

**TOWN OF BERLIN
BOARD OF FINANCE BUDGET MEETING
SPECIAL MEETING
Thursday, April 9, 2020
Conference Call: 1-425-436-6260 (5329536)
7:00 P.M.**

A. CALL TO ORDER

Chairman Lomaglio called the meeting to order at 7:01 p.m.

B. PLEDGE OF ALLEGIANCE

C. ROLL CALL

ATTENDANCE:

Members Present: Sal Bordonaro, Tim Grady, Mark Holmes, Sam Lomaglio, Gerald Paradis, John Richards

Staff Present:

Kevin Delaney – Finance Director

Arosha Jayawickrema – Town Manager

D. APPROVAL OF MINUTES:

March 2, 2020 Budget Meeting
March 4, 2020 Budget Meeting
March 9, 2020 Budget Meeting
March 10, 2020 Regular Meeting
March 18, 2020 Budget Meeting
March 31, 2020 Budget Meeting

Mr. Richards moved to approve the March 2, 2020 Budget Meeting minutes as amended (see attached).

Seconded by Mr. Paradis.

Vote being 6-0. (MOTION CARRIED)

Mr. Richards moved to approve the March 4, 2020 Budget Meeting minutes as amended (see attached).

Seconded by Mr. Bordonaro.

Vote being 6-0. (MOTION CARRIED)

Mr. Richards moved to approve the March 9, 2020 Budget Meeting minutes as amended (see attached).

Seconded by Mr. Bordonaro.

Vote being 6-0. (MOTION CARRIED)

Mr. Richards moved to approve the March 10, 2020 Regular Meeting minutes.

Seconded by Mr. Bordonaro.

Vote being 6-0. (MOTION CARRIED)

Mr. Richards moved to approve the March 18, 2020 Budget Meeting minutes as amended (see attached).

Seconded by Mr. Bordonaro.

Vote being 6-0. (MOTION CARRIED)

Mr. Richards moved to approve the March 31, 2020 Budget Meeting minutes as amended (see attached).

Seconded by Mr. Bordonaro.

Vote being 6-0. (MOTION CARRIED)

E. NEW BUSINESS:

- 1. Move to adopt the Town of Berlin fiscal year 2021 budget in the amount of \$91,475,922 – composed of the Board of Education budget of \$46,416,504 and the General Government budget of \$45,059,418.**

Mr. Paradis moved to adopt the Town of Berlin fiscal year 2021 budget in the amount of \$91,475,922 – composed of the Board of Education budget of \$46,416,504 and the General Government budget of \$45,059,418.

Seconded by Mr. Bordonaro.

Vote being 6-0. (MOTION CARRIED)

- 2. Move to set the Town of Berlin fiscal year 2021 mill rate at 33.93.**

Mr. Paradis moved to set the Town of Berlin fiscal year 2021 mill rate at 33.93.

Seconded by Mr. Bordonaro.

Vote being 6-0. (MOTION CARRIED)

- 3. Move to adopt the attached resolution making certain findings with respect to unexpended bond proceeds of the Town and appropriating said funds for capital purposes as outlined in the attached resolution.**

Mr. Paradis moved to adopt the attached resolution regarding unexpended bond proceeds from the Scalise Field Improvement project, reallocating \$46,535.19 to the Sage Park Improvement Fund (Athletic Field Improvement - Sage Park Restrooms).

Seconded by Mr. Bordonaro.

Vote being 6-0. (MOTION CARRIED)

- 4. Move to approve the transfer of \$98,976 as detailed on the accompanying spreadsheet, to cover higher than budgeted expenditures in the identified accounts.**

Mr. Paradis moved to approve the transfer of \$98,976 as detailed on the accompanying spreadsheet, to cover higher than budgeted expenditures in the identified accounts.

Seconded by Mr. Bordonaro.

Vote being 6-0. (MOTION CARRIED)

- 5. Move to approve the transfer of \$16,376 from the Senior Center HVAC account in the General Fund and \$ 7,809 from the ADA Improvements account in the General Fund to the Senior Center Repairs account in the General Fund.**

Mr. Paradis moved to approve the transfer of \$16,376 from the Senior Center HVAC account in the General Fund and \$ 7,809 from the ADA Improvements account in the General Fund to the Senior Center Repairs account in the General Fund.

Seconded by Mr. Bordonaro.

