

**TOWN OF SOUTH WINDSOR
SPECIAL WORK SESSION MINUTES**

**TOWN COUNCIL
COUNCIL CHAMBERS**

**THURSDAY, MAY 18, 2017
TIME: 7:00 P.M.**

1. Call Meeting to Order

Mayor Mirek called the meeting to order at 7:00 p.m.

2. Roll Call

Members Present: Mayor Carolyn Mirek
Deputy Mayor Janice Snyder
Councilor Cindy Beaulieu (arrived at 7:45 p.m.)
Councilor William Carroll
Councilor Liz Pendleton
Councilor Matt Riley

Members Absent: Councilor M. Saud Anwar
Councilor Edward Havens
Councilor Lisa Maneeley

Also Present: Matthew B. Galligan, Town Manager
Patricia Perry, Director of Finance

3. Public Participation

None

4. Communications

Mayor Mirek informed the Council that Mr. Galligan had responded to an email from Mr. Gonsalves about the current fund balance. The email explained that the total fund balance is currently \$10,131,880 of which \$8,035, 255 is unassigned.

5. Items for Discussion

A. General Government Budget for Fiscal Year 2017/2018

Mr. Galligan began discussions by explaining that there will be \$2 million dollars from OPEB funds used to balance the budget. Mr. Galligan explained how the figure for OPEB is calculated which is done by an Actuary. Last year the amount was \$1.1 million dollar of which \$310,000 goes into a trust fund. The trust fund presently has \$2 million dollars in it which cannot be touched. It has been suggested by the Director of Finance that the Pension Committee review the trust fund to see what type of asset allocation could be done in order to start investing those funds. Also in that calculation there is \$600,000 or \$700,000 being taken out and put into a fund. That fund is supposed to pay for employees who are retired and collecting benefits from the Town for claims. The Town does not have any employees using this fund at this time. The Town also budgets for our current employees and their claims which is a

(Discussion Continued on Next Page)

ITEM

5. A. (Continued)

separate checking account. There is 22% or 23% of claims. This is an asset to the Town. Mr. Galligan reviewed the contributions that have been made historically to OPEB as required by GASB45, as shown in attached **Exhibit A**. The fund balance in this account is about 22% and the Rating Agencies say you should have 10%. Mr. Galligan suggested that this fund be used so the Board of Education and the General Government budgets are not devastated. In this year's budget, the account and claims will be budgeted for. The fund will be up to \$1.8 million dollars by Fiscal Year 2019. Mr. Galligan stated he would never recommend anything that would hurt the stability of the Town.

Answering questions from the Council, Mr. Galligan explained that the Town has to budget for OPEB every year and put it in the health fund. The number is calculated out based on the number of employees at the Board of Education and Town. The only guidelines that the Town has to follow is for the trust fund which takes care of the claims. The Town is presently 25% over then what the Town has to pay in claims. Rating agencies like to see two to three months of claims to be able to be paid above and beyond what is required in this fund. The Town will continue to use this calculation to comply with GASB45 for the few employees that are left who could benefit from this fund. At some point this money will have to be used for something else because there will not be any more employees who qualify for this program. There are no liabilities associated with these funds.

Answering further questions, Mr. Galligan stated that he is glad the Town had this fund for a solution with this budget because if not, services would have been hit. The minute this budget is done, Mr. Galligan said he would be looking at the budget for next year which he feels will be looking more at the expenses side of the budget to help make up for this year's cuts. The Town will know more after the Governor's budget is out.

Mr. Galligan stated that there are five or six employees that could use this post employment benefit. There has been no new information regarding the Governor's budget. There has been anticipation that the State may not have enough money to pay the difference between the 37 down to 32 for the car tax. At this time if the Governor's budget is approved, South Windsor would be losing approximately \$12 million dollars' worth of State funding. Mr. Galligan explained further that the Town has a freeze on four positions that will not be filled until January and reviewed the proposed Fiscal Year 2018 budget reductions, as shown in attached **Exhibit A**, feeling these reductions should not affect services to Town residents. The positions are as follows: IT Technician, Assistant Assessor, Program Coordinator in the Human Services Department, and Street Services Manager. There are also two police officer positions that will not be filled until January. If any of these positions were eliminated, it would be detrimental to services in Town. The Council approved

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ITEM

5. A. (Continued)

the match to the RHS at 1%, but that has been eliminated. The Town Manager and Superintendent would have to put freezes on the budget and work our numbers in order to prepare for next year's budget. The State is supposed to approve their budget in June.

