

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

**TOWN COUNCIL
COUNCIL CHAMBERS**

**WEDNESDAY, MAY 1, 2019
TIME: 7:00 P.M.**

1. Call Meeting to Order

Mayor Paterna called the meeting to order at 7:04 p.m.

2. Roll Call

Members Present: Mayor Andrew Paterna
Deputy Mayor Liz Pendleton
Councilor Karen Lydecker
Councilor Matthew Riley
Councilor Janice Snyder

Members Absent: Councilor Audrey Delnicki
Councilor Mary Justine Hockenberry
Councilor Cesar Lopez
Councilor Lisa Maneeley

Also Present: Matthew B. Galligan, Town Manager

3. Public Input/Participation

None

4. Communications

Mayor Paterna invited the Council and the public to join the South Windsor Hunger Action Team for their 2nd Annual SNAP Dinner Experience on Wednesday, May 8, 2019, at 6:00 p.m. at the South Windsor Community Center.

Mr. Galligan informed the Council that there was a recent bill in legislation which would have put South Windsor in a position to refund taxes of almost \$800,000 back to a particular company that failed to do a declaration. The section that would have required these actions was eliminated. Mr. Galligan thanked the Mayor for coming to give testimony and feels his testimony was instrumental in making sure that section was taken out. Mr. Galligan also thanked Senator Anwar and Representatives Delnicki and Currey for their support.

5. Items for Discussion

A. General Government Budget and Board of Education Budget for Fiscal Year 2019/2020

Mr. Galligan stated that this discussion is a continuation of the April 29th meeting. The Council has had further discussions and would like to see certain items put back into the budget. The Council could put about \$100,000 back into the budget which would

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ITEM:

5. A. (Continued)

not change the increase to taxes. If the Council would like to put back the \$50,000 for merit or the 457, it could be accomplished. There were discussions regarding having a bonus program rather than a merit program. Mr. Galligan suggested that if the Council decides to put the merit program back into the budget, it should stay as a merit program and then discussions could be held with the new Town Manager on the decision of a merit program or bonus program. Mr. Galligan stated that his choice would be to fund the 1% of an employee's salary into the 457 because this would benefit each employee who receives it.

Answering questions from the Council, Mr. Galligan explained that doing either program would not impact the budget increase of 1.95%. The Town is presently at a 99% tax collection. The Tax Collector has gone out for a tax sale which has collected more than \$700,000. Mrs. Huda has started audits of companies. The 1% in the 457 would equal approximately \$43,000. The Town does not give health for those retiring and this 1%, if invested correctly, could give retirees a mechanism to allow them to get medical benefits in the future. Employees can contribute up to \$16,000 per year under the IRS regulations. Mr. Galligan explained that the Council could consider funding either the 1% for the 457 or funding a merit program. If the Council wanted to do both programs, he could fund that, but he would suggest doing the 1% funding into the 457 rather than the merit program.

Deputy Mayor Pendleton stated that she feels the 457 program is justified.

Councilor Riley stated that each employee would have the same problem when retiring and questioned if there is any logic to put a dollar amount per employee for the 457 rather than using a percentage of salary? Mr. Galligan stated he uses the percentage because everyone's position is different, and he feels that if an employee has made an investment into themselves to better themselves for their position, they should be rewarded. Using the 1% would give employees an incentive to better themselves in the future if they would like to be in management. Councilor Riley stated that those employees are paid more, which is their reward for bettering themselves and the 401K match at 12% is another function of that compensation.

Councilor Lydecker stated that this is being talked about as being an incentive and suggested that a length of time be used so that the longer an employee is with the Town, the larger the incentive. Mr. Galligan felt that this is a good suggestion but felt it should be evaluated.

Councilor Snyder explained that her concern about starting a new benefit with the 457 is that each year it will compound and she does not want to take the merit program away. A merit program shows an employee that their performance has been exceptional and should continue to reward those managers that are performing above and beyond.

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ITEM:

5. A. (Continued)

Councilor Snyder stated that she would like to put \$50,000 back into the budget for a merit program with a maximum of 2% per employee.

Councilor Snyder questioned if the \$538,845 has been discussed with the Board of Education? Mr. Galligan explained that the Director of Finance and himself had lunch with the Superintendent of Schools and the Business Manager and reviewed all of the budget numbers with them. Dr. Carter understood the goal of the Town Council and said she would take it back to the Board of Education to match that goal. There were no concerns regarding programming and feels she can make some adjustments at the end of the Fiscal Year.

Mr. Galligan explained that if the teacher's pension is going to be paid for by municipalities, then a new revenue source needs to be established. If the Town side of the budget is going to be responsible for this, then the Town should be negotiating contracts and salaries. The first year the Town would be responsible for \$278,000, the second year the amount would jump to \$512,000, third-year would be \$898,000, and it would be over one million dollars in the fourth year. Councilor Riley stated that the Town of South Windsor would be hit harder because the average compensation for our teachers is 12% above the State average. The State should not be pushing their obligation down to municipalities, and there are some Town's that cannot absorb the teacher's pension.

Deputy Mayor Pendleton stated that she is in favor of the 457 if it is based off a dollar amount based on longevity and not a percentage. Deputy Mayor Pendleton then stated that she does not believe in a merit system and feels employees should get compensated with a bonus. The Town Manager could have \$40,000 in the account with a maximum of 2%.

Councilor Snyder stated that she understands that the State is thinking about getting rid of the motor vehicle tax. Mr. Galligan stated that South Windsor's motor vehicle tax raises approximately six million dollars per year. If the State takes those taxes, residential property taxes will have to increase to make up this loss to the Town. CCM is against this, and South Windsor's Collector of Revenue has given testimony on this item.

Mr. Galligan explained to the Council that after the budget is approved, if the State says South Windsor has to pay a share of the retirement system, the budget will have to be monitored closely and a freeze may have to be put on the budget.

6. Executive Session

None

ITEM:

7. Adjournment

At 8:17 p.m. Councilor Snyder made a motion to adjourn the Work Session. Deputy Mayor Pendleton seconded the motion; and it was approved, unanimously.

Respectfully submitted,

A handwritten signature in cursive script that reads "Deborah W. Reid". The signature is written in dark ink and is positioned above a horizontal line.

Deborah W. Reid
Recording Secretary