TOWN OF EAST HADDAM
Board of Finance
Special Meeting Minutes
March 21, 2023
Municipal Office Complex
Meeting Rooms 1 and 2
Via Zoom and YouTube Life

Participating:

Board of Finance Members:

Joseph Corbett
Bruce Dutch
Todd Gelston
Tracey Gionta
Harvey Thomas
Rebecca Whatley

Others:

Edward Blaschik
James Francise
Rob Funk – Finance Director
Irene Haines – First Selectwoman
Cynthia Hughston, BOE Business Manager
Deb Langon
Laurel White
Linda Zemienieski – Executive Manager
And other members of the public

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Ms. Gionta called the meeting to order at 6:02 p.m. and the attendees said the pledge of allegiance.

2023-2024 Budget

Ms. Gionta stated that the Grand List has not yet been completed and, consequently, she expects the Board will have to schedule one more budget workshop.

a. Debt Service

Mr. Funk reviewed a handout containing information on the Town's next 20 years of scheduled debt. He stated that the debt service expense will be reduced over time, as payments are made on the principle, and contributions to the Capital Projects Savings Fund will increase proportionately. Ms. Gionta reviewed the BOF's policy regarding the pre-determined acceptable level of debt for the Town.

b. Interfund Transfer

i. Expenditures – Mr. Funk provided an overview of interfund transfers in support of expenditures and offered examples. He reported that all of the FY24 interfund transfers in support of expenditures are flat with the following exceptions: he recommends increasing the annual contribution for the next revaluation from $15K to $38k and noted that there will be an increase in the transfer to the Capital Projects Savings Fund as a result of the reduction in the Town's debt service. He responded to questions from the Board

ii. Revenues – Mr. Funk reviewed projected transfers into the Revenue funds and provided an explanation of the distribution to the General Fund for debt service. He responded to questions from the Board and provided clarification of the accounting for the Education funds.

c. Capital Requests

i. Remaining Balances of Previously Approved Projects – Mr. Funk reviewed changes to the Public Works FY23 capital requests and discussed approved FY23 projects. He identified several capital requests that he suggested could be re-purposed. In response to an inquiry from Mr. Gelston, Mr. Funk confirmed that there are no new funds needed for the approved FY23 capital projects.

ii. Balances in Specific Reserve Accounts – Mr. Funk reviewed the balances in Fire Department Apparatus reserves, Revaluation reserves, Education reserve Accounts.

iii. Contribution to Specific Reserves (FD Apparatus, Revaluation, Education) – Mr. Funk reported that FY24 projected contributions to specific reserve accounts are as follows: $100k to Fire Department Apparatus, $38k to Revaluation, and $50k to Education.

There was a general discussion regarding the status of the Fire Department Apparatus reserve account and it was agreed to make no changes at this time.

iv. Proposed Funding Sources by Project – Mr. Funk provided a brief overview of FY24 capital requests, Board of Selectmen feedback on the list, and the potential sources of funding for the projects including: grants, ARPA funds, capital reserves and taxation. He stated that the maximum amount the Town should rely on taxation for capital projects is $746k.

There was a general discussion regarding how to prioritize the capital projects that should rely on taxation and Mr. Thomas suggested using the rank assigned to each by the Long Range Capital Improvements Committee as the appropriate prioritization. His recommendation was supported by several other Board members.

The Board reviewed the list of capital requests that the BOS had identified as potential opportunities for using ARPA funds and Ms. Haines explained the methodology the BOS had used to develop their list. She stated that she would like to also reserve a certain amount of ARPA funds for grant matching purposes. There was a general discussion regarding the amount of ARPA funds available for FY24 capital projects and what an appropriate amount would be to set aside for grant matches. Mr. Corbett expressed concern

that setting aside ARPA funds for grant matches could be risky because if the grants are not approved, the Town could lose those funds.

There was a general discussion regarding the Redevelopment Agency's FY24 capital requests. Ms. Haines provided updated information and several revisions to the Agency's requests were made. The Board also agreed to not fund the proposed $20k for voting machines this fiscal year and to push the Municipal Office Complex Gymnasium Video Conferencing System/Speakers project out one year.

The Board discussed a number of other FY24 capital requests. At a request from the Board, Ms. Hughston contacted the Superintendent who agreed that the BOE could fund $173k for the Nathan Hale-Ray High School Renovation Engineering Study & Design Specifications project from its Reserves Account.

In response to a comment from Mr. Thomas, the Board discussed how recurring capital projects should be categorized

The Board took a brief recess at 7:45 p.m. The meeting reconvened at 7:50 p.m.

Several strategies were considered on how to best determine which capital projects could be funded through taxation. Ms. Gionta stated she would like to postpone further discussion of applying funding sources to FY24 capital projects until she and Mr. Funk could confer with the Town's former Finance Director to review the approach used in FY23. The Board agreed to schedule another budget workshop meeting subsequent to that discussion.

d. ARPA Funds Discussion

The Board and First Selectmen Haines discussed potential uses for ARPA funds under the previous agenda item and that discussion is reported on in the above minutes.

e. Revaluation and Impact on Mill Rate

Mr. Funk reviewed his preliminary figures for the FY24 mill rate but noted that a number of factors in his calculations are still in transition. Ms. Gionta noted that the revaluation will not impact all taxpayers in a uniform way and added that most of the Town's commercial properties' value did not increase as much as private property.

f. Other Budget Items

Mr. Funk reported that total expenses for FY24 are up $1.217M (3.3%). He advised that the Town's share of the increase, which includes Interfund Transfers, Capital Projects, and Debt Service as well as town operations represents a total increase is $505k, which is up 3.4% from FY23, and the BOE's increase is $712k, up 3.2% from FY23. He stated that when the Town and BOE budgets are combined, the total expenditure increase is 3.3%.

Ms. Gionta reviewed the BOF's policy regarding reliance on the Town's Fund Balance to minimize tax increases. Mr. Thomas noted that another way to mitigate the impact on taxpayers

is to trim the Town's budget. There was a general discussion regarding potential reductions in the Town's and BOE's budget and acceptable levels of reliance on Fund Balance.

It was noted that, relative to current inflation, the increase to the budget was commendable; however, the Board agreed that in the current environment, which includes significant increases to many cost-of-living factors, their goal is to minimize tax increases while still maintaining the Town's infrastructure at an appropriate level.

The Board discussed potential dates to schedule their next budget workshop meeting.

GUEST AND AUDIENCE COMMENTS

There were no guest and/or audience comments discussed at the meeting.

ADJOURNMENT

Motion made by Mr. Dutch to adjourn at 8:42 p.m. Ms. Whatley seconded the motion and it was unanimously approved. Motion carried.

Respectfully submitted,
/s/
Bruce Dutch
Secretary