

TOWN OF BERLIN
REGULAR BOARD OF FINANCE MEETING
NOVEMBER 21, 2023
“Doc” McIntosh Conference Room or Remote Meeting
7:00 P.M.

<https://berlinc-town.zoom.us/j/88607428670?pwd=11Clslj26LMmbRUf3qG3gMksv6jCap.1>

Call-in Option: 1 929 205 6099
Meeting ID: 886 0742 8670
Passcode: 496232

A. CALL TO ORDER BY FINANCE DIRECTOR

Finance Director Delaney 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, Denise McNair, George Millerd, Gerald Paradis

Members Absent: None

Staff Present:

Kevin Delaney – Finance Director
Doug Solek – Facilities Director

D. PUBLIC COMMENTS

None

E. NEW BUSINESS

1. Nomination(s) for selection of Chairman.

Mr. Paradis nominated Sal Bordonaro for Chairman. Mr. Grady seconded the nomination and no further nominations were made. The commission voted unanimously (6-0) to elect Sal Bordonaro as Chairman.

2. Nomination(s) for selection of Vice-Chairman.

Mr. Fernandes nominated Gerald Paradis. Mr. Grady seconded the nomination and no further nominations were made. The commission voted unanimously (6-0) to elect Gerald Paradis as Vice-Chairman.

3. Move to approve non-budgeted appropriation of \$75,000 from fiscal year 2024 General Fund Unassigned Fund Balance into Recap Tennis & Basketball Court.

Mr. Paradis moved to approve non-budgeted appropriation of \$75,000 from fiscal year 2024 General Fund Unassigned Fund Balance into Recap Tennis & Basketball Court.

Seconded by Mr. Grady.

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

Vote being 6-0. (MOTION CARRIED)

Mr. Fernandes asked if it is for the high school. Finance Director Delaney said yes. Chairman Bordonaro asked to confirm the amount. Finance Director Delaney said \$75k was the original and the additional amount is to cover any incidentals that might be identified.

4. Move to appropriate a \$500,000 Small Town Economic Assistance Grant (STEAP) for the Steele Boulevard Park project and appropriate a Connecticut Communities Challenge Grant of \$1,560,947 for the Kensington Village Core TOD Improvement Project subject to Newport Realty 848 Farmington Ave LLC securing project financing and approvals.

Mr. Paradis moved to appropriate a \$500,000 Small Town Economic Assistance Grant (STEAP) for the Steele Boulevard Park project and appropriate a Connecticut Communities Challenge Grant of \$1,560,947 for the Kensington Village Core TOD Improvement Project subject to Newport Realty 848 Farmington Ave LLC securing project financing and approvals.

Seconded by Mr. Grady.

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

Vote being 6-0. (MOTION CARRIED)

5. Move to appropriate \$2,303.91 to the Sale of Land, Labor, & Materials Revenue Account and the Contractual Services & Projects Account in the Capital Nonrecurring Fund.

Mr. Paradis moved to appropriate \$2,303.91 to the Sale of Land, Labor, & Materials Revenue Account and the Contractual Services & Projects Account in the Capital Nonrecurring Fund.

Seconded by Mr. Grady.

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

Vote being 6-0. (MOTION CARRIED)

Mr. Paradis asked if both this and the next one are just general accounts in the CNR fund that don't associate to any particular project? Finance Director Delaney said yes.

6. Move to appropriate \$1,865.00 to the Sale of Land, Labor, & Materials Revenue Account and the Contractual Services & Projects Account in the Capital Nonrecurring Fund.

Mr. Paradis moved to appropriate \$1,865.00 to the Sale of Land, Labor, & Materials Revenue Account and the Contractual Services & Projects Account in the Capital Nonrecurring Fund.

Seconded by Mr. Grady.

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

Vote being 6-0. (MOTION CARRIED)

7. Move to transfer \$24,250.00, as detailed on the accompanying spreadsheet, to cover higher than budgeted expenditures in identified accounts.

Mr. Paradis moved to transfer \$24,250.00, 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, Ms. McNair, Mr. Millerd, Mr. Paradis

Vote being 6-0. (MOTION CARRIED)

8. Discuss Police Station Renovation bid results and financing options.

The low bid (\$2.5M) will be going to the Town Council on December 12 for approval. There was \$1M previously appropriated from fund balance that is already in the account. The State Bond Commission approved \$750k for a state grant. That leaves the Town with about \$775k to fund. There are three ways to go about funding this. First, appropriate some the general fund unassigned fund balance. That would leave the fund at 12.6%. Second, initiate a negotiated bond with a local bank at around 4-5% interest. Last, initiate a competitive GO bond offering - not recommended because that will cost the Town \$50-\$70k.

When the budget was adopted there was \$155k in 2023 debt service in this budget. You could transfer the \$155k to help offset some of this cost instead of borrowing. It would get the number down to \$620k. My recommendation would be to wait and see if the town is awarded either of the HVAC grants. If the town wins grant money for either one of those, the work would start this summer and be done by 2025. If the Town receives one or both HVAC grants, Finance Director Delaney recommends rolling the two bond items together into a general obligation bond. If not, then option 1 or 2.

Chairman Bordonaro said we will have to eventually bond for the HVAC. We can use that \$155k. I want to use fund balance for the rest of it and start bonding for the bigger projects. Mr. Grady agreed. Chairman Bordonaro asked if interest rates are starting to decline? Finance Director Delaney said they are moving up and down. I don't think you will see above 4% or 4.5%.

Mr. Paradis asked about bonds. Finance Director Delaney said the bonds are almost identical. Finance Director Delaney said that small of an amount could be borrowed over 5 years. Mr. Paradis said he has a problem with paying everything out of fund balance. These are the types of projects that we should be bonding since they will last for more than 20 years. I would assume that we bond

this along with the school stuff since we have not bonded in 3 or 4 years. I'd rather keep the fund balance intact.

