submitted,

Marysa Semprebon

Recording Secretary

c. 0131 Board of Finance

Completed by Donna; \$4,118 with no changes. Chairman Makuch thanked Donna.

d. 0132 Treasurer

Chairman Makuch noted that Diane Bulick's resignation is effective next Friday, February 28, and she completed the Treasurer's budget prior to her resignation. Donna adjusted it, as the 2% salary increase was budgeted for but not awarded in FY 19-20, so no increase is necessary as the 2% will be awarded in FY 20-21. The budget is flat. Chairman Makuch noted that there may be a balance remaining at the end of the current year due to the overstated salary and salary not being paid during any vacancy in the position.

e. 0135 Board of Assessment Appeals

Not present; nothing submitted. Donna speculated that it is most likely flat except for a 2% salary increase, but said that she would reach out for a submission.

Peter Tanaka made a motion to table 0135 Board of Assessment Appeals to a later date. Geoff Prusak seconded the motion.

Vote: 6 Yes (M. Makuch, P. Tanaka, G. Prusak, S. Summers, M. Perry, C. Mailhos), 0 No

f. 0161 Conservation Commission

Peter Andersen noted that the Conservation Commission has spent some money on professional expertise and monitoring town property boundaries and marking pins. In the current year the Conservation Commission hired a professional forester for an assessment of Fenton Ruby Park for an active management plan, which will continue into FY 20-21. That accounts for the increase of \$200 or 13.3%. Peter Andersen noted that in the past 20 years the Conservation Commission budget has totaled \$30,000 – 40,000 but they brought in \$400,000 in state grants, so conservation is net good for the town.

Peter Tanaka inquired whether there will be costs from insect kills on trees or whether that's paid for through grant money. Peter Andersen replied that there are not a lot of ash trees in the park and the damage hasn't been bad, nor have there been enough gypsy moths to damage oaks in the park.

g. 0171, 0172, 0176 Planning and Zoning (PZC); Zoning Board of Appeals (ZBA); Inland, Wetlands, and Watercourses (IWC)

Land Use Agent Mike D'Amato presented the proposed budget and corresponding memo. He noted that there are line items that have been unspent but are requested to be kept the same. The Love's Truck Stop project has essentially taken all of the attention for a year and didn't allow for some of the other projects that were pending, which are just starting now.

Regarding dues/membership, there is a new Assistant Land-Use Agent who will need to go through trainings, so that money will be used when the trainings become available. The only other increase outside of salaries is in advertising. Advertising is non-negotiable when an application comes in; it has to be posted in the newspaper twice before and once after a meeting. Mike detailed that he tried to offset that rising cost and that ZBA has very few applications. He continued that both Chairs of those committees are in full support of this budget.

Regarding ongoing efforts for savings, to save on fuel costs under transportation, Superintendent Stevens created some group bus stops. Instead of busses starting and stopping at every house in a neighborhood, he worked within the existing policy and spoke with all parents individually to have students walk to one location when safe. The district is tracking it over the year but is already seeing significant fuel savings.

Additionally, Willington pays more to transport students to E.O. Smith than Mansfield does, because Mansfield then uses the same busses for their primary routes and only carries one bus contract where Willington carries two. Superintendent Stevens met with the E.O. Smith superintendent and M&J Busing with the goal of forming a joint contract to share buses. The tradeoff to sharing busses would mean adjusting the start times for Willington schools. It is still in conversation but if everyone agrees, it would adjust the middle school times a little later. He explained that the schedule for the buses would look something like dropping off high school students at E.O. Smith, picking up all the rest of the combined Willington middle and elementary school Willington students, which many districts do, dropping middle school students off at Hall School, then dropping elementary students off at Center School. Even if it requires another couple of buses due to combining middle and elementary school routes, due to the fact that the costs are split, they are hoping that this plan will cause significant savings. There is still work to do on this plan.

Peter Tanaka noted that a later start time would be better for middle school students, and Superintendent Stevens agreed.

Regarding Insurance, there is nonstop work by brokers in this area to lower costs and go out to bid to look for ways to lower costs.

Superintendent Stevens spoke about the \$283,273 in grant offsets that are included in the budget. 98% of the grants received are put into the budget as offsets and do not create extra money. He detailed that the Excess Cost Grant amount is 10 times higher than last year because the district gets back about 70% of the cost to educate students with special education needs when it's over 4.5 times higher than the average per pupil expenditure. With rising special education costs, they are expecting \$100,000 back, which is in the budget as an offset.

