

TOWN OF BERLIN
REGULAR BOARD OF FINANCE MEETING
FEBRUARY 9, 2021
TOWN COUNCIL CHAMBERS (Board of Finance Only)
REMOTE MEETING (Non-BOF Participants)
7:00 P.M.

[Join meeting](#)

Password: Feb2021BOFMtg

Call-in Option: 1-408-418-9388 United States Toll

Access Code: 132 610 1611

Passcode: 33220212

A. CALL TO ORDER

B. ROLL CALL

C. PUBLIC COMMENTS

D. APPROVAL OF PRIOR MINUTES

January 12, 2021 Regular Meeting

E. NEW BUSINESS

1. Discuss the Town of Berlin Tax Abatement Policy & approval process. – Economic Development
2. Discuss Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020.
3. Discuss the fiscal year 2021-22 budget.
4. DEEP Facilities Improvements Grant update.
5. BHS Ductwork Project update.
6. Finance Director update.

F. ADJOURNMENT

**TOWN OF BERLIN
REGULAR BOARD OF FINANCE MEETING
JANUARY 12, 2021
REMOTE MEETING
7:00 P.M.**

A. CALL TO ORDER

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

B. ROLL CALL

ATTENDANCE:

Members Present: Sal Bordonaro, Raul Fernandes, Tim Grady, Mark Holmes, Sam Lomaglio, Gerald Paradis

Staff Present:

Kevin Delaney – Finance Director

C. PUBLIC COMMENTS

None.

D. APPROVAL OF PRIOR MINUTES

December 8, 2020 Regular Meeting

Mr. Bordonaro moved to approve the December 8, 2020 minutes.

Seconded by Mr. Grady.

Those voting in favor: Mr. Bordonaro, Mr. Grady, Mr. Holmes, Mr. Lomaglio, Mr. Paradis

Vote being 5-0-1. (MOTION CARRIED) Mr. Fernandes did not vote, as he was not a member for the December 2020 meeting.

E. NEW BUSINESS

1. Move to appropriate \$2,000,000 of General Fund Unassigned Fund Balance to the Pension/Actuarial Funding account within the General Fund to fund projected pension payouts.

Mr. Paradis moved to appropriate \$2,000,000 of General Fund Unassigned Fund Balance to the Pension/Actuarial Funding account within the General Fund to fund projected pension payouts.

Seconded by Mr. Grady.

Finance Director Delaney explained that a payout for a person who has already retired is scheduled for April 2021. Another person submitted paperwork to retire effective January 5, 2021 and will

receive a payout in February 2021. The requested transfer would fund these two payouts. The January 5 retirement reduces the total active plan members to eight.

Mr. Delaney also noted that two additional plan members are considering retirement (payouts totaling about \$3,000,000), which will likely result an additional request to transfer from the General Fund Unassigned Fund Balance (\$1,200,000 - \$2,000,000 depending upon interest rates). There is currently about \$17,000,000 in the General Fund Unassigned Fund Balance. The individuals would need to submit paperwork prior to June 1, 2021 in order to be funded this fiscal year.

Vote being (6-0). MOTION CARRIED.

2. Move to appropriate a \$2,774,254.05 State Department of Energy and Environmental Protection grant for improvements to Biscoglio Field and various improvements at Sage Park to the DEEP Athletic Facilities Improvements Grant account.

Mr. Paradis moved to appropriate a \$2,774,254.05 State Department of Energy and Environmental Protection grant for improvements to Biscoglio Field and various improvements at Sage Park to the DEEP Athletic Facilities Improvements Grant account.

Seconded by Mr. Bordonaro.

Grounds Superintendent Steve Wood stated that the grant would fund artificial turf at Biscoglio Field (inside of the BHS track), complete the Sage 1 field improvements (including storage building and announcer shed), a scoreboard at Scalise and, if approved by DEEP, help offset the cost to retrofit LED lighting (at Zipadelli, Scalise and Sage 1).

Vote being (6-0). MOTION CARRIED.