Councilor Pendleton felt that a two year budget should be done. Mr. Galligan said that he is already looking a different ways to do business for next year's budget. Councilor Pendleton questioned if there is a way South Windsor could pass a 90-day budget? Mr. Galligan explained that South Windsor cannot do that because that would violate the Town Charter. Councilor Pendleton then asked for a grand total number of what the Town side budget will be with reductions. Mr. Galligan explained that the Town budget total scenario would be \$32,478,443 which means that we are only increasing the Town's operating portion of the budget by \$262,000. Your debt service is increasing \$647,000; capital improvement increasing \$232,000; and the Board of Education has a decrease of \$544,153 less than last year's budget. The total budget as proposed, total expenditures between the Town and Board of Education is \$113,162,019; increase over last year's budget by \$598,841 or 0.53% expenditure increase. Council members discussed the different services that South Windsor provides.

Councilor Riley reviewed the uses and sources asking the Town Manager to submit to the Council the calculation for this.

At 8:16 p.m. Mayor Mirek called for a five minute recess. The Work Session reconvened at 8:21 p.m.

Councilor Beaulieu requested that the Manager discuss the large number under Culture and Leisure which looks like a charge back. Mr. Galligan explained that the Park & Recreation Department will be charging other departments for different services that the Park & Recreation Department provide. Another charge is because of Park & Recreation moving into Wapping School. The Park & Recreation Department has done a good job and even though they should not be penalized, the budget needs to be balanced. The Park & Recreation Department has a \$1.2 million dollar fund balance. Mr. Galligan stated that if the Governor's budget comes back and is not as bad as anticipated, these numbers will be reviewed again.

Deputy Mayor Snyder stated that the Special Recreation Fund is being decreased by \$310,000. How long will it take to recoup that without raising fees? Mr. Galligan answered that he anticipates over \$200,000 being recouped by the end of the year, which is a projection.

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ITEM

5. A. (Continued)

Deputy Mayor Snyder stated that the fund will then be \$100,000 short and questioned how that would affect the programming that is done? Mr. Galligan felt that it would not affect the programming but will affect the fund balance because you are appropriating from the fund balance. Deputy Mayor Snyder said she would like to see that reduced if the Governor's budget comes back with more positive news. Mr. Galligan stated that the Town is still waiting on the mill rate for the cars which is a \$250,000 item that could be either an increase or decrease to the budget.

Councilor Carroll asked for a comparison to other Town's on the fees that are charged by the Town? Mr. Galligan explained that the Health Department fees are very low in South Windsor. Other Town Health Departments are self-sustaining. A proposed fee structure could be created that would just cover the costs of the Town. The Building Department last year raised over \$1 million dollars with the department costing the Town about \$186,000. The more the Town could get departments to be self-sustaining, the better the Town will be and will eliminate spikes in taxes. The Engineering Department has to review plans that are not always sufficient so the department has to use a lot of time explaining changes that need to be done on plans. It may be in the Town's best interest to charge for this type of service.

Councilor Carroll asked what was the historical impact of raising the entrance fee for non-residential use of the pool? Mr. Favreau explained that by federal law the Town can only charge a maximum of double the residential rate for a non-resident. ~~The current rate for a pass for a resident is \$55.00; and is doubled for a non-resident.~~ The daily rate for a resident is \$6.00; and \$12.00 for a non-resident. The family pass has been eliminated. New programs will be instituted next year. To rent the pavilion at Nevers Road it is \$300.00 for a resident and \$500.00 for a non-resident.

Councilor Carroll felt that the sewer fees could be reviewed also. Mr. Galligan explained that WPCA is on track with those fees.

Answering questions from the Council, Mr. Walter Summers, Fire Marshal explained that the departments that were asked to look at fees are due to come back with an outline of their proposal and comparison charts to a meeting on May 30th at 8:00 a.m. At that meeting we will talk about scheduling a presentation to the Council. The departments that are looking at fees are: Engineering, Health, Wetlands, Fire Marshal, and Building. We talked a little bit about the Park & Recreation Department reviewing their fee structure, so if the Council would like that department included the Committee can request the Park & Recreation Department to come to that meeting.

Mayor Mirek stated that it is her understanding that the Park & Recreation fees are set for a period going forward but it could be looked at in the future.