Peter Tanaka inquired whether the town has many special education students who cost more than 4.5 times the average to educate. Superintendent Stevens replied that it is a small number of students and that per state statute, the amount back is supposed to be 100%, but it hasn't been in years.

Superintendent Stevens referenced Willington enrollment information, which for 6 years in a row has been steady between 430 and 440. Based on this data, enrollment has outperformed projections and is no longer declining.

Regarding monies returned, Superintendent Stevens pointed out that the Board of Education has returned over \$1 million over the last 10 years. The smallest amount was in the last fiscal year, and he reminded the Board of Finance that they put that \$5,559 into the 1% account and it has

Chairman Makuch replied that the expressed concerns and thought process are valuable. Procedurally, the board isn't passing a budget that it's calling provisional or expecting to pass it through the normal public hearing process later. Due to the Governor's orders, the budget must be passed through this unique process. The board should give great thought to the unknowns and concerns commented upon but pass a budget assuming it will carry through the whole fiscal year. The board can make adjustments within its powers during the year and may be able to go to the taxpayers later through the normal process to approve changes just like a normal budget year once the executive orders have been lifted.

NEW BUSINESS

1) Board of Selectmen – Transfers

Business Manager Donna Latincsics presented that there are four departments that are tracking to come up short when the town closes the books on June 30, 2020. They are asking for a transfer of \$47,354 from line item #0831 Employee Insurances to cover the following shortfalls, with reasons noted:

- \$20,000 to line item #0141, Town Counsel - Expenditures greater than anticipated
- \$23,586 to line item #0181, Town Office Operations - IT Support for 5 days/week for service.
- \$3,400 to line item #0182, Town Hall Operations - Replaced well pump at the Old Town Hall
- \$368 to line item #0851, Insurance - Final rate for liability insurance greater than budget

Chairman Makuch clarified that certain transfers greater than \$20,000 have to go to the townspeople for approval and inquired whether this transfer does not have to go through that process because of the state of emergency or because it doesn't qualify. Donna replied that that rule applies to appropriations, not transfers. The town is not spending more money than originally appropriated, just moving money from department to department which the Board of Finance can do in any amount. This transfer will not exceed the budget that was passed.

Christina Mailhos inquired the amount of excess in the Employee Insurances line, whether this transfer will empty it, and commented that it is over by a lot. Donna replied that there will be \$32,000 remaining after this transfer. Selectwoman Wiecenski commented that the town was told to expect a 14% increase and it came in considerably lower at 2%, but after the budget had gone to referendum.

Peter Tanaka inquired to what the \$20,000 expenditure on the Town Counsel line is due and how it was so far under-budgeted. Donna replied that the same amount is always budgeted, but some years are more expensive and some years less. Mike Perry asked for more information on why this year was so expensive in terms of counsel and how it adds up to \$20,000. Selectwoman Wiecenski stated that there are currently more legal questions with the emergency situation. Additionally, there were a couple items during that took up a considerable amount of the legal fund; the town's role in the fire department purchase and working with a resident on whether or not to connect them to the town water system. Though the budget is typically the same every year, some years it's unneeded and some years items come up that the town can't plan for.

Board Member Matt Clark presented the following slides based on attending an online Connecticut Council of Municipalities seminar and personal research.

Wilmington Board of Finance

Matt Clark

MClark@Wilmingtonct.org

April 9, 2020

- Connecticut lost jobs in 2019

“The state recently revised its 2019 job numbers downward, tracking a loss of 3,300 jobs for the year.”

Donald Klepper-Smith, Chief Economist DataCore Partners LLC, March 23, 2020.