3. Finance Director update.

- Tax collections remain strong - ahead of prior year.
- Risks continue:
 - Interest rates haven't bounced back and are hovering low, resulting in lower-than-projected interest income.
 - Proposal of not issuing bonds in 2021 will come with the consequence of not having \$250,000 of bond premium that was projected as income in the budget.
 - VNA revenue continues to face headwinds (about \$300,000 shortfall to date).
 - Legal exposure / defense costs (P&Z and a couple suits).
 - Pension payouts, fall / winter storm expenses possible. (To date, slightly under last year's storm related expenses, mostly to do with timing of storms.)
- Town Budget preparation continues.
- State Legislature is in session and Towns await the resulting aid figures in the budget.

Finance Director Delaney noted that there have been no responses to the RFP for an audit of the VNA processes.

Mr. Paradis expressed concern that the Board of Education grant funds are spent / claimed within the appropriate periods of time. Finance Director Delaney noted that the Coronavirus Relief Grant

allows expenditures through 12/31/2021, and the other grant accounts will likely require journal entries to move funds. Mr. Paradis noted that the funds should transfer once approved, otherwise the budget is skewed. Mr. Paradis also observed that there is a balance in the Excess Cost account, but since that account is meant to fund current Special Education costs a balance should not be carried in it.

Fleet Manager Jim Simons was present at the virtual meeting and was asked about the Police cruisers that were purchased this fiscal year. He reported that the cruisers are being built and should be received and deployed within the next couple of months. The Police Department is now caught up with its vehicle replacement “backlog,” and will be on a maintenance / cycled replacement schedule going forward.

4. Discussion of Tax Abatement for Newport 903-913 Farmington Ave LLC.

Agenda item approved by Town Council on 1-5-2021: “Move to approve a tax abatement for Newport 903-913 Farmington Ave LLC for their mixed-use project. The residential portion will be for 5 years of 80% in year 1, 70% in year 2, 60% in year 3, 50% in year 4, and 40% in year 5. The commercial portion will be for 10 years on the commercial of 70% for years 1 through 3, 60% for years 4 through 8, and 50% for years 9 and 10 per the town’s tax abatement policy. The tax abatement agreement shall be subject to Newport not receiving housing tax credits for the project from other State or federal sources.”

Chairman Lomaglio proposed the addition of a condition to the tax abatement that addresses the possibility of Newport Realty receiving tax credits for affordable housing. The condition specifies that if Newport offers affordable housing in its mixed-use development and receives tax credits for the affordable housing, the tax abatement would be revoked. Both Town Council and Newport Realty agreed to the condition.

Chairman Lomaglio stated that he does not think the Town should offer tax abatement on residential properties, and he also thinks that any tax abatement should be negotiated by Town Council, as opposed to the current practice of being negotiated by Economic Development and presented to Town Council to be accepted or opposed. He also thinks that the Board of Finance should be consulted for its input before any abatements are granted by Town Council. Economic Development Director Chris Edge will appear at the February 2021 Board of Finance meeting to discuss the current abatement policy / process.

Mr. Grady noted that the Newport Realty property on Farmington Avenue was previously abandoned and not generating tax revenue and will soon be generating other revenue for the Town.

Chairman Lomaglio asked what the Public Building Commission was working on currently, as the Board of Finance hasn’t received a status report. Finance Director Delaney replied that to his knowledge, PBC is investigating the new wash bay at the Town Maintenance building, the HVAC replacement program for the three elementary schools, and is awaiting the “tie-breaker” consultant report regarding how to handle the outdoor HVAC ductwork at Berlin High School. (The contractor and Board of Education have differing consultant reports – one recommends periodic painting of the outdoor ductwork, while the other recommends wrapping of the ductwork.)

Chairman Lomaglio suggested that the Board of Education conference room be utilized for future Board of Finance meetings for Board members who are comfortable attending in person, with a call / video option for other attendees.

F. ADJOURNMENT

Mr. Paradis moved to adjourn at 7:36 p.m.

