TOWN OF EAST HADDAM
Board of Finance
Special Meeting Minutes
June 17, 2021
Municipal Office Building Rooms 1 and 2
And via YouTube live

CALL TO ORDER

Chairman DiCristofaro called the Board of Finance (BOF) meeting to order at 6:00 p.m.

In attendance:

Board of Finance Members
- William DiCristofaro, Chairman
- Bruce Dutch, Secretary (departed 6:15 p.m.)
- Joseph Corbett
- Todd Gelston
- Tracey Gionta
- Harvey Thomas

Others
- Cindy Varricchio, Finance Director
- David Carbo
- Bill Cross
- Brad Parker
- Linda and Paul Stuhlman
- Rebecca Whatley

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

Mr. DiCristofaro welcomed those in attendance and thanked them for coming. He stated that the purpose of this meeting is to respond to questions that arose at the June 14th meeting and to provide additional clarity regarding areas of concern. He noted the importance of passing the budget, reviewed the agenda and provided an overview of how the meeting would proceed.

2021 BUDGET REVIEW AND PUBLIC HEARING PREPARATION

a. Guests and Audience Comments

In response to inquiries from Mr. David Carbo regarding reporting salary detail by position on Cleargov, similar to how Ledyard does it, Mrs. Varricchio stated that the Town's chart of accounts utilizes categories such as elected, regular, seasonal, etc., but stated that she could aim to break it

down by position for subsequent budgets. Mr. DiCristofaro reminded Mr. Carbo that the Cleargov is a newly implemented software and it is still being perfected.

Mrs. Varricchio further responded that salary adjustments had been originally reported in Fringe Benefits but, based on the Board of Finance's actions at their previous meeting, the increases have been reallocated under the appropriate Department in Cleargov. She confirmed that Mr. Carbo could submit a FOIA request if he wanted to know the wage of a specific position and Mr. DiCristofaro advised that Mrs. Varricchio is providing salary ranges for specific class divisions.

Pursuant to an inquiry from Rebecca Whatley, Mr. DiCristofaro clarified that items in the 2021/2022 Capital budget are relevant for this year; however, the items in the Capital Plan are projected out over the next several years and are not guaranteed to be included in future budgets. Mr. Thomas expanded that a 10-year Capital Plan is an important tool to prioritize spending and seek grant funding and discussed the benefits of budgeting reserves annually for large expenditures to avoid spikes in spending. He noted that the COVID grants funding the Town receives is earmarked by the federal government for very specific expenditures.

In response to another question from Ms. Whatley, Mr. DiCristofaro clarified that "Pilot" is a revenue source that stands for payment in lieu of taxes. He provided examples of non-taxable entities from which the Town receives Pilot payments.

Mr. Bill Cross noted that the goal is to get the budget passed and he made several observations about the salary survey. Mr. DiCristofaro responded that, following this meeting, the relevant portions of the survey will be published. He stated that the survey was a tool the Town used to identify wage discrepancies and it influenced their decision, but they also considered other factors. He agreed that taxes should not be raised unnecessarily, but also noted that the Town must be mindful that its staff needs to be fairly compensated.

Linda Stuhlman recognized that Cleargov is new software and that it takes time to adjust. She sought assurance that it will make the budget transparent and reiterated the need to address the public's lack of trust in the budget process. Mr. DiCristofaro confirmed that Finance Department would continually work to refine Cleargov to provide more budget details. He stated that the BOF is very conscious of the public's concerns and emphasized that they have the Town's best interests at heart. He stated the BOF wants the budget to pass and has worked hard to make that happen. He added that he hopes those present will convey that to the public.

b. <u>Wage Adjustments</u>

Ms. Varricchio reviewed the 2021-2022 Wage Adjustment document and provided an overview of the information that was used to do the wage analysis. She stated that the goal is to bring all employees up to their position's minimum salary range and noted that the proposed budget brings wages to within 75% of the minimum range. She confirmed that future plans are to publicize the wage schedules for all Town positions as part of the annual budget.

Mrs. Varricchio stated that wage increases were recommended for five exempt non-union positions and 14 non-exempt hourly positions. She identified what resources were used to identify baseline salary ranges. Mr. DiCristofaro opened the floor to comments from the Board.

Mrs. Gionta emphasized that 50% of the proposed increases will be implemented on July 1, 2021, an additional 25% of the increase is planned to be put into effect on January 1, 2022, and the final 25% of the increase is planned for the 2022-2023 budget cycle. She stressed that, when fully funded, the wages will be in the minimum range of the salary survey.

In response to a question from Mr. Thomas, Mrs. Varricchio confirmed that the raises are being administered incrementally and the goal is to achieve the minimum range for all Town employees. Mr. Corbett thanked Mrs. Varricchio for clarifying the reality of this issue vs. the perception and stated raising salaries to the minimum range is the least that the community can do.

Mr. Thomas reiterated that a number of employees have been underpaid and the Town is trying to rectify that situation. Mrs. Varricchio stated that the cumulative cost of the proposed wage increases is approximately $39,000, or .01% of the total budget.

Mr. DiCristofaro advised that the towns of Essex, Durham, Haddam, Hebron, Killingworth, Lebanon, Marlborough, Old Lyme, East Hampton, Portland and Westbrook were included as references in the wage survey. Mrs. Varricchio noted that knowledge, skills, and abilities were also included as part of the analysis. She agreed to make several revisions to the informational documents.