- In January, the US Federal Reserve projected Connecticut's economy will shrink in 2020

-0.13% for Connecticut

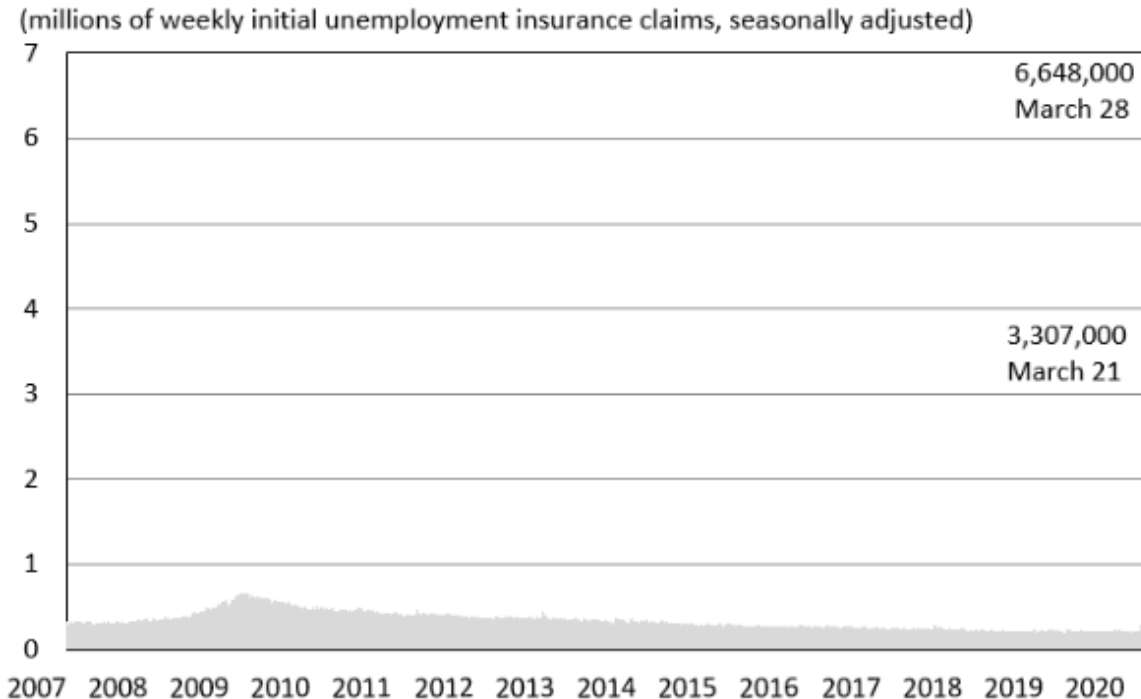
+1.4% for US

Hartford Courant, January 8, 2020

- The US economy is collapsing with millions filing new unemployment claims

Jobless claims soar

New unemployment claims in the United States soared in the second half of March.



- We are experiencing an unprecedented economic collapse

“The U.S. economy in just the last two weeks was in a free fall with no end in sight. We have never seen business conditions disintegrate with such speed.”

Market Watch, April 6, 2020

“Connecticut is probably going to be affected more than other states. This is [the] shock of our generation. We’re in uncharted waters and we don’t have [a] reference point.”

*Donald Klepper-Smith, Chief Economist
DataCore Partners LLC, March 23, 2020*

- The US economy is forecasted to shrink dramatically then rebound for a net loss in 2020

Bank America, April 2, 2020

- 20 million jobs could be lost
- Unemployment rate 15.6%
- "... deepest recession on record"
- "... nearly 5x more severe than average"

Market Watch, April 6, 2020

- -2.5% to -7%
- Most-likely case is -3.5%

Fitch Ratings, April 4, 2020

- -3.3%
- Recovery projected for "late 2021"

- How the private sector reacting
 - Workforce reductions
 - Salary cuts (e.g., “GM cuts salaries 20%.”)
 - Eliminate matching 401k contributions
 - Curtail capital spending
 - Request loans from US Government

- What is the proper thing to do for the citizens of Willington?

- No layoffs
- Continuing providing town government services
- Increase social services budget
- Reduce spending and reduce taxes

Matt Clark asked for updated data on unemployment numbers for Willington. Selectwoman Wiecenski stated that data was updated as of May 11 and was addressed in the Governor's call yesterday. It was made clear that this is for information purposes only, not official data; when the official numbers for the month come out, they may be very different. Willington is right around 410-415 claims processed which is 11% of the workforce based on data from the Department of Labor. Chairman Makuch noted that Willington's unemployment rate is normally around 3%.

Selectwoman Wiecenski continued that she is curious to see the effect on the numbers once the economy starts to open up. She noted that these numbers may not take into account people who are self-employed. She also shared that the state has processed approximately 470,000 of 500,000 unemployment applications and are processing claims made in May, so the numbers are only 1-2 weeks out. They've done \$511 million in state unemployment benefits and \$755 million in federal benefits.