Vote being 6-0. (MOTION CARRIED)

- 6. Move to approve the transfer of \$10,000 from the Health Insurance account and \$28,555.49 from the Pension account, both in the Police Department in the General Fund to the Defibrillators account in the General Fund.**

Mr. Paradis moved to approve the transfer of \$10,000 from the Health Insurance account and \$28,555.49 from the Pension account, both in the Police Department in the General Fund to the Defibrillators account in the General Fund.

Seconded by Mr. Bordonaro.

Vote being 6-0. (MOTION CARRIED)

7. Discuss Governor Lamont's Executive Orders 7R and 7S.

Finance Director Delaney stated that Executive Order 7R references continuing expenditures that Boards of Education are required to maintain throughout the remainder of fiscal year 2020, including full staffing and negotiating with transportation and special education providers.

Mr. Richards added that the Finance and Operations Committee of the Board of Education will recommend that Executive Order 7R be followed, at its next regular meeting on April 13, 2020. The Board of Finance previously discussed potential surplus, in the current FY 2019-20, resulting from schools not being in session, but that amount will likely be limited to fuel savings from buses not running and any negotiated discount for the cost of buses and drivers. Any funding provided to towns by the State, as part of the Education Cost Sharing grant, would continue only if Executive Order 7R is followed.

Finance Director Delaney stated that Executive Order 7S demands that municipalities choose one of two options for adjusting practices regarding tax collection: 1) A municipality may extend the deferment period for paying taxes from 30 days (typically due the 1st business day of August) to 90 days (due 1st business day in October, 2020); or 2) Retain the current grace period of 30 days, and lower the interest charge for delinquent payments to .25% per month for the 90-day period to the 1st business day of October, 2020. After such period, delinquency interest rates would revert to 1.5% per month. Municipalities must provide their decisions to OPM by April 25, 2020.

Finance Director Delaney and Town Manager Jayawickrema recommend option #2 which lowers the delinquent interest rate and will present the options and recommendation to Town Council on April 21, 2020. The Town's Fund Balance could pay for operating costs for about 2 months, but tax levy revenue will be needed to meet the Town's approximate \$6,500,000 debt service costs due in December 2020, as well as ongoing operating costs. Only about 33% of property tax levy is paid from escrowed accounts (typically broken up semi-annually: about \$11,000,000 received in July and \$11,000,000 received in January) and waiting until October to determine how many delinquencies exist would leave very little time for the Town to consider short-term borrowing as an option to meet its cash flow needs. Additionally, the Town provides "back-stop" financial coverage to the Water district which may also suffer from reduced collection rates as a result of situational unemployment. The Water district might then utilize the majority of its reserves within the first third of the fiscal year to meet a large sewer payment to the Mattabassett District, as well as customary operating costs.

One form of short-term lending is Tax Anticipation Notes, but they must be repaid within the fiscal year they are taken. If Berlin's tax collection rates are affected long-term (businesses closed, individuals unable to pay residential taxes), Berlin would be required to build the repayment into the next budget.

Board of Finance members agree that the lower interest rate option is preferred (it offers relief to residents affected by temporary loss of income but does not disproportionately harm the Town's cash flow requirements), and Chairman Lomaglio will advise Town Council of the Board of Finance's consensus.

8. Financial Status Update

Defined Benefit Pension Fund - Finance Director Delaney stated that the Defined Benefit Pension Fund has received notification of a retirement effective May 1, 2020. The retiring police officer is a 42-year tenured staff member. The Fund has sufficient money to cover the estimated payout, but replenishment funds will likely be sought.

Board of Education 1% rollover account – Finance Director Delaney stated that the Board of Education intends to redirect funds initially intended for the McGee gymnasium painting project (which came in under budget) towards furniture and appliances for the Blast classroom. Both are projects that were included in the FY 2019-20 1% roll forward funding.

The Board of Finance discussed whether the Board of Education might maximize the newly legislated 2% (was “up to 1%” of the BOE budget previously) at the end of the current FY 2019-20 as carryover for next fiscal year or return unused funds to the General Fund due to the extraordinary circumstances. Finance Director Delaney noted that six student transportation vans are not operational and any surplus might be utilized to purchase more vans. (Two or three vans were purchased this fiscal year.)

The next Board of Finance meeting is scheduled for May 12, 2020.

9. Adjournment

Mr. Paradis moved to adjourn at 7:43 p.m.

Seconded by Mr. Bordonaro.