Seconded by Mr. Bordonaro.

Vote being (6-0). MOTION CARRIED.

Submitted by,

Dana Borges

FY2021-22 Budget Calendar

E-3

MARCH						
SUN	MON	TUE	WED	THU	FRI	SAT
	3/1 Town Manager submits budget to Board of Finance	3/2 Regular Town Council Meeting 7:00 Council Chambers	3/3 Budget Meeting # 1 7:00-9:00 BOE Conference Room	3/4	3/5	3/6
3/7	3/8	3/9 Regular Meeting Board of Finance 7:00 "Doc" McIntosh Room	3/10 Meeting #2 7:00-9:00 "Doc" McIntosh Room	3/11	3/12	3/13
3/14	3/15	3/16 Regular Town Council Meeting 7:00 Council Chambers	3/17 Meeting #3 7:00-9:00 "Doc" McIntosh Room	3/18 Budget Hearing Notice Published in Berlin Citizen	3/19	3/20
3/21	3/22	3/23	3/24 Budget Avail at Town Clerk	3/25 Budget Hearing Notice Published in Berlin Citizen	3/26	3/27
3/28	3/29	3/30 Budget Forum Sr. Ctr 1:30 - 3:30 Budget Hearing BHS Auditorium 7:00-10:00	3/31 BOF vote to send budget to Town Council			

APRIL						
SUN	MON	TUE	WED	THU	FRI	SAT
				4/1	4/2 Good Friday	4/3
4/4	4/5	4/6 Town Council votes on BOF Budget	4/7 Joint Meeting (if necessary)	4/8 Joint Meeting (if necessary)	4/9	4/10
4/11	4/12	4/13	4/14	4/15	4/16	4/17
SCHOOL BREAK						
4/18 Easter	4/19 Budget Avail at Town Clerk	4/20 Regular Meeting Board of Finance 7:00 "Doc" McIntosh Room	4/21	4/22	4/23	4/24
4/25	4/26	4/27 Budget Referendum	4/28 BOF Revises Budget(s) & Send to Town Council OR BOF Sets Mill Rate	4/29	4/30	

E-3

MAY						
SUN	MON	TUE	WED	THU	FRI	SAT
						5/1
5/2	5/3	5/4 Town Council Votes on Revised BOF Budget(s) (if necessary)	5/5 Joint Meeting (if necessary)	5/6 Joint Meeting (if necessary)	5/7	5/8
5/9	5/10	5/11 Regular Meeting Board of Finance 7:00 "Doc" McIntosh Room	5/12	5/13	5/14	5/15
5/16	5/17	5/18	5/19	5/20	5/21	5/22
5/23	5/24	5/25 Second Budget Referendum (if necessary)	5/26 BOF Revises Budget(s) & Send to Town Council OR BOF Sets Mill Rate (if necessary)	5/27	5/28	5/29
5/30	5/31 Memorial Day					
JUNE						
SUN	MON	TUE	WED	THU	FRI	SAT
		6/1 Town Council Votes on Revised BOF Budget(s) (if necessary)	6/2 Joint Meeting Town Council Adopts Budget and BOF Sets Mill Rate (if necessary)	6/3	6/4	6/5
6/6	6/7	6/8 Regular Meeting Board of Finance 7:00 "Doc" McIntosh Room	6/9	6/10	6/11	6/12
6/13	6/14	6/15	6/16	6/17	6/18	6/19
6/20	6/21	6/22	6/23	6/24	6/25	6/26
6/27	6/28	6/29	6/30			

Notes:

Meeting #1: Presentations (Revenue, Debt, Capital, BOE, Gen Gov't)

Meeting #2: Workshop

Meeting #3: Workshop - finalize budget & vote to send budget to Annual Budget Hearing

TO: The Board of Finance

FROM: Arosha Jayawickrema, Town Manager

DATE: January 26, 2021

SUBJECT: Berlin High School Ductwork Consultant Approval for Phase 2 Design, Bidding & Construction Administration

