

TOWN OF BERLIN  
REGULAR BOARD OF FINANCE MEETING  
MAY 9, 2023  
Remote Meeting  
7:00 P.M.

<https://berlinct-gov.zoom.us/j/85863114390?pwd=cU5Gay9SeXBBUGw0WlJwYWVRNMDRwUT09>

Call-in Option:	1 929 205 6099 United States Toll
Meeting ID:	858 6311 4390
Passcode:	379134

A. CALL TO ORDER

B. PLEDGE OF ALLEGIANCE

C. ROLL CALL

D. PUBLIC COMMENTS

E. APPROVAL OF PRIOR MINUTES

April 12, 2023, Joint Meeting  
April 18, 2023, Special Meeting  
April 27, 2023, Special Meeting

F. NEW BUSINESS

1. Move to approve a FY23 non-budgeted appropriation of \$133,000.00 from the General Fund Interest on Investments account to the Capital Non-Recurring Fund HVAC-Willard account to fund HVAC upgrades at Willard Elementary School.
2. Discuss date/time/format for meeting following the May 23<sup>rd</sup> budget referendum.
3. Finance Director update.

G. ADJOURNMENT

Join Zoom Meeting  
<https://berlinc-town.zoom.us/j/83051623808?pwd=TGxkVjFUR0RzZVVNeGJyZEthTDNOQT09>

Meeting ID: 830 5162 3808  
Passcode: 192743  
+1-929--2056099 (New York)

SPECIAL JOINT MEETING  
BERLIN TOWN COUNCIL AND BOARD OF FINANCE  
WEDNESDAY, APRIL 12, 2023  
BOARD OF EDUCATION CONFERENCE ROOM  
7:00 PM

I. Call to Order – by Mayor

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

II. Roll Call of Town Council

Town Council Members Present: Sandra Coppola, Casey Foster, Mark Kaczynski, Charles Paonessa, Donna Risolo (arrived at 7:08 p.m.), Peter Rosso, Donna Veach

Town Council Members Absent: None

III. Roll Call of Board of Finance

Board of Finance Members Present: Sal Bordonaro, Raul Fernandes, Tim Grady, George Millerd, Gerald Paradis

Board of Finance Members Absent: Mark Holmes

Staff Present:

Arosha Jayawickrema – Town Manager

Kate Wall – Town Clerk

IV. New Business

1. Discussion and possible action concerning the 2023/2024 Town Budget and the 2023/2024 Board of Education Budget – Town Manager

Mayor Kaczynski said the Town Council went through the budget and voted to have a joint meeting to see if we could do better due to the revaluation impact. There is \$1.1M left in capital. If we were to take that out and when surplus comes in, we would fund that with the surplus. We use surplus to complete capital projects on the priority list. We would also take \$1M out of fund balance. The Town Council does not have authority to do that on its own and voted to hold a joint meeting. The Board of Education budget was also a concern for Town Council members.

Mayor Kaczynski thanked the Board of Finance for their hard work, but said it is just not good enough for the taxpayers because of the revaluation. Chairman Bordonaro said we put forth a sound budget, but our residents will be impacted by the revaluation. Last year's mill rate was 34.31.

The Board of Finance proposes 30.02, which is a 2.95% tax increase. Mayor Kaczynski spoke about removing capital to lower the rate and we do have surplus to cover that. We also have a grant match item in the budget for state grants and that is \$100k. We were planning to bond \$6.2M for HVAC upgrades at Hubbard and Griswold and for the police department renovation. We are planning to receive grants from the state for the HVAC. Also, the police station renovation is now at a lower price because we changed the scope of the work. The bonding number went down to \$3.1M. Also, by taking \$675k from fund balance that would become a \$2M reduction. The mill rate would be 29.32.

Mayor Kaczynski thanked Chairman Bordonaro for coming up with that. The revaluation was state mandated. Home values were the highest in 2022 with the pandemic and everything that went on. The average homeowner is looking at a 20% tax increase through the revaluation with home values going up. We have lowered the mill rate and these are further suggestions to knock \$2M off. This is a creative way of getting there. The increase would be very small at 0.16. We could use our surplus and capital projects will get done by the priority list. Homeowners will still be left with an increase, but that is the best that we can do under the circumstances.

Councilor Risolo asked about the HVAC grant. Mayor Kaczynski said we have about \$5M from ARPA fund money for Willard HVAC work and that is starting this summer and will be completed next summer. Mr. Millerd added that bond money for the other two schools was included because there was a state requirement to have those projects done by the end of 2024. We needed money in there from a bonding perspective, but it was never our intent to do them in that timeframe. Because of that potential money that we would get from the state, we were forced to look at in the next fiscal year from a bonding perspective. These are really two year projects. They cannot get everything done in one summer.

Chairman Bordonaro said I'm not comfortable with some of it, but it helps with the revaluation impact. Mr. Paradis said it has been a struggle to get the capital into the budget over the last couple of years. We knew the revaluation was coming. The request for capital this year was \$2.8M. When we went through our deliberations, we kept tier 1 items at the top of the list for getting done and left in \$1,050,000. We have gotten away with funding capital through positive variances in the operating budget each year. Finance Director Delaney gave us a plan for the use of fund balance in the budget documents. We came up with a plan of using the \$4.1M of fund balance in excess of the minimum. His plan had contributions for capital projects. It is important to keep those in place. The budget effects multi years. The long-term plan is as important as the short term. We already have \$900k in this budget from fund balance for paying the old pension costs. The Board of Finance agreed that we would not lay on to the tax payers the liabilities of the old pension plan that happened from many years of neglect. Mayor Kaczynski added that it was not funded for about 20 years and that is how we ended up with the problem we have been in. The old pension plan debt is coming way down now. We have been working on it for 7 years and going in the right direction.

Mr. Paradis said the plan is always to borrow as little as possible on every project. I'm for not putting fund balance into the budget except under extraordinary circumstances such as during COVID to give taxpayers a break. It is not good fiscal policy to use fund balance to offset the mill rate. At the budget hearing we heard from about 15 people and most of them were asking for more money for the Board of Education and a few for the parks. Not one person said the budget was too high. It is a responsible budget and I would feel fine sending it as is to referendum.