Finance Director shared the preliminary bond plan and said as the budget comes along we will be looking at these things. The plan calls for \$9M of borrowing assuming we get nothing from the State and move forward with both HVAC projects. We are also looking at some bridges, roofs and window replacements at the schools. We will circle back to fire vehicles. Mr. Fernandes said he would add the 4 portable classrooms to the list.

Mr. Millerd said he is leaning towards what Mr. Paradis had said. There will be things that we have not thought of. We can put a bonding package together and drive this in with the HVAC upgrades for the other schools. I'd prefer to keep this money in reserves for things that might come out of the blue that would not be worth bonding for on a short-term basis.

Mr. Fernandes asked if the boilers we are looking at are the new energy efficient ones, or the traditional style. Facilities Director Solek said the PBC asked to do an evaluation of existing conditions and opinions of cost and options. We are working on that now and will have more information coming forward in the next couple of months. Mr. Fernandes said if it is the new efficient boilers, shouldn't we put in the new windows first? Facilities Director Solek said high efficiency windows would help with any heat loss. Finance Director Delaney said this is the best information that we have as of now and it will be modified as we go through the year.

Chairman Bordonaro asked if we could make a decision at the December 12 meeting. Finance Director Delaney said no, because the Town Council will vote to award it on that date. The earliest they would start the project is December 13. It sounds like the general consensus is to hold off and probably not use fund balance and see if the Town receives grants for the HVAC projects. Mr. Paradis said maybe have some discussions with the bank people too. Finance Director Delaney agreed.

9. Discuss Chairman's letter to the Board of Education President.

Chairman Bordonaro said this item was added to the agenda as a public document regarding the email from myself to the Board of Education. I'm going to ask Mayor Kaczynski and the Town Council to invite the President of the Board of Education to address my letter in front of the Town Council. Mr. Fernandes asked if there were any cuts made within staffing? Finance Director Delaney said he does not know specifically.

10. Finance Director update.

Finance Director Delaney said revenue is slightly behind where we were in 2023. The major driver of that is tax revenue. Insurance funds continue to perform well and the reserves continue to be strong.

The DB pension plan remains solid. We had three active participants and one inactive, but vested participant. We were able to get that person to reach in and take his money. We are down to three actives. Related to the new Police pension plan, almost all of the money has been moved from the DC plan to the DB plan. Once that is all set Finance Director Delaney will transfer the Town's annual contribution to the DB plan.

Finance Director Delaney said the Board will need to vote in December on the 2024 meeting dates. March 1 is the start of the 2025 budget calendar. I'm proposing to split March 4 and March 6 and do the overview of revenue, capital debt transfers and even town operations on that Monday. Wednesday would be exclusively for the Board of Education. Mr. Fernandes asked if there could be a joint meeting with the Board of Education to discuss expectations. Chairman Bordonaro said he has had some small meetings with the Board of Education. The bigger meetings tend to become too generalized and we get less out of them. Mr. Fernandes said he would like one meeting instead of two meetings on March 4 and March 6 and we could discuss the town first. Chairman Bordonaro said he would like it separated, but to require Board of Education leadership (President, Superintendent and Finance Director) to show up to the town meeting to get an understanding of what is happening with the town. Chairman Bordonaro said that he will have the smaller meeting before anything starts.

Finance Director Delaney provided a VNA update. Town Manager Jayawickrema, VNA Director Piatek and Finance Director Delaney had visited the Westbrook VNA and met with the Town of Westbrook First Selectman. We talked about how Westbrook is at break even. Westbrook does not include fringe benefits in their department budgets. Health insurance and all of that is separate. About half of our \$700k VNA loss would be considered fringe benefits, about \$350k. Finance Director Delaney said there are a number of towns that choose to keep fringes separate. There are also a couple of operational differences that VNA Director Piatek is planning to implement. They would not affect patient care. I met with the Berlin VNA Director and the Budget Manager to review every line in their budget to look for savings.

VNA Director Piatek would like to come to the December or January meeting to discuss the Board of Finance expectations as it pertains to building her budget. The initial budget pass is due end of November. Chairman Bordonaro said he is okay with having VNA Director Piatek attend the December meeting. Mr. Millerd said one of the things we are still not seeing is staff utilization rates. Is it feasible to turn it around in the market that they deal in. How many hours are these people intended to work. Do they need as many people as they have to do the amount of work that they have. Mr. Grady said Westbrook VNA relies a lot more on per diem. Finance Director Delaney said Westbrook VNA also only has 6 full time staff members. Mr. Millerd asked to have VNA Director Piatek address what her utilization is at the December meeting.

F. APPROVAL OF PRIOR MINUTES October 19, 2023, Regular Meeting

Mr. Paradis moved to approve the October 19, 2023 Regular Meeting minutes.

Seconded by Mr. Grady.

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

Vote being 5-0. (MOTION CARRIED)

Ms. McNair abstained as she was not at the October 19, 2023, meeting.

G. ADJOURNMENT

Mr. Millerd moved to adjourn at 7:59 p.m.

Seconded by Mr. Fernandes.

Those voting in favor: Mr. Bordonaro, Mr. Fernandes, Mr. Grady, Ms. McNair, Mr. Millerd, Mr. Paradis

Vote being 6-0

Submitted by,
Alina Brown

RECEIVED FOR RECORD
BERLIN TOWN CLERK

A handwritten signature in black ink, appearing to read "Kellys J. J. J. J.", written in a cursive style.

11/29/2023, 3:21:15 PM