Summary of Agenda Item:

In October of 2020, RFP no. 2021-06 was advertised for the consulting and evaluation of the exterior ductwork at Berlin High School. Four bids were received and Innovative Construction and Design Solutions, LLC of Guilford, CT. was chosen through the interview process. The sum of their contract was \$8,330. In January of 2021, the report from ICDS, LLC was received, reviewed, and discussed with Town and Board of Education Staff, along with representatives from the Public Building Commission, Board of Education, and the Principal Engineer from ICDS, LLC. It was decided to proceed with the recommendations of option one for the design and bidding of the additional insulation and jacketing on the exterior ductwork. ICDS, LLC has provided a fee in the amount of \$16,995 for phase 2 which includes design, bidding, and construction administration. A bid waiver is being requested to maintain project continuity and have ICDS, LLC continue the project. Funding is available in the Berlin High School Renovations Account 554.35.3561.0.54000.00367.

This motion was approved by the Town Council at the 2/2/2021 Regular Town Council meeting. This is included in the Board of Finance meeting as an update with no vote needed.

Action Needed:

No action needed

Attachments:

None

Prepared By:

Douglas Solek, Director of Facilities

Town of Berlin
Financial Status Report
Board of Finance Meeting on February 9, 2021

E - 6

GENERAL FUND

	<u>FY 2021</u>	<u>FY 2020</u>	<u>Notes</u>
<i>(budgeted amount excludes assigned fund balance)</i>			
Receipts			
Actual Receipts	\$82,954,217	\$81,644,723	
Budgeted Receipts	\$91,050,922	\$89,001,349	
% to Budget	91.1%	91.7%	
Current Year Tax Receipts <i>(as of November 30)</i>	\$75,554,690	\$74,049,292	
Current Tax Budget	\$78,789,139	\$77,159,891	
Current Tax Levy <i>(99.3%/99.1% collection rates)</i>	\$79,344,551	\$77,860,637	
% to Current Budget	95.9%	96.0%	
% to Current Levy	95.2%	95.1%	
Adopted budget target %	99.3%	99.1%	
Expenditures <i>(excludes capital expenditures)</i>			
Actual Expenditures	\$53,590,949	\$49,193,398	
Budgeted Expenditures	\$93,491,644	\$90,380,109	
% to Budget	57.3%	54.4%	
Storm-related Overtime (51445)	\$53,602	\$66,804	
Legal (53828)	<u>Encumbered</u>	<u>Actual</u>	
Ciulla & Donofrio	\$53,827	\$81,173	Monthly retainer (\$9,500) plus extra charges (e.g., time in court, mediation)
Shipman & Goodwin	\$11,240	\$30,760	Labor attorney
Barclay Daman	\$16,515	\$8,486	Planning & Zoning (Atkins St.) expert attorney for Town Council
Joseph Fasi	\$19,458	\$543	Bond counsel
Phoenix Advisors	\$16,500	\$0	Bond advisor
Standard & Poor's	\$15,000	\$0	Bond rating
US Bank	\$2,750	\$0	Bond clearing
Source Media	\$1,250	\$0	Bond advertising
Michael Delorenzo	\$250	\$0	Marshal services
Total	<u>\$136,789</u>	<u>\$120,961</u>	
Budget	\$257,750		
Budget Balance	\$0		

	<u>Target Floor Fd Bal.</u>	<u>Actual Fund Bal.</u>	<u>Notes</u>
INSURANCE FUNDS			
Health Insurance Fund	\$2,262,384	\$1,503,239	The Health Insurance Fund balance is 16.6% of full year projected expenses - against a target reserve range of 25-50%. Although the fund balance is well below the floor, the cash balance is \$1,981,003.
General Insurance Fund	\$1,000,000	\$1,446,587	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 \$1 million floor and ceiling at 5% of General Fund budget (or \$4,573,796 for FY21). Displayed fund balance is net of H&H reserve and encumbrances for self-insured claims.
TOTAL INSURANCE FUNDS	<u>\$3,262,384</u>	<u>\$2,949,826</u>	