Mr. Grady said I understand the revaluation happens every 5 years, but it has never been this big of a spread. A large percentage of the town is going to be paying over \$100 a month more. Mr. Fernandes asked what happens next year? Mr. Grady said this \$675k is coming out of fund balance, but we also have money going into fund balance. There is a surplus coming in. If you are paying capital out of the surplus, what difference does it make where it is? We are trying to blend the revaluation with all of this.

Councilor Rosso asked if everything has to be replaced, are we going to use fund balance? Mr. Millerd said we don't have \$2.5M, that is the ask and not approved. Mr. Grady said what do we tell the taxpayers when we have \$11M in fund balance and raise taxes, we will then have \$14M. Mayor Kaczynski said by doing this the Town budget is almost zero and the Board of Education as it stands is at 3%. We are taking better care of the Board of Education than we are the Town side. How do you raise taxes in July and end up with a \$5M surplus in September. We are going to use that money and projects will get done. There is no tax cut coming for the people of Connecticut. We have to do the right thing. There are many people in town that are on a fixed income, we have to think about them. There are people living on social security. Mr. Paonessa said an extra \$1k a year is hard on young families just making it. The lower we can keep taxes the better.

Town Manager Jayawickrema said we had talked about elementary school projects, the PBC is coming in with some numbers. If you use \$4.1M from the projected surplus and existing fund balance. There is an 11% balance requirement. Mayor Kaczynski said that has been recommended by auditors. We will be over that with surplus. Town Manager Jayawickrema stated that is our policy. That would mean the year after there is no fund balance and you would have to go out and bond. Councilor Veach said chances are the \$4.1M that we supposedly have will be different than what is coming in June. Our estimate right now is \$4.1M, but it probably will be more than that. We are working with numbers that are not finite and definite. Town Manager Jayawickrema said it is also dangerous to spend the money. Mayor Kaczynski said it is not actually spending money that we don't have. The fund balance is there for emergencies. It makes no sense to have that money and let our people suffer. We have run this town fiscally responsibly in the last 7 years. We have taken this town from the brink of a financial disaster and straightened it out. When people see that tax bill in July they will not be thrilled. We can only do the best that we can for everyone.

Councilor Veach said we are in a recession. Everything is up. Between the revaluation and cost of living in general, people can't take much more. Everybody is hurting. As elected officials, we need to do whatever we can to keep the cost of the taxes down in this community. You have done a great job and should be commended for it and try to make this happen. Mr. Fernandes said what if we have the same problem and discussions next year and the year after? We still have to fix things. Councilor Veach said the revaluation won't happen again for another 5 years. Hopefully the economy is going to start turning around soon. Mayor Kaczynski added that for the tax abatements, once the projects get completed, the tax abatements go away and we will get more tax revenues. This is an extraordinary year with the revaluation hitting at the worst possible time. Mr. Grady said I think we will be able to cover it next year. We are not going to spend all of this surplus. We have \$4.1M of requested surplus and not all projects get completed. Mayor Kaczynski added that we are paying down our debt on bonding and would be able to spend those savings on our programs and schools. We are heading in the right direction, but this year is extraordinary.

Councilor Coppola said she is concerned about the revaluation increases. A few years ago the Board of Finance had compassion for what was going on with COVID. People were losing jobs and could not go to work. Those were tough years and the Board of Finance recognized that and did

everything they could do to mitigate the increase on taxpayers. The revaluation is still related to COVID as it drove housing prices up. Plus inflation which resulted in supply chain issues. We are still dealing with that and need to find that same compassion for the taxpayers. We will not be dealing with the revaluation next year. We need to look at that standpoint and help everyone in town. Yes, we knew the revaluation was coming, but we did not know it would be this way. We have to consider that as an extenuating situation for our taxpayers. Mr. Millerd said we heard that we need to mitigate the increase to the mill rate and tried to get it as close to a zero percent increase.

Chairman Bordonaro said we proposed a 3% increase for the Board of Education (BOE) and felt comfortable with that. The BOE has asked for between 4%-6% over the last 5 years. Every year they get between 2%-3% and have money left over. We can't justify giving them the 5% they want. I'm shocked the BOE increased the recommendation from the Superintendent by another percent. I tried to have meetings with the town and BOE before the budget process started. I said to the BOE to be a little more aggressive this year due to inflation and the revaluation. We are looking for fiscal responsibility balanced across the board. Berlin is number one in cost per pupil compared to Glastonbury, Rocky Hill, Newington and other towns. We are funding our children. Councilor Rosso said you are penalizing them for not spending the money at the end of the year. Mr. Millerd said if they ask for \$50M, they are locked in from a state regulation perspective. We can't reduce that. If they only spend \$48M, they still get the \$2M in surplus and then ask for another \$3M-\$4M on top of that. It is more like a 9% increase over what they needed. By giving them 3% that is not slashing anyone's budget. We are not allowed by law to slash their budget.

Mr. Grady said looking at the capital projects and everything else we spend money on, the vast majority is going to the Board of Education. The town budget in reality was increased by zero. There were over 400 students more 10 years ago, but the average number of teachers still remains the same. Chairman Bordonaro said we are not penalizing the Board of Education. Mayor Kaczynski stated that the Board of Education has a contingency fund of about 200k, or maybe more. They have a red line on their chart depending on the increase they get. The 3 teaching positions listed add up to about \$160k. Use that contingency money on the positions that are most important to them and we will reimburse them. I would go up to 3.2% on the BOE budget and have them use the contingency fund money. We are here to compromise.

Mr. Paradis said the new piece of information we have now is that we are not getting the state grants. There is one item that addresses that and everything else that we are considering for adjustments was considered at the Board of Finance level and 5 of us all voted for it. What has changed your mind to say we should be doing this? Chairman Bordonaro stated that he did not change his mind, but is taking the revaluation into consideration. Mr. Grady said it was seeing how much the properties were really effected. If you look up some of the homes on the GIS system, the people that got hit the hardest are middle of the road, your average 3 to 4 bedroom Berlin house on a decent size lot. I'm not going to hit those people the hardest. If I realized that before the budget went through, I would have not voted for it. Mayor Kaczynski added that the people will have the ultimate decision. Mayor Kaczynski said it seems like a fair compromise.