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ITEM

5. A. (Continued)

Mr. Summers stated that all of these fees are granted by ordinance and would require changes to the ordinances. Mr. Galligan explained that these fees would affect next year's budget with more revenue.

Deputy Mayor Snyder felt that since the Town has projects coming into Town, it would be nice to have these fees in place.

Councilor Riley stated that he received an email that informed the Council that the fund balance is presently at \$10 million dollars and unrestricted was around \$8 million dollars; what was the restriction on the \$2 million dollars? Mr. Galligan answered that it is basically encumbrances and open purchase orders. At some point these items do get closed out. The fund balance is broken down by assigned and unassigned. The total fund balance is \$10,131,180; unassigned is \$8,035,000 which can be used for anything if need be. In the subsequent year's budget, the Town appropriated \$600,000 which is considered to be assigned. This item is usually made up. There is a General Government Outstanding Purchase Orders of \$1,375; Public Safety there is \$1,400; Public Works has \$341,000 payables; Health and Welfare has \$33,000; Cultural and Recreation has \$28,000; and Education for \$1,091,000 which is outstanding purchase orders.

Councilor Riley voiced concern about the \$2 million dollars which will need to be built into next year's budget. The Town will know what the numbers for next year will be once the Governor's budget comes out.

More discussion ensued regarding the MERSA payment. Mr. Galligan stated he does not feel the Town Council should anticipate not having the MERSA payment in next year's budget.

Deputy Mayor Snyder questioned if the Town is anticipating a surplus? Mr. Galligan answered that if the MERSA money comes in, the surplus will be approximately \$700,000 which will go into the fund balance.

Deputy Mayor Snyder asked if there are surpluses anywhere, will the money go into fund balance. Mr. Galligan answered that it would go into fund balance.

Mrs. Perry explained that any sewer fees that are collected under the uncollected sewer fees would go to WPCA.

Mr. Galligan stated that he would recommend to the Council that if the Town receive more State funding than anticipated, he would make sure the Park & Recreation Department is taken care of but other departments would not be replenished and those funds would take care of next year's budget.

ITEM:

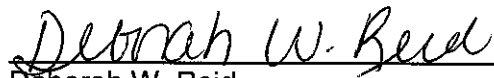
7. Executive Session

None

8. Adjournment

At 9:15 p.m. Deputy Mayor Snyder made a motion to adjourn the Work Session. Councilor Pendleton seconded the motion and it was approved, unanimously.

Respectfully submitted,



Deborah W. Reid
Recording Secretary

**Town of South Windsor
Proposed FY 2018 Budget Reductions**

Division	Description	Estimated Savings
General Government	Economic Development Department Costs	\$ 14,769
General Government	Freeze open position in IT until 1/1/18	\$ 30,000
General Government	Freeze open position in Assessor's Office until 1/1/18	\$ 30,000
General Government	Reduce expenses for out-of-state travel	\$ 15,200
General Government	Reduce Human Resources Advertising/Education line	\$ 5,000
General Government	Reduce IT Temp Salaries	\$ 10,000
General Government	Reduce Town Attorney Fees	\$ 25,000
General Government	Eliminate Chairs from Central Services Budget	\$ 7,000
		<u>\$ 136,969</u>
Culture & Leisure	Library Expenses remain at FY 2017 levels	\$ 27,091
Culture & Leisure	Charge RSRF with 25% of Rec Admin/Parks Salaries	\$ 310,367
Culture & Leisure	Parks Scarifier & Chipper Truck	\$ 47,000
Culture & Leisure	Parks Department Mandates	\$ 12,500
		<u>\$ 396,958</u>
Health & Human Services	Human Service Mini Bus (non-grant portion)	\$ 9,000
Health & Human Services	Reduce PT employee hours to 20 per week	\$ 7,558
Health & Human Services	Freeze open position until 1/1/18	\$ 21,000
		<u>\$ 37,558</u>
Public Safety	Replacement Server/Access Control System	\$ 10,000
Public Safety	Reduce Department Equipment-Vehicles	\$ 59,640
Public Safety	Freeze open position in Police Operations until 1/1/18	\$ 60,000
Public Safety	Reduce PT employee hours to 15 per week	\$ 28,774
		<u>\$ 158,414</u>
Public Works	Engineering Department Mandate	\$ 10,000
Public Works	Streets MS4 Applicable Mandates	\$ 36,000
Public Works	Streets Replacement Truck	\$ 60,000
Public Works	Reduction in Fleet Department gas/diesel	\$ 25,000
Public Works	Wapping costs for Facility move	\$ 46,500
Public Works	Freeze open position in Streets Department until 1/1/18	\$ 42,500
Public Works	Reduce Department Equipment-Salt	\$ 30,000
Public Works	Eliminate UHF Repeater	\$ 7,500
		<u>\$ 257,500</u>
Unclassified	Benefit Costs on frozen positions	\$ 20,568
Unclassified	Council approved employee match to RHS	\$ 145,466
		<u>\$ 166,034</u>
	TOTAL	<u>\$ 1,153,433</u>

