TOWN OF EAST HADDAM
Board of Finance
Special Meeting Minutes
April 2, 2022
Municipal Office Complex
Meeting Rooms 1 and 2
Via Zoom and YouTube Live

CALL TO ORDER

Ms. Gionta called the meeting to order at 9:09 am and the Pledge of Allegiance was recited.

In attendance:

Board of Finance Members:
- Tracey Gionta, Chairman
- Bruce Dutch, Secretary
- Joseph Corbett
- Todd Gelston
- Harvey Thomas
- Rebecca Whatley

Others:
- Patricia Stricker, Board of Education
- Brian Reas, Superintendent of Schools
- Donald Angersola, Director of Operations
- Cindy Varricchio

BUDGET WORKSHOP

a. **Budget Follow-up Items:**

Ms. Varricchio advised that all the previously ranked capital items had been updated and that excess funds in Recreation Commission's budget had been repurposed.

The Board reviewed the remaining outstanding capital projects, including the following:

- Additional funds to complete the middle school exterior basketball court renovations,
- Funds to supplement the insurance payout for the purchase of a new police boat,
- Climbing structures for the playgrounds at Nicols Field and the Town beach,
- The community playground, and
- Police cruisers.

Ms. Varricchio provided additional information regarding the Police Department's request for replacement cruisers and recommended ranking one replacement for this fiscal year and resolving to purchase one per year going forward. The Board agreed with her recommendation.

b. **Budget Review:**

Ms. Gionta informed the Board that the State Bond Commission's had provided a $1.4 million grant for the high school Athletic Complex project. She stated that Mr. Lindsay had updated his analysis regarding the debt service for this project and the amount had been reduced from $141,000 per year to $56,000 per year.

Ms. Varricchio distributed information on the Town's debt forecast. Ms. Gionta reviewed the Board of Finance's policy on debt service and confirmed that the Town's debt follows its requirements. She reviewed the list of capital projects for which the Board had earmarked ARPA funds. In response to a question, Ms. Varricchio clarified that the approved use of ARPA funds is quite liberal but she strongly recommended that the Town only use the funds for capital projects with a useful asset life of 10+ years rather than for recurring expenses.

There was a general discussion regarding the fact that the present budget does not address funding for rebuilding Fire House No. 2, a new library, or two anticipated culvert replacement projects. Ms. Varricchio recommended that the Board project the cost for those projects, determine the Town's capacity for the required debt, and ask Mr. Lindsey to model the debt service scenarios. She also recommended setting aside some of the ARPA funds to a) prepare the projects to be shovel ready, and b) to be used for matching funds for potential grants for the projects.

The Board agreed that it would be helpful to have Mr. Lindsay do another iteration of debt service analysis to include the upcoming potential capital projects and Mr. Corbett recommended making the two culvert projects shovel ready a priority. Mr. Thomas expressed concern about the current state of the economy and its impact on the Grand List going forward. He also expressed concern about continuing to rely on the Unassigned Fund Balance to manage the mill rate.

In response to questions raised by Ms. Whatley, Ms. Varricchio confirmed that ARPA funds were allocated by the Board to do an engineering study on the school-wide HVAC system project to prepare it to be shovel ready in anticipation of potential grants, and that ARPA funds will expire in December 2024.

Ms. Varricchio distributed a prioritized list of the scored and categorized capital projects. The Board discussed several the projects and made many adjustments. Mr. Angersola confirmed that he had identified an alternative, less costly, solution for replacing the Rathbun Library windows. There was a general discussion about the pros and cons of using ARPA funds for the Public Works Elgin Sweeper vs. contracting out for the service. Ms. Whatley and Mr. Gelston expressed concern about funding the Community Playground project at this time and the Board agreed to seed the fund with $25,000.

The Board discussed the Public Works' vehicle requests and Mr. Thomas suggested allocating funds for the three trucks and to have Superintendent Hedler make the decision on prioritizing the vehicle purchases. He also recommended donating one of the replaced dump trucks to the Moodus Lakes Association in lieu of contributing $35,000 to purchase one. Ms. Varricchio agreed to investigate that option.

There was a general discussion regarding the Public Works' Storage Building project and the Board agreed to push this project out one year. Mr. Reas stated the Board could also push out the $10,000 Nathan Hale Ray High School ceiling capital project for a year. The Board also discussed the upcoming Falls Bashan Road culvert project and agreed to allocate $50,000 for engineering work to get the project shovel ready.

Ms. Gionta recapped the following capital projects which would be funded with ARPA grant money:

- $20,000 for the Broadband study,
- $50,000 for design work for the culvert project,
- $175,000 for the Board of Education system-wide HVAC project study,
- $250,000 for the Public Works Elgin Sweeper, and
- $500,000 to seed the Capital Savings Fund,

leaving a balance of approximately $500,000 in unallocated ARPA funds to seed a grant matching fund.

Ms. Varricchio noted that several Board of Education projects had come in under budget and suggested the balance of reserves from those projects be used for other capital projects. The Board agreed to fund the following BOE capital projects with the excess reserves:

- Elementary School Playground Equipment ($25,827),
- Middle School Fire Alarm Upgrades ($48,046),
- System-wide Cafeteria Equipment ($25,000),
- Middle School Floor Scrubber ($10,882), and
- Middle School Exterior Basketball Court ($5,000).