Chairman Bordonaro moved to go into a 10 minute recess at 8:10 p.m.

Seconded by Mr. Grady.

Those voting in favor: Chairman Bordonaro, Mr. Fernandes, Mr. Grady, Mr. Millerd, Mr. Paradis  
Councilor Coppola, Councilor Foster, Mayor Kaczynski, Councilor Paonessa, Councilor Risolo,  
Councilor Rosso, Councilor Veach

Vote being 12-0 (MOTION CARRIED)

The meeting resumed at 8:20 p.m. and the Board of Finance suggested that the budget go as-is.  
Mayor Kaczynski said they would need to take a vote on it.

Mr. Millerd motioned to move \$1.75M from capital, move the local match for grants of \$100k, move  
the bonding for HVAC at Hubbard and Griswold, reduce bond interest by \$155k, use fund balance to  
the tune of \$675k and increase the BOE budget by \$98k, which is the 2%. That would change the  
effective mill rate from 29.32 to 29.36.

Seconded by Mr. Grady.

Those voting in favor from Board of Finance: Chairman Bordonaro, Mr. Grady, Mr. Millerd

Those voting not in favor from the Board of Finance: Mr. Fernandes, Mr. Paradis,

Those voting in favor from Town Council: Councilor Coppola, Councilor Paonessa, Councilor Veach,  
Mayor Kaczynski

Those voting not in favor: Councilor Foster, Councilor Risolo, Councilor Rosso,

Mayor Kaczynski said we don't have enough yes votes. We need to have 9. Let it go to the voters as  
we could not find a compromise. We will see what happens at the Budget Referendum on April 25.

Mayor Kaczynski moved to adjourn at 8:23 p.m.

Seconded by Councilor Paonessa.

Those voting in favor: Chairman Bordonaro, Mr. Fernandes, Mr. Grady, Mr. Millerd, Mr. Paradis,  
Councilor Coppola, Councilor Foster, Mayor Kaczynski, Councilor Paonessa, Councilor Risolo,  
Councilor Rosso, Councilor Veach

Vote being 12-0 (MOTION CARRIED)

Submitted by,  
Alina Brown

TOWN OF BERLIN  
REGULAR BOARD OF FINANCE MEETING  
APRIL 18, 2023  
Remote Meeting  
7:00 P.M.

<https://berlinct-gov.zoom.us/j/85861214880?pwd=dE1vN3NrMWpLaXp0SUhTS2dwcUhTd09>

Call-in Option: 1 929 205 6099 United States Toll  
Meeting ID: 858 6121 4880  
Passcode: 765110

A. CALL TO ORDER

Chairman Bordonaro called the meeting to order at 7:00 p.m.

B. PLEDGE OF ALLEGIANCE

C. ROLL CALL

Members Present: Sal Bordonaro, Raul Fernandes, Tim Grady, Mark Holmes, George Millerd, Gerald Paradis

Members Absent: None

Staff Present:

Kevin Delaney – Finance Director

D. PUBLIC COMMENTS

None

E. APPROVAL OF PRIOR MINUTES

March 8, 2023, Regular Budget Meeting  
March 14, 2023, Special Budget Meeting  
March 14, 2023, Regular Meeting  
March 20, 2023, Special Budget Meeting  
March 28, 2023, Annual Budget Hearing  
March 28, 2023, Regular Budget Meeting

Mr. Holmes moved to approve the March 8, 2023 Regular Budget Meeting, March 14, 2023, Special Budget Meeting, March 14, 2023, Regular Meeting, March 20, 2023, Special Budget Meeting, March 28, 2023, Annual Budget Hearing and March 28, 2023, Regular Budget Meeting minutes.

Seconded by Mr. Millerd.

Those voting in favor: Chairman Bordonaro, Mr. Fernandes, Mr. Grady, Mr. Holmes, Mr. Millerd, Mr. Paradis

Vote being 6-0. (MOTION CARRIED)

Chairman Bordonaro asked to amend the March 28 Regular Budget Meeting minutes and stated that Item #2 had an error in the number, the Board of Education budget is \$50M (not \$55M).

Chairman Bordonaro also requested that Finance Director Delaney send the document from Town Manager Jayawickrema with the 3 different VNA budget reduction options to the Board of Finance.

#### F. NEW BUSINESS

1. Move to transfer \$297,500, as detailed on the accompanying spreadsheet, to cover higher than budgeted expenditures in identified accounts.

Mr. Paradis moved to transfer \$297,500, as detailed on the accompanying spreadsheet, to cover higher than budgeted expenditures in identified accounts.

Seconded by Mr. Grady.

Those voting in favor: Chairman Bordonaro, Mr. Fernandes, Mr. Grady, Mr. Holmes, Mr. Millerd, Mr. Paradis

Vote being 6-0. (MOTION CARRIED)

Chairman Bordonaro asked what is the original value of the fire alarm update? Finance Director Delaney said \$450k between the two schools.

2. Discuss quarterly VNA reporting format and submission dates.

Chairman Bordonaro said the Board of Finance can sit with VNA Director Piatek, Finance Director Delaney and Town Manager Jayawickrema to come up with a quarterly report. The report would be reviewed in the first meeting following the quarter. It would be January through March and in April there would be a VNA report to review at our meeting. Mr. Paradis suggested appointing two members to get together with Finance Director Delaney and VNA Director Piatek to put together the reporting format and metrics. If we do this on our own we may be asking for things they don't collect data for. Chairman Bordonaro agreed and said that we should collaborate and come up with a tool that works for all of us. Mr. Paradis and Mr. Millerd said they would volunteer to work on that. Mr. Paradis said they will set up a timetable with whomever should be involved.

3. Discuss date/time/format for meeting following the April 25<sup>th</sup> budget referendum.

Finance Director Delaney said the budget referendum is April 25. If both budgets pass, then by charter you have 2 days to adopt the mill rate. If they don't, there is not a specific window, but typically within the first couple of days you would revisit and resubmit a budget, or the same budget, to Town Council for recommendation for a second referendum. It can be in person or by Zoom. The Board of Finance decided to hold the meeting via Zoom on April 27 at 7 p.m.