Matt Clark made a motion that the board implement a spending freeze of \$5,000 for next fiscal year limiting all town departments and decision-makers so there are no surprises moving forward.

Geoff Prusak seconded the motion.

Chairman Makuch gave the opinion that a broad sweep number like that isn't functional. It would have to be further defined as to what's included in the spending freeze, as some agencies don't spend \$5,000 in a year and others spend it daily, e.g. payroll.

Matt suggested raising the number to \$20,000. He expressed concern that the board will be surprised with unanticipated spending in different departments. He stated that he was dumbfounded that a raise for all town employees happened without anyone knowing and without approval from the Board of Finance and he is concerned about something like that happening again. He is concerned that money will be spent and it'll constrain the board's ability to react to problems in the coming year. He is open to changing the amount.

Christina Mailhos replied that she is not sure how that would work because though the Board of Finance doesn't have line item control, the First Selectman does, and departments aren't supposed to spend over what they've been appropriated in the budget. There are very few places where someone could overspend a line item that would be \$5,000, other than maybe Public Works if there was a large repair needed, but in that case the selectmen would know about it.

Matt replied that he is concerned about the selectmen making that decision. He was very surprised reading the memos going back and forth about a Memorandum of Understanding (MOU) that was signed off on by the First Selectman awarding raises in a time of depression and rising unemployment, as there was no discussion.

Geoff Prusak and Peter Tanaka expressed support for the idea behind the motion but concern over the implementation.

Vote: 1 Yes (M. Clark), 5 No (C. Mailhos, G. Prusak, S. Summers, P. Tanaka, M. Makuch)
Motion fails.

Board Chair Mike Makuch presented the following slides based on previous years' processes and Governor's directives.

Setting the Fiscal Year 2020-2021 Appropriations and Mill Rate

Setting the Mill Rate

- The Board of Finance members have been tasked with:
 - 1) Voting on appropriations for departmental line items
 - 2) Setting the Mill Rate for FY2020-2021

Can we agree we do not want to raise the Mill Rate?

Specific comments in regards to the Mill Rate:

- Peter Tanaka - "I don't believe this is the time to raise taxes."
- Stephanie Summers - "I feel strongly about leaving the mill rate as it is."
- Mike Makuch - "Can't see us having done our job of taking prudent care of the tax payer's money if we raise taxes at this time."
- Geoffry Prusak – "Keep as flat as possible, maybe going lower."
- Elizabeth Wolfe – "My thinking mirror's Stephanie's thoughts..."
- Christina Mailhos – "Anything we can do to keep things the same is the goal we should be shooting for."

*All statements made at the 5/7/2020 BOF Meeting

How do we get to a 30.09 Mill Rate for Fiscal Year 2020-21?

- 1) Decide if we want to go below MBR in the education budget
- 2) Decide what revenue projection numbers to use
- 3) Decide what tax collection rate to use
- 4) Decide how much fund balance to apply
- 5) Make departmental spending appropriations
- 6) Rotate back through until numbers are what we can approve

How do we get to a 30.09 Mill Rate for Fiscal Year 2020-21?

1) Decide if we want to go below Minimum Budget Requirement (MBR) in the education budget

- Current FY19-20 education expenditure is \$12,886,081 – revised budget presented on 5/8/2020 has education spending at \$12,881,795 in FY20-21.
- Region 19 Budget has already been appropriated by the R19 Board of Education and cannot be changed.
- Any further cuts to Pre-K-8 education budget would put Willington in danger of violating MBR.

Suggestion: Accept the R19 appropriation of \$4,020,967 and the K-8 revised appropriation of \$8,860,828

How do we get to a 30.09 Mill Rate for Fiscal Year 2020-21?

2) Decide what revenue projection amount to use:

- Hartford Courant reported that there could be a \$500,000,000 reduction in state revenues in this current fiscal year and \$1,400,000,000 next year.* It is unclear what the impact of this will have on Willington's revenue from the State.
- It is unclear at this time what impacts to local fee collections and other sources of revenue will be.
- All revenues collected in current fiscal year were significantly higher than predicted.
- The revenue projection (from state and local sources) on 3/12/2020 was \$3,887,348 and remained the same through 5/8/2020.

Suggestion: use revenue projection supplied (\$3,887,348)

*Per Peter Tanaka at the 5/8/2020 BOF Meeting

How do we get to a 30.09 Mill Rate for Fiscal Year 2020-21?