Vote being 6-0. (MOTION CARRIED)

Submitted by,

Dana Borges

RECEIVED FOR RECORD
BERLIN TOWN CLERK

2020 APR 16 PM 1:08

Katlyn G. Wells

BERLIN, CT.

BOF Special Meeting, THU 4/9/20: Item D. Recommended changes to the minutes

Mr. Richards stated that he had reviewed the various minutes to be approved this evening. He asks that the minutes shown below be "approved, as amended." The amendments, which should be placed in tonight's minutes are shown below.

Minutes of Monday, March 2, 2020

Page 3; second to last para.; Change the last sentence to begin, "Director Malinka **said the** Library proposes ..."

Page 3; last para.; Change the last sentence to begin, "VNA's census was 70..." [add apostrophe]

Minutes of Wednesday, March 4, 2020

Page 1, second bullet (Capital); Change the comment to read, "Previously, **the BOE has** requested items over \$5,000 [not "expenditures over \$25,000"] in its capital budget **request. Based on a change in the definition of "Capital Requests,"** it is now required to budget for any **items less than \$25,000 in its operating budget.** [not "any expense over \$5,000"]

Page 1, third bullet (certified staff); Change the first point to end, "... at BHS **(to meet the State's graduation requirement that all students receive at least one year of a foreign language)**

Page 1; Change the second point to read, "... eliminated from **last year's** budget, ..."

Page 2; mid page, before the question section, Replace the first sentence with, "**Mr. Aroain stated, in conclusion, what he had shared on the second of the 18 slides. 'If the growth and vitality of our town is connected to the quality of the school system, how do we create a responsible budget that allows the town to grow and the schools to flourish?' He repeated the quotes on slide #2, from the Town Assessor and the Mayor, stressing the value of the school system as part of the community's expectations.**"

Pages 2,3; Change the "BOF Question" to identify the speaker

Q1: Mr. Bordonaro

Q2: Mr. Bordonaro

Q3: Mr. Paradis

Q4, 5, 6: Mr. Grady

Q7: Mr. Holmes

Page 3; ADD at the end of the question section, "**Mr. Richards spoke about the stacked bar chart, shown on slide #16. He said in his work with the BOE's F&O committee, he observes that the BOE's proposed budget is seen by him in three segments. By moving the proposed ESS position from**

“Contracted Services” to the top block, “New Staff Requests,” he said the breakdown would be seen as a) preserve the existing system, no changes +\$1.349M, +3.0%; b) new equipment, based on the change in capital definition, +\$0.190M, +0.4%; and c) proposed new staffing, including the ESS position, +\$0.870M, +2.0%. This was his view of the BOE’s proposed increase of +\$2.409M, +5.36%. The BOE responded that this was a reasonable observation.”

Minutes of Monday, March 9, 2020

Page 1; Item D1, second bullet, Change the first sentence to read, **“Anthem has shared a lower projected Dental rate increase, and medical benefits are reduced from +10% to +7%, resulting in a net reduction ...”**

Page 3; second para., Change to read, “Town planner – plan is ...” [add – to match other item format]

Minutes of Wednesday, March 18, 2020

Page 2; Item 3a, REVENUE: MOVE the fourth bullet, and change it to read, **“Reduce Contingency (available under Townwide Expense 0507)”**

Page 2, Item 3a, EXPENSE: ADD a bullet indication for the last item, **“Reduce Public Works ...”**

Page 5, para. at end of General Government motions, Change the second line to read, **“... result in a net-zero mill rate increase ...”**

Page 6, Item 3 b i: Change the vote on BOE budget to reflect

Those voting in favor: Mr. Holmes, Mr. Lomaglio, Mr. Paradis, Mr. Richards

Those voting against: Mr. Bordonaro, Mr. Grady

Vote being 4-2. (MOTION CARRIED)

It is requested that these amendments be approved by the Board of Finance, and the content shown above be incorporated in the body of the minutes for the Special Meeting of 4/9/20. (Any adjustments to the above will be noted in a final draft)

Submitted: John Richards, BOF member

RESOLUTION MAKING CERTAIN FINDINGS WITH
RESPECT TO UNEXPENDED BOND PROCEEDS OF THE
TOWN AND APPROPRIATING SAID PROCEEDS FOR
CAPITAL PURPOSES

Section 1. The Town Council hereby finds and determines that \$46,535.19 proceeds derived from the bonds issued for the Scalise Field Improvements Project on 6/26/2019 in the principal amount of \$1,000,000 remain unexpended and not required for the Scalise Field Improvements purpose at this time.