4. Finance Director Update.



Finance Director Delaney said things are progressing well. Revenues are coming in well compared to this point in the prior year against budget. We continue to do well with interest. We are still north of 4.8% which has been very good. We are starting to expend money faster with the projects that were anticipated:

- Sidewalk improvements on Farmington Ave. near Lyon & Billard
- Percival Field was awarded and we will start work on that.
- Town Council will award the Willard school HVAC bid on May 2. RFP Bids are due April 25. They are looking to start staging the work this summer before school starts.
- Willard and Griswold fire alarms will get done this summer.
- Interest is strong, we have tried to maintain a strong balance and yield positive results.
- We continue to see an uptick in the projected surplus.
- Police Chief McNally was successful in bringing in a new Police Officer this month.

Mr. Fernandes asked if we have an update on the VNA numbers this month? Finance Director Delaney said through March revenue is a little bit down from prior year, but we do our deposits twice a month. The first half of this month was quite strong. The volume is starting to pick up a little bit. Cost containment continues to be an area of focus. We are still looking in the \$600k to \$650k revenue range. We will probably end up in the same area in terms of performance to the bottom line. Maybe slightly better than last year.

#### G. ADJOURNMENT

Mr. Holmes moved to adjourn at 7:12 p.m.

Seconded by Mr. Grady.

Those voting in favor: Chairman Bordonaro, Mr. Fernandes, Mr. Grady, Mr. Holmes, Mr. Millerd, Mr. Paradis

Vote being 6-0

Submitted by,  
Alina Brown

TOWN OF BERLIN  
SPECIAL BOARD OF FINANCE BUDGET MEETING  
APRIL 27, 2023  
REMOTE MEETING  
7:00 P.M.

<https://berlinct-gov.zoom.us/j/88128356264?pwd=SXRYRTRXTDNoYmpkMklLN2V6VWtkdz09>

Call-in Option:	1 929 205 6099
Meeting ID:	881 2835 6264
Passcode:	826421

A. CALL TO ORDER

Chairman Bordonaro called the meeting to order at 7:00 p.m.

B. PLEDGE OF ALLEGIANCE

C. ROLL CALL

ATTENDANCE

Members Present: Sal Bordonaro, Raul Fernandes, Tim Grady, Mark Holmes, George Millerd, Gerald Paradis

Members Absent: None

Staff Present:

Arosha Jayawickrema – Town Manager  
Kevin Delaney – Finance Director

D. PUBLIC COMMENTS

Julia Dennis, 115 Norton Rd.

Ms. Dennis said the Board of Education has worked hard on adopting a budget that will fill the needs of all of our students and support the overall educational community in our town. At minimum the Board of Education needs a 4.23% increase to maintain contractual obligations. I have heard in meetings that the Board of Education has a contingency fund. I want to clarify that the contingency fund is grant money that we received from the Choice Program. Any remaining funds from the Choice Program are used for Special Education outplacement costs and any unanticipated amounts. The Board of Education does not sit on a contingency fund, rather we have money from a grant. It is important not to exhaust all of it because that will create additional constraints. The children have already been impacted tremendously from COVID and we are facing issues of learning recovery and addressing learning loss. Now is not the time to take away systems and structures in place through reducing our

operational budget because that will result in personnel reduction. At minimum 4.23 is needed for our contractual obligations.

Cornel Boudria, 115 Skinner Rd.

Mr. Boudria said he is speaking on behalf of the school budget. Voters sent a clear message that the school budget was substantially too low. It is my hope that members of the Board of Finance will see fit to raise the Board of Education budget. A fully funded budget requires a 5.84% increase, that is a \$1.4M gap from where we are now. Voters made a case that they are fine investing in schools and if it means raising the mill rate, the Board of Finance should entertain discussion to that extent.

Peter Zarabozo, 158 Ellwood Rd.

Mr. Zarabozo said the 3.2% or \$100k increase to the Board of Education budget fell far short of what we need. This has been repeatedly stated by the Superintendent and the Board of Education President. At bare minimum the Board of Education needs 4.23% or \$590k to meet contractual obligations. Also, it is a little bit reckless for the town to be pulling money from fund balance when we have a \$4.2M surplus. Drawing off that fund balance is going to impact our AAA bond rating and it is not good when we are looking into the future. It is critical that we utilize that surplus money. I do not know how that surplus money has been allocated, but it seems like it has been allocated to pet projects and the Board of Education has been put on the back burner. Investing in education is always a wise move for the town and its people and young families. I hope the Board of Finance advocates for the appropriate funding.

#### E. NEW BUSINESS

##### 1. Discuss Fiscal Year 2024 Proposed Budget (*If one or both budgets fail on April 25<sup>th</sup>*):

Chairman Bordonaro said the current year surplus is getting close to \$5M. That has grown in the last several months as interest income is growing. Chairman Bordonaro asked Finance Director Delaney what kind of interest rates have we experienced over the last couple of months and what is the basis of our proposed budget for interest income? Is there more room for interest income that we could add? Finance Director Delaney said the current year budget was adopted at a time when interest rates were 0.25%. Over this past year, the federal government has been increasing interest rates dramatically. Currently, the town is investing between 3.65% and 4.8%. It is at various institutions. The town also has the benefit of a little bit over \$5M of ARPA money which is available, but will be used over the next 18 to 24 months to fund the Willard

HVAC project. There are earnings on that money that will not be available. The town also has a few other larger projects where there has been funds sitting there. For next year, the interest rate assumption is about 4%. The ARPA money will be going out so we can't earn interest on it. Some of it is existing cash that the town will have that will front reimbursable projects such as Biscoglio Field renovation. It is a \$2.1M project and we will be pulling money out of the bank to pay and get reimbursed by the state. It takes typically 90 to 120 days to get that money back between submitting, reviewing, approving and providing the money. I can't say definitively there is no opportunity, but the opportunity is somewhat limited. You increased the original budget by about \$500k. One of the concerns is if the county enters a recession over the next several months, the Federal Reserve may reverse course and lower interest rates. I caution not to go too far out on a limb with interest. Chairman Bordonaro said it seems like we have a fair number in there for the budget.