		<u>Notes</u>
PENSION FUND		
Total Liability (as of 7/1/2020) <i>(actuarial valuation liability was adjusted to remove FY21 retiree payouts)</i>	\$15,517,923	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 (as of 1/31/2021)	\$2,602,776	
ICMA Plus (as of 1/31/2021)	<u>\$4,945,975</u>	
	<u>\$7,548,751</u>	Currently, the Town is executing a pay-as-you-go program to manage new retirements. The plan includes 9 active participants, 3 inactive but eligible participants and 18 annuitants.
Funding % - Total	48.6%	
Funding % - DB	16.8%	
Unfunded Liability	(\$7,969,172)	Anticipated retirements: FY21: 1 active w/ approx \$0.6 million payout February 2021 (already left Town employment); 1 inactive w/ approx. \$1.2 million payout in April 2021; 2 additional retirements being considered w/ approx. \$2.35 million net payout Annual annuity payments & total monthly fees: \$185,000

Town of Berlin
Financial Status Report
Board of Finance Meeting on February 9, 2021

E - 6

ACTIVE CAPITAL PROJECTS

	<u>% Complete*</u>	<u>Project Balance**</u>	<u>Notes</u>
4-Bridge Rehabilitation	49%	\$0	Work is progressing on schedule and on budget. Two bridges are complete. One bridge (Heritage Drive) is underway and permission was granted for the contractor to work in the winter. The remaining bridge will be started in the spring with an expected completion by calendar 2021 year-end.
Sage 1	98%	\$39,744	On budget & schedule. Project balance (unused project contingency) is expected to be available for use with Percival soccer field construction.

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

** Capital projects fund balance includes encumbrances.

Unexpended Education (2%) Account Tracking:

	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Uncommitted Balance</u>	
BLAST Classroom	\$200,000	\$201,308	\$0	(\$1,308)	Complete - all POs closed
Gym Floors	\$117,775	\$117,775	\$0	\$0	Complete - all POs closed
McGee Gym Painting	\$37,225	\$26,650	\$0	\$10,575	Complete - all POs closed
Security Guard Equipment	\$25,000	\$12,710	\$0	\$12,290	Complete - all POs closed
TOTAL FY2019	<u>\$380,000</u>	<u>\$358,443</u>	<u>\$0</u>	<u>\$21,557</u>	
Hubbard Fire Alarm Upgrades	\$150,000	\$7,250	\$8,750	\$134,000	CES design encumbrance
McGee HVAC Unit #1	\$225,000	\$2,638	\$6,112	\$216,250	CES design encumbrance
TOTAL FY2020	<u>\$375,000</u>	<u>\$9,888</u>	<u>\$14,862</u>	<u>\$350,250</u>	
Balance available before FY19 rollover	\$69	\$0	\$0	\$69	
TOTAL 2% FUND BALANCE	<u>\$755,068.59</u>	<u>\$368,331</u>	<u>\$14,862</u>	<u>\$371,875.53</u>	

Risks

<u>Description</u>	<u>Projected Amt.</u>	<u>Probability</u>
Interest revenue	\$450,000	High
Bond Premium revenue	\$250,000	High
VNA revenue	\$300,000	High
Tax refund expense	\$40,000	High
Parks & Recreation revenue	\$100,000	Medium/High
Legal expenses	\$50,000	Medium
Pension payouts	\$1,200,000	Medium
Fall/Winter Storm expense	\$50,000	Medium

TOTAL

\$2,440,000

* Net of transfer to cover Eversource tax lawsuit settlement.

Opportunities

<u>Description</u>	<u>Projected Amt.</u>	<u>Probability</u>
Debt service costs - deferred December 2020 principal *	\$110,000	High
Position vacancies - Town Planner, Golf Director	TBD	Medium/High
Utility savings - COVID-19 (closed Town and/or BOE buildings)	TBD	Medium/Low

TOTAL

\$110,000