Section 2. Pursuant to Section 6-10-6 of the Town Charter the Council hereby reallocates and appropriates, subject to passage of the Athletic Fields Improvements bond ordinance and approval of the Board of Finance, the \$46,535.19 (net of expenses) above referenced unexpended bond proceeds for the following purposes:

Project	From Unexpended Proceeds	Reallocation To	Amount
Scalise Field Improvements	\$46,535.19	Sage Park Improvements Fund (Athletic Field Improvements - Sage Park Restrooms)	\$ 46,535.19

Any balance remaining in the Scalise Field Improvements account after payment of expenses is authorized to be reallocated to the above project as determined by the Finance Director.

As a result of the reallocation herein the appropriation and bond authorization to Scalise Field Improvements is restored \$146,535.19, and the appropriation and bond authorization for the Reallocation To Projects is reduced by the amount of reallocation herein.

The Director of Finance is authorized to finalize through adjustments amounts set forth in this resolution.

2020-04-09 Board of Finance Meeting

Budget Adjustments April 7, 2020

E-4

Department	GL Account #		From	To	Explanation
Town Manager	001 05.0501.0.51100.00000	Department Head		\$6,800.00	The Town Manager's contract required a higher wage line he was paid as Interim Town Manager. The Town Manager declined the Town's health insurance which leaves balance in that account. This transfer moves excess health insurance funds in the department to the Departmental Head account.
	001 05.0501.0.52235.00000	Health Insurance	\$5,000.00		
Planning & Zoning	001 10.1014.0.51130.00000	Chief of Personnel		\$3,500.00	With the departure of the Town Planner early in fiscal year 2020, a part-time resource shared between Assessor and Finance offered to work more hours to help cover the Planning & Zoning work. This transfer funds two additional part-time wages from the salary savings of the vacant Town Planner position.
	001 10.1014.0.51125.00000	Act-Managers Personnel	\$3,500.00		
Public Works	001 20.2035.0.52010.00000	Workers Compensation		\$5,500.00	During the fiscal year 2020 worker's compensation audit the rate for the Asst. Public Works Director was identified as too low. Based on insurance standards, this rate was corrected in the middle of fiscal year 2020. Funding is not available in the department to cover this unbudgeted cost so contingency is being used to cover the cost.
	001 05.0507.0.53927.00000	Contingency	\$5,500.00		
Public Buildings	001 20.2035.0.52235.00000	Health Insurance		\$8,350.00	Two employees in the Public Building department changed their health insurance election mid-year due to divorce changes + marriage and birth of a child. The vacancy of the Town Planner creates a surplus in the health insurance account in the Planning & Zoning Department, and that surplus is being transferred to cover the additional health insurance cost in Public Buildings.
	001 10.1014.0.52235.00000	Health Insurance	\$8,350.00		
Revenue Collector	001 05.0504.0.50244.00000	Tax Refunds		\$45,000.00	Tax refunds are projected to exceed the FY20 budget in March based on a few large real estate tax stipulations. This transfer is to fund the account for future refunds based on FY19 actual results.
	001 05.0507.0.53927.00000	Contingency	\$45,000.00		
Public Grounds	001 25.2515.0.52217.00000	Water & Sewer		\$4,500.00	Based on usage and the timing of billing, the water & sewer account for Public Grounds (pools, fields) is forecasted to finish higher than budget. Remaining balances within Grounds are forecasted to be used before year-end, so the only funding source for this overage is Contingency.
	001 05.0507.0.53927.00000	Contingency	\$4,500.00		
Fire Department	001 15.1531.0.52210.00000	Robert Wolf		\$25,725.00	Volunteer firefighters who meet the established criteria receive a \$25/year contribution to the Robert Wolf retirement plan. The Town contributes these funds in July for the previous calendar year. This transfer would sign the payments to January each year (immediately following the year when service was provided) by doubling up the contribution in FY20 - making the payment in April instead of July.
	001 40.4065.0.53550.52051	Sep BANs - Town	\$13,363.00		
	001 40.4065.0.53550.52051	Sep BANs - School	\$13,363.00		Funds remain in the BANs account because the Town paid off short-term notes in January 2020 instead of rolling the notes.
GENERAL FUND TOTAL			\$88,976.00	\$88,976.00	
Water Control					
WATER CONTROL TOTAL			\$0.00	\$0.00	
GRAND TOTAL			\$88,976.00	\$88,976.00	