Mr. Millerd asked to clarify something that Mr. Zarabozo said. Whatever the surplus is, \$4.2M, that money at the end of the year goes into fund balance. People are saying to use the \$4.2M and don't use fund balance, but the money is going into fund balance. We have to use fund balance in order to do any additional funding unless we are going to raise the mill rate. Chairman Bordonaro said that is correct and I think people are getting confused. We have a target fund balance of say 11%, that \$4M or \$5M is above that 11% ceiling. That is true surplus that is being generated out of the current fiscal year. There is confusion with the cap at 11% that we use for financial reasons, the \$4M is excess to that 11%. Finance Director Delaney said the 11% is the floor, not the cap. Two months' worth of savings would be an appropriate target for a community to have that is both unexpected expenditures and potential shortfalls and revenue. Especially if we are entering a potential recessionary period. There is a possibility that taxes would come in later. Two months would be 16.7%. Chairman Bordonaro said we have been targeting that floor for many years now. Finance Director Delaney said part of that is trying to compensate for many years of deferred capital.

Mr. Grady added that part of the confusion is because of a commentary that a Town Councilor put into the Berlin Citizen stating that the town only had \$5M in fund balance and wasn't keeping good practice and good accounting practices. Which was completely inaccurate. Whomever read that is assuming that we are using fund balance and running the town out of money which isn't the case. Finance Director Delaney said that is not the case. If anyone has inferred or stated that the town has a problem, that has not been the case from our auditors, Standard and Poor's and our actuaries. I don't think any

independent group that has looked at our financials would say we are in a poor situation, or have been run poorly. Chairman Bordonaro said we have a stellar financial posture with the town.

Mr. Paradis said I don't know who wrote the article, but our reserves are in accordance with our policies. Some of us might think we should have a little bit more because of our deferred maintenance and capital practices, but if someone is saying that we only have \$5M in reserves that is totally wrong.

Chairman Bordonaro said he would like to make a clarification. When we had the joint meeting, we offered the 3.2% plus covering the \$200k risk. My understanding was that the Mayor and Superintendent were comfortable with that position. There seems to be a little miscommunication on what everybody is comfortable with. My understanding is the 3.2%, plus \$200k if they had to use it for outplacement for example. The town would replenish that \$200k and that would equate to 3.6%. I understood that the Superintendent was comfortable with that position. The town voted and it is disappointing that not enough people come out. Last year about 5% came out and this year it was at 10%, but about 90% of the town does not come out to vote. Maybe we can look at better communication in the future. Maybe people don't really understand what budget means. It should say budget that affects property taxes.

Chairman Bordonaro said he will make a proposed position on the Board of Education budget. I'm recommending a 3.5% increase compared to the 3% that is currently the proposed budget. They still will have \$200k of risk monies. For the last 4 years there has been Choice grant money remaining. That is a \$245k increase from the Board of Finance initial proposal. I would like to offset that by taking it out of surplus to not increase the mill rate. Mr. Fernandes said that he thinks we can do \$500k to bring it up to 4% and does not see the need to touch surplus and fund balance. We are talking about a .06 or .07 increase in the mill rate. I think we have a lot of projects. Mr. Fernandes asked Mr. Delaney for a rundown of what the surplus is earmarked for right now. Finance Director Delaney said the Town Council and Board of Finance have to vote on the use of the surplus. Nothing has been voted on. You voted to appropriate about \$400k for scanning work to clean out the area that will be the police station. That would have been the money that would have gone to surplus. That technically has been used this year. There is a special meeting on May 2 to review the Willard HVAC project. The bids came in and there is a gap between the remaining ARPA funds and where that bid came in. There was a proposal from staff that will go to the Town Council to ask for a town meeting. It would go to the voters and then the Town Council if approved.

Then it would go to the Board of Finance on May 9. The final numbers will be determined by the PBC for what they recommend for that project. Somewhere between \$700k to \$1M of interest. We are proposing to use some of that to close that gap and move forward before school lets out. Beyond that you saw the capital items that were eliminated in preparation for the first referendum as well as items identified coming into the budget discussion. That is where we would start, but nothing has been approved or proposed. Mr. Millerd said we had a pretty heavy contingent of people that were advocating for something to be done with the playgrounds. There is \$500k there that is not in the budget. We talked as a group about potentially using some of that surplus to do at least one of those playgrounds.

Chairman Bordonaro said the 3.5% that I'm proposing is a \$1.7M increase over last years budget. If you compare the town operation side, we are giving the town less budget than we had last year by \$99k. Mr. Grady added that he is going to be with the 3.5%. That meets the redline that the Board of Education had where they need to keep critical staff. We had a vote and the vote came back no, too low. Our position was also no, too low and that was on the basis of not getting an agreement at the joint meeting. We were not in any way pushing this 5.8%, or even a 4% number. If you want to count the people that vote, don't assume that all of the 800 people that voted no, too low are voting for a 5.8% increase, or even a 4% increase. We are now at one of the highest budgets that this Board of Education has ever received going back two decades. Mr. Fernandes said we are in agreement that we cannot afford 5.8%. We can afford a 4.2%. Mr. Grady said we can't afford a 4.2% if we can't find a way to fund this 3.5% without raising taxes. I am not voting for one more penny of tax increase.

Chairman Bordonaro said the Superintendent asked for a 4.87% increase, within that you have contractual requirements of 3.43%. The 3.5% actually covers the contractual requirements of the Superintendent. Plus, there is risk reserve in their numbers. It is more than 3.5%. Mr. Fernandes asked who on the Board of Finance originally asked for 3.5%? It was me, because those were the numbers. Chairman Bordonaro asked why are you changing your mind? Mr. Fernandes said because now the number has been 4.2% for the last month per the Superintendent at the Board of Education meetings. Chairman Bordonaro said we are being given different messages.