Ms. Varricchio stated the Board should address the Fire Department reserves. She indicated that they are low in relation to the Department's capital projects that need to be funded. She reviewed several changes that had been made to the Town's Operating Budget and Revenues and the respective impact on taxes. She summarized the fiscal year 2022-2023 budget and recapped how the budget had been reduced last year to achieve a zero-mill rate increase.

There was a general discussion regarding several open positions and Ms. Stricker provided clarification regarding the Board of Education's staffing requests. The Board of Finance reduced the Board of Education budget request by $108,000.

The Board broke for lunch at 12 noon. The meeting reconvened at 12:52 pm.

The members revisited Public Works capital requests. Mr. Gelston supported contracting out for road sweeping services vs. purchasing an Elgin Sweeper this year; however, Mr. Dutch noted that contracting out the service will add $60,000 to the operating budget for one sweep per year while Public Works sweeps the roads multiple times per year. The Board agreed to fund a total of $300,000 for replacements for Public Works Trucks 13 and 8, a John Deere Flail Mower, and a Tiger Flail Head Mower Head, and to instruct Superintendent Hedler to determine the priorities.

The Board discussed its overall goal for the fiscal year 2022-2023 budget. Mr. Dutch stated that he feels inflation would preclude achieving a zero-increase to the mill rate for a third year in a row and Mr. Thomas expressed his desire to reduce reliance on the Unassigned Fund Balance to supplement revenues. Ms. Gionta advised that an increase of 1 mill would have an impact of approximately $179 per year on the average household which would require a total of $1 million in adjustments and use of alternative funding.

In addition to a $108,000 reduction in the Board of Education's proposed budget and a $182,300 reduction to the Public Works proposed capital plan, the Board agreed on the following additional adjustments:

- They cannot fund the Land Use Department's capital request to conduct a Conceptual Design Study for a Master Plan for Moodus Center this fiscal year ($30,000).
- They can only fund the Recreation Commission's capital request for one piece of climbing equipment ($20,000).
- Use Board of Education reserves for their capital requests for the High School motorized ADA cart ($16,000) and System-wide Carpeting & Flooring ($31,000).
- Reduced the town's contribution to the Board of Education reserves ($50,000).
- Direct the Board of Selectmen to reduce the town's operating budget by $25,000.
- Supplement revenues with $500,000 from the Unassigned Fund balance.

Ms. Varricchio made some minor adjustments to departmental revenues and noted that the increase in the Grand List has offset additional increases to the mill rate. She reiterated that, going forward, the Board would have to consider a long-range plan to increase the Fire Department's reserves, noting that they are insufficient to support the department's current capital plan.

The Board meeting recessed at 2:00 pm and reconvened at 2:33 pm.

c. **Guests and Audience Comments:**

There were no guests or audience comments brought up at the meeting or submitted electronically.

d. **Vote to Send Budget to Public Hearing:**

Ms. Gionta reviewed changes and adjustments to the fiscal year 2022-2023 budget which resulted in an overall reduction of $246,063 to the Board of Selectmen and Education proposed budgets resulting in a total budget of $37,253,764.00. The Board made the following comments:

- Mr. Gelston thanked the Board members for their efforts and stated that he believes they are well prepared to respond to questions from the public regarding the proposed budget.
- Mr. Dutch stated that he believes the budget the BOF will propose to the public is fair and was well thought through.
- Mr. Corbett stated that he feels the budget is well thought out, principled, and puts the town on the right track to move forward.
- Mr. Thomas stated that it is his opinion that the budget is fiscally responsible, sustainable, and addresses many of the existing gaps in the town's infrastructure.

- Ms. Whatley concurred that Board had made a lot of hard decisions and stated she is comfortable with the budget they will propose to the citizens; however, she expressed concern about the state of the economy going forward.

Ms. Gionta thanked the Board members and Ms. Varricchio for "going above and beyond" and stated she appreciated all their thoughts and input.

Motion was made by Mr. Thomas to present to a Public Hearing on April 26, 2022, at the Nathan Hale-Ray High School, a total budget of $37,253,764.00, based on the October 1, 2021 Grand List of $932,057,622.00. This budget reflects a 1.35 mill rate increase and a 7.75% increase in revenues. Mr. Gelston seconded the motion and it was unanimously approved. Motion carried.

Ms. Varricchio confirmed that she would update ClearGov before the end of the next week and noted that the Citizens' Guide to the 2022-2023 budget will be distributed to the public in the April 21st edition of the *East Haddam News*.

The Board members agreed to cancel their April 12th regular meeting and schedule a special meeting for 6:00 p.m. on April 26th.

e. **Guests & Audience Comments:**

There were no guests or audience comments brought up at the meeting or submitted electronically.

Motion was made by Mr. Dutch to adjourn at 2:45 pm. Ms. Whatley seconded the motion and it was unanimously approved. Motion carried.

Respectfully submitted,
/s/
Bruce Dutch
Secretary