Exhibit A

	Real Estate & Personal Property	
2015 Taxable Grand List - As Filed By The Assessor's Office	\$ 2,335,733,021	
Less Estimated Real Estate Assessments Related To:		
Waived Taxes Less Than \$5.00	\$ 55,000	
South Windsor's Elderly Tax Relief Program	\$ 4,456,675	
Plus Estimated Real Estate Assessments Related To:		
Prorated New Construction	\$ -	
Adjusted Taxable Grand List	\$ 2,331,221,346	
Multiplied By The Estimated Tax Collection Rate	98.75%	
Taxable Grand List Used To Calculate Mill Rate	<u>\$ 2,302,081,079</u>	
Mill Rate	37.34	85,959,707
	Real Estate & Personal Property	
2016 Taxable Grand List - As Filed By The Assessor's Office	\$ 2,385,555,699	
Less Estimated Real Estate Assessments Related To:		
Waived Taxes Less Than \$5.00	\$ 55,000	
South Windsor's Elderly Tax Relief Program	\$ 4,456,675	
Plus Estimated Real Estate Assessments Related To:		
Prorated New Construction	\$ -	
Adjusted Taxable Grand List	\$ 2,381,044,024	
Multiplied By The Estimated Tax Collection Rate	98.75%	
Taxable Grand List Used To Calculate Mill Rate	<u>\$ 2,351,280,974</u>	
Mill Rate	37.34	87,796,832
Additional Revenue from Grand List Growth on RE/PP		1,837,124

Exhibit A

2016 Taxable Grand List - As Filed By The Assessor's Office	Motor Vehicle	
	\$	210,690,850
Multiplied By The Estimated Tax Collection Rate		97.00%
Taxable Grand List Used To Calculate Mill Rate	\$	204,370,125
Mill Rate		37.00

7,561,695

2016 Taxable Grand List - As Filed By The Assessor's Office	Motor Vehicle	
	\$	217,152,451
Multiplied By The Estimated Tax Collection Rate		97.00%
Taxable Grand List Used To Calculate Mill Rate	\$	210,637,877
Mill Rate		37.00
Additional Revenue from Grand List Growth on Motor Vehicles		231,907

7,793,601

2016 Taxable Grand List - As Filed By The Assessor's Office	Motor Vehicle	
	\$	217,152,451
Multiplied By The Estimated Tax Collection Rate		97.00%
Taxable Grand List Used To Calculate Mill Rate	\$	210,637,877
Mill Rate		37.00

7,793,601

2016 Taxable Grand List - As Filed By The Assessor's Office	Motor Vehicle	
	\$	217,152,451
Multiplied By The Estimated Tax Collection Rate		97.00%
Taxable Grand List Used To Calculate Mill Rate	\$	210,637,877
Mill Rate		32.00

6,740,412

Difference in reduction of mill rate from 37 to 32

(1,053,189)

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit A

	Governmental Activities Internal Service Fund
Operating Revenues:	
Charges for services	\$ 17,157,920
Operating Expenses:	
Employee benefits	17,676,031
Operating Loss	(518,111)
Nonoperating Revenue:	
Income on investments	9,771
Loss Before Transfers	(508,340)
Transfer In	714,980
Change in Net Position	206,640
Net Position at Beginning of Year	3,594,210
Net Position at End of Year	\$ 3,800,850

Fund bal is @ 21.5%
of claims for FY 2016

Contributions to OPEB required
by GASB 45

History of transfers in

PAID/ADNA

FY 2011 116,503
FY 2012 500,000
FY 2013 601,000
FY 2014 664,000
FY 2015 696,560
FY 2016 714,980

3,293,043

Future transfers

FY 17 - 566,113
FY 18 - 600,465
FY 19 - 671,059
1,837,637

The accompanying notes are an integral part of the financial statements