Mr. Grady said last year's contractual obligations were higher and it came in way lower, as were the years before. I think 3.5% is fair, but for that \$250k I will be expecting something on the town side as a reduction for the mill rate as

well. We won't forget the town side because there was a vote there too. If we are doing \$250k on the Board of Education, then I want to do \$250k on the town side. Chairman Bordonaro presented some things at the joint meeting that we can use to bring the town side down a little bit. We go with 3.5% on the Board of Education and that is more than fair for everybody. Is it \$255k that we still have to work with that was not accepted at the last meeting? Chairman Bordonaro said we had \$100k left over on the grant match. Then \$155k associated with the HVAC systems for Hubbard and Griswold, the interest on that loan isn't going to happen so we took that out. Mr. Grady said there is the \$250k on the town side. Chairman Bordonaro said we offered up taking out the capital and using surplus for that. Mr. Grady said I don't care about the capital because we have to buy that stuff anyways. That is a non-issue.

Mr. Millerd said he shares the concern, if you go back historically and throw out this 4.23% minimum. Previous years has always been a minimum. They have never gotten that level of funding and had surpluses. It is hard to believe that is a real number because of the history that we have. They come in with a high budget and are happy when they get half of it. Why is this different from the last six years? I'm on board with the 3.5% too. Anything that we give them is obligated in the future. If we give them 4.2%, they will start with 4.2% next year. The state mandates that we have to keep it the same. I'd rather have them come to us in 9 months and say we need more money and work with them. Mr. Fernandes asked if the Board of Finance is okay with if they come back and say they need more money? Mr. Millerd said if it is legitimate and they can substantiate it. I would be okay with it. Mr. Grady said that has always been the case with every department. Mr. Millerd said as long as we have the surplus, that is what it should be there for, critical needs.

Chairman Bordonaro said from the town side we have more visibility with respect to budgets. On the Board of Education side we don't have that visibility. I would be uncomfortable committing to saying if you go over, we will provide you with additional funding. Because we don't have control over it. Mr. Fernandes asked if the Board of Finance would do \$400k on the town side? Mr. Grady said he would not go over 3.2%. I'm looking at everybody in town, not just one department. Mr. Fernandes said we did the same thing for the VNA. We see the math and there is opportunity there. We take \$150k from the town for the \$250k.

Chairman Bordonaro said the majority of us were comfortable with the 3% to begin with per the vote. Now we heard the voters speak and say it is too low, we are trying to accommodate them. We are not going to go above the 3.5%.

We can put it to a vote and if we don't agree then the 3% goes to the Town Council and they decide to accept or reject.

Mr. Paradis said seeing the results of the referendum, you could say 90% of the people didn't think enough of the budget in a negative way to even vote. Which implicitly says that they support the budget that we have. I'm not inclined to make any changes to the town side of the budget. Those people that voted for the Board of Education budget to be increased. If they want it increased, then their taxes should go up. I'm not inclined to say that it should be funded from fund balance. If we were to do an increase to the Board of Education budget, I see it coming out of taxes. Chairman Bordonaro asked if Mr. Paradis is saying that you are sticking with the 3% on the Board of Education? Mr. Paradis said no, I'm saying that I would increase their budget, but it would not come from fund balance. At the most I would add \$400k. Mr. Holmes said he is in lockstep with everything. Chairman Bordonaro said we have \$245k increased to a \$400k increase. We can put it to vote and see where we end up. Chairman Bordonaro asked if Mr. Grady is saying not to take anything out of fund balance to offset that? Mr. Grady said I would use surplus, which is fund balance. Mr. Fernandes asked if the Board of Finance members would do \$400k from fund balance? The members said no. Chairman Bordonaro said he does not believe in increasing the Board of Education by \$400k. I don't want to go above the initial 3.5%.

Mr. Grady motioned to move the Board of Education budget from 3% increase to 3.5% increase. Which would be a \$245,416 increase. Then take surplus or fund balance to off-set that increase of \$245,216.

Seconded by Mr. Millerd.

Those voting in favor: Chairman Bordonaro, Mr. Grady, Mr. Millerd

Those not voting in favor: Mr. Fernandes, Mr. Holmes, Mr. Paradis

Vote being: 3-3 (Motion Fails)

Mr. Fernandes made a motion to increase the Board of Education budget by appropriating \$400k out of fund balance.

Seconded by Mr. Paradis.

Those voting in favor: Mr. Fernandes, Mr. Holmes, Mr. Paradis

Those not voting in favor: Chairman Bordonaro, Mr. Grady, Mr. Millerd



Vote being 3-3 (Motion Fails)

Mr. Fernandes said lets meet in the middle at \$325k. Mr. Grady asked what about \$300k? Mr. Millerd said he would like to get to a solution. Mr. Fernandes said lets meet in the middle between \$200k and \$425k. Mr. Grady said he can't go that high. Finance Director Delaney asked if Mr. Fernandes wants to modify it to \$300k? Mr. Fernandes said if we go down half it is reasonable and everybody wins.

Mr. Fernandes made a motion to increase the Board of Education budget by appropriating \$325k out of fund balance.

Seconded by Mr. Paradis.

Those voting in favor: Mr. Fernandes, Mr. Holmes, Mr. Paradis

Those not voting in favor: Chairman Bordonaro, Mr. Grady, Mr. Millerd

Vote being: 3-3 (Motion Fails)

Chairman Bordonaro said where I'm at is where we started from. We are incrementally increasing now and I don't believe it is necessary, 3.5% is more than adequate including any risk money that they have. I'm looking at the Superintendent position. We can say meet in the middle, but I'm not there. Mr. Fernandes asked what would make you meet in the middle? Mr. Millerd said he is looking for the hardcore reasons why that number is the magic number. This is just reacting to the cry that they need the 5.84%, or 4.23%. Chairman Bordonaro has some logic to what he is saying regarding where we started this whole conversation a month ago. Mr. Fernandes said 3.5% was his number originally, but the number that I'm going for now is 4.2% per the Superintendent. Chairman Bordonaro said there is a difference in what people say behind closed doors vs. what they say in public. Mr. Grady added that is a big problem. Chairman Bordonaro said they created havoc with the parents. I'm stuck on 3.5% period. The Superintendent was comfortable with 3.2%, plus the \$200k of risk money. For the last 5 years the budget that we gave them was below contractual requirements and they had surplus. Mr. Grady said and they were not small surpluses, 3.5% is beyond what I want to do, but it is a compromise.