Mr. DiCristofaro again solicited input from the Board and, in response to comments from Mr. Gelston, Mrs. Varricchio stated she would notate the open Human Resources position as "vacant - part time" and agreed to clarify which positions completed a questionnaire for the survey. She also reviewed the union pay scale.

In response to Mrs. Gionta's suggestion to also publish the Board of Education salaries, Mrs. Varricchio agreed to include a hyper link to the union contracts that are on the Town's website.

c. <u>Budget Reductions</u>

Mr. DiCristofaro revisited the reductions that were made. The following was noted:

- The Resident State Trooper budget line was reduced by approximately $20,000;
- The General Highways budget was reduced by $19,000;
- The proposed increase to the First Selectman's salary was not included in the budget representing a reduction of $9,863;
- The Board of Education Budget was reduced $50,000;
- Use of COVID grant funds for a HVAC system project will allow for the reallocation of capital funds.

Ms. Varricchio also discussed several unexpected revenue increases and responded to questions from the Board. She stated that the results of the changes noted reduce the budget by $555,943 to achieve a zero mill rate increase.

d. Mill Rate Calculation

Mrs. Varricchio reviewed details of how the mill rate is calculated. She advised that both the current and proposed mill rates are 30.44. Mr. DiCristofaro reviewed how the grand list value impacts the mill rate and why it benefits citizens to grow the grand list.

e. Citizens' Guide to the Budget

Mrs. Varricchio noted that the Town must maintain a minimum of a five-year capital improvement plan to be ineligible for state's Town Aid Road and Local Capital Improvement Programs, which total $413,581 for FY 2021-2022. The Board reviewed the draft Guide to the Budget and several revisions/corrections were noted. In response to a request from Mr. DiCristofaro, Ms. Varricchio agreed to add a footnote to explain the unusually large figure representative of the refinancing of debt.

Attendance at the scheduled Public Hearing was discussed and it was determined that the Board would have a quorum at that meeting. In response to an inquiry from Mr. Gelston, Mrs. Varricchio stated that Ms. Zeminieski would forward the public's comments/questions to Mr. DiCristofaro.

Mr. DiCristofaro offered the Board the opportunity to make a statement to the public summarizing their thoughts about this year's budget process.

Mrs. Gionta addressed "accusations of lack of clarity" and acknowledged that the Board may have lost some of their focus due to the difficulties COVID imposed on the process last year. She stated, however, that she was bothered by the public assigning malice to the Board and emphasized that there was no malicious or purposeful intent to create confusion. She encouraged the public to ask questions about the budget and the budget process but noted that it was simply wrong to assume that anyone on the Board is motivated by malevolent intentions.

Mr. Gelston concurred with Mrs. Gionta's assessment and encouraged the public to attend meetings and stated that their input is always appreciated. He noted that the Board tries to provide services for the townspeople with reasonable revenues and also strives for transparency. He added that misinformation always leads to misunderstanding and acknowledged that that is what happened this year.

Mr. Corbett echoed the sentiments of Mr. Gelston and Mrs. Gionta. He encouraged the members of the public that are passionate about the Town's budget to attend more of the Budget Workshops next year and offer their feedback. He stated that he hoped that the public recognizes that the Board's behavior in the days since the failed referendum is indicative of their public servant mentality.

Mr. Thomas acknowledged that no one wants high taxes but taxes are a price that you have to pay to have a town run smoothly and to make investments in the future. He stated he feels that the proposed budget does that to the best of the Board's ability given the cuts the public wanted.

f. Guests and Audience

Mr. Carbo thanked the Board for their efforts and recognized that it is not an easy task to develop a budget. He acknowledged that his editorial had been "a bit critical" and noted that his primary criticism was regarding several capital expenditures. In response to inquiries from Mr. Carbo, there was a brief discussion about the clearest way to present salary information to the public and how to attract businesses to the Town to increase the grand list.

Mr. DiCristofaro discussed the challenges of creating the budget over the past year and reiterated that the public's input is, not only encouraged, but he found it invigorating to have their feedback about specific concerns they have.

Mr. Stuhlman and Mr. Cross each expressed their appreciation for the Board's hard work. In response to a question raised by Mr. Cross, Mr. DiCristofaro provided clarification regarding the proposed increase to the First Selectman's salary.

Mrs. Denette suggested providing clarification regarding the additional revenue the Town received from the state for educational cost-sharing. In response to her statement that the public may still be confused regarding the salary increases, Mrs. Varricchio provided information regarding how the COLA raises will be applied to the salaries that are proposed to be adjusted. Mrs. Varricchio responded to several questions from the Board.

In response to comments from several members of the public there was a general discussion regarding the pros and cons of the proposed salary adjustments and the use of salary studies.

Brad Parker stated that he appreciates all of the time and effort the Board put into this process. He noted the difficulty of the annual budget process and compared it to a game of basketball, stating that from the bleachers it may look like an easy shot… but not so much so for the players on the court.

There were no electronically delivered comments/questions received at the meeting.

ADJOURNMENT

Motion was made by Mr. Gelston to adjourn at 8:11 pm. Mr. Corbett seconded the motion and it was unanimously approved. Motion carried.

Respectfully submitted,

Debra Denette
Recording Secretary