3) Decide what collection rate to use

- Rate of collection typically exceeds 99% (in the last 5 town collected between 99.23-100.71%)
 - Rate of collection was not lower than 98.46% in any 2008-2009 recession recovery years.
 - Unemployment may have an effect on the collection rate but there is no data at this time to suggest what the extent would be.
- **Suggestion: use 98% as the collection rate.**

How do we get to a 30.09 Mill Rate for Fiscal Year 2020-21?

4) Decide how much fund balance to apply

- BOF policy recommends keeping fund balance at a level between 8-12% of the expenditure budget.
- Fund balance is currently in excess of the recommendation.
- \$650,000 has been applied in the current fiscal year and the general fund is approximately 14.66% of the FY19-20 expenditure budget.

Suggestion: Apply an amount that would leave at least 12% of the FY20-21 expenditure budget in the general fund.

How do we get to a 30.09 Mill Rate for Fiscal Year 2020-21?

5) Decide on appropriation levels for each Department

- What should be priorities in tough times:
 - Human/family, emergency, elections, ??
- What appropriations are fixed and cannot be changed?
- What appropriations can we agree on?
- What information is missing?
- Where do we need to do further research?

How do we get to a 30.09 Mill Rate for Fiscal Year 2020-21?

6) Rotate the discussion back through the numbers until the correct balance is found

- Where do we need to do further research?

How do we get to a 30.09 Mill Rate for Fiscal Year 2020-21?

Donna's Scenario:

- 1) Accept education budget presented, do not go below MBR (\$12,881,795)
- 2) Use revenue projections supplied (\$3,887,348)
- 3) Use 98% as the tax collection rate
- 4) Apply \$575K from the fund balance (leaves a balance equal to 12% of the expenditure budget)
- 5) Make departmental spending appropriations as recommended in Budget Run #2 (a.k.a “zero”)
- 6) Set Mill Rate at 30.09

END

Matt commented that the board isn't talking about a 0% increase in the education budget, because education spending is going up.

Stef replied that actually K-12 education is not going up, it's going down a few thousand dollars. If you just focus on K-8, you're taking it out of context.

Stef commented that she doesn't recall that the board ever agreed we were going to be a 0%. The board agreed to ask the departments to show what would need to be cut at 0% and -3%. She does not remember where the board all agreed to be at 0%.

Matt recalled asking for a consensus of the board regarding spending and that everyone said we should be about flat. Chairman Makuch responded that Matt is partly correct; Matt asked for a non-binding consensus of feeling about the budget. Most people responded that we should keep taxation or mill rate flat; not the expense budget, but the effect on the taxpayer. Chairman Makuch continued that the board can't be hung up on the fact that we committed to not increasing spending because it was not a commitment the board made.

Matt replied that he hadn't mentioned mill rate and that's not what he was asking about, but he would have to look it up in the minutes.

2) Budget Adjustments-if Needed

Peter suggested that the board reduce our fund balance by \$48,000. He's been fighting for the fund balance the entire time, but we've heard from the BOE that our "excessive" fund balance is making it difficult for them to negotiate salaries at the BOE. We've given a 2% raise to town employees and essentially funded our programs. What we need to do is decrease our fund balance by about \$48,000 which will drop our mill rate to 29.99. He'd like to reduce the mill rate. Given a small budget increase, he thinks we can give a small tax decrease and recognize that we've been overtaxing this whole time.

Business Manager Donna Latincsics confirmed that applying \$673,000 from the fund balance will make the mill rate 29.99.

Christina clarified whether the adjusted Grand List and the \$4,000 correction to 0930 discussed at the prior meeting were reflected in that number. Donna confirmed.

Christina asked what the mill rate would have been if the board didn't apply the additional \$48,000. Donna replied that it would've been 30.10, or a hundredth of a mill.

Mike Perry asked if we have an estimated total amount of dollars to be returned from all departments, and where that money would go. Selectwoman Wiczenski replied that Donna did some quick estimations and that the general government may return up to \$100,000, though it depends on other expenditures related to COVID. Returned funds go back to the General Fund. There is still another month of spending, but they've been in a freeze.

Superintendent Stevens replied that the combined dollar amount of \$300,000 shared at last week's meeting was a combined figure from the BOE and BOS. The BOE has to make the