Finance Director Delaney said Mr. Paradis mentioned not being willing to cut on the general government side, but the proposals before added fund balance. Does anybody have an interest in blending and raise the Board of Education \$245,416k, which is the 3.5% and off-set it with fund balance? It blends the

two together by funding it through fund balance which is doable with the town's financial condition. It does respond to what the voters said which was Board of Education too low and it does not take away from the town on the too high or too low question. Almost evenly split, but it does fund it. Chairman Bordonaro said that was the initial intent. Mr. Grady said he is good with that. You would leave the 0.86 increase, but increase the Board of Education budget without raising taxes to do that additional amount. Mr. Fernandes asked if we would do \$300k? Mr. Paradis said \$300k is good. Mr. Millerd and Chairman Bordonaro agreed.

Mr. Grady made a motion to increase the Board of Education budget by \$300k and offset it on the town side out of fund balance.

Seconded by Mr. Fernandes.

Those voting in favor: Chairman Bordonaro, Mr. Fernandes, Mr. Grady, Mr. Holmes, Mr. Millerd, Mr. Paradis

Vote being: 6-0 (Motion Approved)

- a. Move to send the Board of Education budget of 50,855,071 to the Town Council.

Mr. Paradis moved to send the Board of Education budget of \$50,055,071 to the Town Council.

Seconded by Mr. Millerd.

Those voting in favor: Chairman Bordonaro, Mr. Fernandes, Mr. Grady, Mr. Holmes, Mr. Millerd, Mr. Paradis

Vote being: 6-0 (Motion Approved)

- b. Move to send the General Government budget of \$50,082,625 to the Town Council.

Mr. Paradis moved to send the General Government budget of \$50,082,624 to the Town Council.

Seconded by Mr. Grady.

Those voting in favor: Chairman Bordonaro, Mr. Fernandes, Mr. Grady, Mr. Holmes, Mr. Millerd, Mr. Paradis

Vote being: 6-0 (Motion Approved)

- c. Move to send the Berlin Water Control budget of \$ 5,693,282 to the Town Council.

Mr. Paradis moved to send the Berlin Water Control budget of \$5,693,282 to the Town Council.

Seconded by Mr. Grady.

Those voting in favor: Chairman Bordonaro, Mr. Fernandes, Mr. Grady, Mr. Holmes, Mr. Millerd, Mr. Paradis

Vote being: 6-0 (Motion Approved)

2. Move to set the Fiscal Year 2024 mill rate for the Town of Berlin at \_\_\_\_\_ and maintain this mill rate for all properties not identified in any mill rate cap established by the State of Connecticut. *(If both budgets pass on April 25<sup>th</sup>)*

F. ADJOURNMENT

Chairman Bordonaro moved to adjourn at 7:52 p.m.

Seconded by Mr. Grady.

Those voting in favor: Chairman Bordonaro, Mr. Fernandes, Mr. Grady, Mr. Holmes, Mr. Millerd, Mr. Paradis

Vote being: 6-0 (Motion Approved)

Submitted by,  
Alina Brown

**Agenda Item No. F-1**  
**Request for Board of Finance Action**

**TO:** The Board of Finance

**FROM:** Arosha Jayawickrema, Town Manager

**DATE:** May 3, 2023

**SUBJECT:** Appropriate \$133,000 from the General Fund Interest on Investments account to the Capital Non-Recurring Fund HVAC-Willard account to fund HVAC upgrades at Willard Elementary School

**SUMMARY**

On May 2, 2023, the Town Council awarded contracts to All State Construction for HVAC construction and HazPros Inc for asbestos remediation both at Willard Elementary School. As a result, the contract awarded amounts and uncommitted funding from the ARPA grant, there is a shortfall in appropriated funds for the project. The Town is requesting a non-budgeted appropriation of \$133,000 from General Fund Interest on Investments to close this shortfall.

Budget	\$5,048,046.16
Paid	-( \$6,500.00)
Encumbered	-( \$549,625.00)
Balance	\$4,491,921.16
All State	-( \$4,463,000.00)
HazPros	-( \$161,062.00) (w/ 10% contingency)
Shortfall	-( \$132,140.84)

**ACTION NEEDED**

Move to approve a FY23 non-budgeted appropriation of \$133,000.00 from the General Fund Interest on Investments account to the Capital Non-Recurring Fund HVAC-Willard account to fund HVAC upgrades at Willard Elementary School, pending approval by the Board of Finance.

**ATTACHMENTS**

None

**PREPARED BY:**

Michael S. Ahern, P.E., Director of Public Works  
Doug Solek, Director of Facilities

**Town of Berlin**  
**Financial Status Report**  
**Board of Finance Meeting of May 9, 2023**

F-3

**GENERAL FUND**

*(budgeted amount excludes assigned fund balance)*

**Receipts**

	<u>FY 2023</u>	<u>FY 2022</u>	<u>Notes</u>
Actual Receipts	\$97,466,516	\$93,609,131	
Budgeted Receipts	\$96,178,498	\$93,513,047	
% to Budget	101.3%	100.1%	
Current Year Tax Receipts	\$82,814,987	\$79,914,335	
Current Tax Budget	\$83,068,727	\$79,861,907	
Current Tax Levy <i>(99.3%/99.3% collection rates)</i>	\$83,654,307	\$80,424,881	
% to Current Budget	99.7%	100.1%	
% to Current Levy	99.0%	99.4%	
Adopted budget target %	99.3%	99.3%	

**Expenditures** *(excludes capital expenditures)*

Actual Expenditures	\$75,187,720	\$80,713,638	FY22 included \$7,510,640 non-budgeted pension/fire vehicle appropriation/expenditure from unassigned fund balance
Budgeted Expenditures	\$98,133,931	\$101,091,497	
% to Budget	76.6%	79.8%	FY23 includes \$2,100,000 non-budgeted property acquisition/fire vehicle/capital purchase appropriation/expenditure
Storm-related Overtime (51445)	\$38,430	\$141,392	
Electricity (53102)	\$730,711	\$1,470,306	
Refuse Disposal (53823)	\$1,405,536	\$172,696	
Legal (53828)	\$209,051	\$1,921,091	
Tax Refunds (53924)	\$278,982	\$355,000	
		\$215,000	(\$63,982)

**Target Floor Fd Bal.**

**Actual Fund Bal.**

**Notes**

**INSURANCE FUNDS**

**Health Insurance Fund**

\$2,327,226	\$2,693,967	The Health Insurance Fund balance is 28.9% of full year projected expenses - target floor reserve is 25%.
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**General Insurance Fund**

\$1,000,000	\$2,017,101	The fund is used to pay Liability & Worker's Compensation insurance premiums for both the Town and BOE, on-going heart & hypertension claims from police officers, widow/widower heart & hypertension claims, "fronting" reimbursable environmental remediation costs, small equipment claims where Town elects to self-insure and deductibles. Town policy is a \$1 million floor and ceiling at 5% of General Fund budget (or \$4,831,489 for FY23). Displayed fund balance is net of H&H reserve and encumbrances for self-insured claims.
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**TOTAL INSURANCE FUNDS**

\$3,327,226	\$4,711,068
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**PENSION FUND**

**Notes**

# Town of Berlin Financial Status Report Board of Finance Meeting of May 9, 2023

F-3

Total Liability ( as of 7/1/2022)	\$6,194,017	The Town of Berlin Retirement Income (Defined Benefit) Plan was amended for the last time effective July 1, 2000. As a result of this final amendment no new Town employees (excludes BOE employees covered by the Teacher's Retirement Fund) were eligible to participate in the plan. As part of the amendment, participants in the DB Plan have the option to be paid out with an annuity or a lump sum. In recent years, all retiring participants have elected the lump sum payout.	
Cash Balances:			
Prudential	\$2,058,555		
ICMA Plus	\$3,109,274		
	<u>\$5,167,828</u>		
Funding % - Total	83.4%		
Funding % - DB	33.2%		
Unfunded Liability	(\$1,026,189)		
		Currently, the Town is executing a pay-as-you-go program to manage new retirements. The plan includes 3 active participants , 1 inactive but eligible participant and 15 annuitants. One former employee retired at the end of April and will be paid out in May.	
		Anticipated retirements:	
		FY23: 3 active participants remain and all are eligible to retire. One additional participant retired in April 2023.	
		Annual annuity payments & total monthly fees: \$172,000	

## ACTIVE CAPITAL PROJECTS

	<u>% Complete*</u>	<u>Project Balance**</u>	<u>PBC Managed</u>	<u>Department</u>	<u>Notes</u>
4-Bridge Rehabilitation	90%	\$0		Public Works	Design Phase audit is complete and final payment for this phase was received - Construction Phase is complete; closing out with State
Highway Wash Bay	TBD	TBD		Facilities	TC awarded bid - begin construction in spring
55 Steele Boulevard	27%	\$0		Economic Dev.	Building 3 of 3 from Newport's original Farmington Ave plans
Sidewalk Upgrades	60%	\$0		Public Works	Current Phase: construction
3-Road Project (CRCOG Pre-Funded Construction)	5%	\$0		Public Works	Mobilization has started
Kensington Road Bridge - Design Phase	40%	\$0		Public Works	Current Phase: design (local funded); once project is approved by DOT, CRCOG grant will pre-funded for bid amount + contingency & incidentals
Percival Soccer Field	10%	\$0		Public Grounds	TC awarded bid - begin construction in spring
Scalise Scoreboard/Fiber (DEEP Grant)	43%	\$0		Facilities	Current Phase: scoreboard installed; project expected complete end of FY23
Biscoglio Field Turf (DEEP Grant)	2%	\$0		Public Grounds	TC awarded bid - begin construction in spring
HVAC Upgrades (ARPA Funds)	0%	\$0	PBC	Facilities	Current Phase: Willard bid award; begin mobilization spring 2023
HVAC Upgrades (Local Funds)	0%	\$0	PBC	Facilities	TBD
Police Station Renovation	TBD	TBD	PBC	Facilities	Current Phase: design renovations

\* % complete represents invoices received versus total expected project cost - this metric will lag actual construction completion

\*\* Capital projects fund balance includes encumbrances.

Risks

Description	Projected - Low	Projected - High	Probability
<b>RECEIPTS</b>			
VNA receipts	(\$200,000)	(\$300,000)	Med/High
<b>EXPENDITURES</b>			
Tax Refunds	(\$75,000)	(\$100,000)	High
Auto Parts	\$0	(\$50,000)	Med
Fuel	\$0	(\$25,000)	Med
Electricity	\$200,000	(\$25,000)	Med
<b>TOTAL</b>	<b>\$275,000</b>	<b>(\$500,000)</b>	
<i>Total excluding Pension payouts</i>	<i>\$275,000</i>	<i>(\$500,000)</i>	

Opportunities

Description	Projected - Low	Projected - High	Probability
<b>RECEIPTS</b>			
Interest Income <i>(net of FY23 non-budgeted appropriation)</i>	\$1,667,000	\$1,922,000	High
Taxes	\$0	\$1,000,000	High
<b>EXPENDITURES</b>			
Vacant positions	\$1,500,000	\$2,500,000	Med/High
<b>TOTAL</b>	<b>\$3,167,000</b>	<b>\$5,422,000</b>	
Budgeted use of fund balance (excludes \$300k of contingency)		<i>(\$2,100,000)</i>	
Net Projection	\$1,342,000	\$2,822,000	
Net Projection (excl. non-budgeted appropriations made during current fiscal year)	\$3,442,000	\$4,922,000	

	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>TOTAL</u>	<u>YTD</u>
FY2019	55,212	74,521	82,025	142,845	81,705	58,331	97,213	71,442	119,187	72,239	90,498	100,562	1,045,780	854,720
FY2020	47,155	82,851	58,019	85,737	58,047	51,550	62,354	63,243	62,270	99,186	51,272	76,057	797,741	670,412
FY2021	48,132	56,105	61,099	53,775	54,553	64,397	66,910	57,967	78,281	82,029	27,123	107,013	757,385	623,249
FY2022	51,814	67,134	56,464	49,192	39,038	32,530	43,379	48,339	70,744	45,424	48,569	61,528	614,156	504,059
FY2023	43,842	57,446	67,243	57,167	52,526	61,072	45,590	26,033	53,655	60,131			524,705	524,705
CY vs. PY	(7,972)	(9,688)	10,779	7,975	13,488	28,542	2,211	(22,306)	(17,089)	14,707				

