

Town of Willington

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BOARD OF FINANCE

**Budget Meeting Minutes
Via Public Zoom Video Conference**

**April 9, 2020
7:00 PM**

**Minutes are not official until approved at the next regular meeting*

Members Present (a quorum of 4 members is required to conduct business):

Mike Makuch – Chairman
Geoff Prusak – Vice Chairman
Peter Tanaka – Secretary
Stephanie Summers
Matt Clark
Christina Mailhos
Mike Perry – Alternate

Members Absent:

Lisa Woolf – Alternate

Also Present:

First Selectwoman Erika Wiczenski
Superintendent of Schools Phil Stevens
Director of Public Works Troy Sposato
Business Manager Donna Latincsics
Members of the Public

Chairman Mike Makuch called the meeting to order at 7:04pm.

Chairman Makuch acknowledged the unique environment of conducting the meeting over the internet, asked for patience and reminded those in attendance that they need to first state their name any time they spoke. He urged everyone to be patient and efficient with communication so the Board can do the best job possible.

PRESENT TO SPEAK

Peter Latincsics of 97 Trask Rd. posed three questions to the Chair:

- 1) Has anyone in town government contacted local businesspeople to understand the economic impact on businesses in our town?
- 2) Has anyone in town government contacted other towns for input on our situation?
- 3) The agenda includes revisions in the general government budget but no submission from the Board of Education. Is this an oversight or not occurring?

Chairman Makuch responded that regarding the Board of Education budget, there has been no change from the packet presented previously. Regarding local businesses, he has spoken to a

few; everyone is aware that restaurant and service businesses are closed or doing takeout only, for example Hilltop is not open because the owners have chosen to keep their other location open for takeout instead. He does not have a strong understanding of how other businesses are doing. He asked Selectwoman Wiecenski to comment on question #2 and whether there has been any guidance for the budget process.

Selectwoman Wiecenski stated that she is in constant communication with other local towns. There is a lot of speculation and discussion based on theory but there are no concrete answers. There are not specific numbers available for unemployment yet.

Matt Clark of 42 Burt Latham Rd. inquired whether there was indication from towns in the area regarding budget timing of approvals, meetings, referendums, etc.; whether other towns are moving exactly the same with no changes in timing.

Chairman Makuch responded that of the other town officials he has spoken to, other towns are still figuring it out. Selectwoman Wiecenski added that the executive order allows for a 30-day extension if your meeting process was on or before May 15. Many surrounding towns have town charters and have specific guidelines for their budget process which is not the same as ours. Since Willington would've had its referendum on May 5, we could extend at least to June 5 or possibly June 15. Within the language of the executive order is that there is no referendum; the budget is to be adopted by the Board of Finance. The Board of Selectmen met on March 26 and made that motion so that it's the job of the Board of Finance to approve a budget without referendum by the end of the process.

Jim Bulick of 12 Laurel Dr. stated that it's obvious there's a tremendous amount of financial risk before us because we don't know what we don't know. It may take weeks or months before unemployment numbers are available. The Board of Finance is charged with coming up with a budget with minimal input from the town, not the full referendum. Many residents are asking the Board of Finance to be mindful that there are numerous people who are considered nonessential and that that has a tremendous impact on our town. There are numerous retired people who are struggling to work their way through grocery stores and pay their simple bills. He hopes that the Board is mindful of that community and that level of risk when you do your budget planning and plan accordingly. He hopes that the Board presents a very prudent budget for the town, commensurate with the risk we're seeing.

Chairman Makuch stated that he appreciated the comment, agrees with those concerns, and is sure the board will be discussing that exact thing as it moves on through the budget process tonight.

Geoff Prusak stated that based on the situation we're in, the board should look at this as if it's passing a provisional budget. As if the budget failed referendum and the board was passing a budget as a stopgap. Base it on last year's numbers. When the board can have real meetings again and actually sit down and look at the numbers properly, it can pass a budget by the taxpayers after that.

Chairman Makuch replied that the expressed concerns and thought process are valuable. Procedurally, the board isn't passing a budget that it's calling provisional or expecting to pass it through the normal public hearing process later. Due to the Governor's orders, the budget must be passed through this unique process. The board should give great thought to the unknowns and concerns commented upon but pass a budget assuming it will carry through the whole fiscal year. The board can make adjustments within its powers during the year and may be able to go to the taxpayers later through the normal process to approve changes just like a normal budget year once the executive orders have been lifted.

NEW BUSINESS

1) Board of Selectmen – Transfers

Business Manager Donna Latincsics presented that there are four departments that are tracking to come up short when the town closes the books on June 30, 2020. They are asking for a transfer of \$47,354 from line item #0831 Employee Insurances to cover the following shortfalls, with reasons noted:

- \$20,000 to line item #0141, Town Counsel - Expenditures greater than anticipated
- \$23,586 to line item #0181, Town Office Operations - IT Support for 5 days/week for service.
- \$3,400 to line item #0182, Town Hall Operations - Replaced well pump at the Old Town Hall
- \$368 to line item #0851, Insurance - Final rate for liability insurance greater than budget

Chairman Makuch clarified that certain transfers greater than \$20,000 have to go to the townspeople for approval and inquired whether this transfer does not have to go through that process because of the state of emergency or because it doesn't qualify. Donna replied that that rule applies to appropriations, not transfers. The town is not spending more money than originally appropriated, just moving money from department to department which the Board of Finance can do in any amount. This transfer will not exceed the budget that was passed.

Christina Mailhos inquired the amount of excess in the Employee Insurances line, whether this transfer will empty it, and commented that it is over by a lot. Donna replied that there will be \$32,000 remaining after this transfer. Selectwoman Wicewski commented that the town was told to expect a 14% increase and it came in considerably lower at 2%, but after the budget had gone to referendum.

Peter Tanaka inquired to what the \$20,000 expenditure on the Town Counsel line is due and how it was so far under-budgeted. Donna replied that the same amount is always budgeted, but some years are more expensive and some years less. Mike Perry asked for more information on why this year was so expensive in terms of counsel and how it adds up to \$20,000. Selectwoman Wicewski stated that there are currently more legal questions with the emergency situation. Additionally, there were a couple items during that took up a considerable amount of the legal fund; the town's role in the fire department purchase and working with a resident on whether or not to connect them to the town water system. Though the budget is typically the same every year, some years it's unneeded and some years items come up that the town can't plan for.

Selectwoman Wiecenski noted that the amount is not currently overspent but allows for tracking to ensure there is enough to cover to the end of the year.

Chairman Makuch made a motion to transfer \$47,354 from line item #0831 Employee Insurances to the following: \$20,000 to line item #0141, Town Counsel; \$23,586 to line item #0181, Town Office Operations; \$3,400 to line item #0182, Town Hall Operations; \$368 to line item #0851, Insurance.

Stef Summers seconded the motion.

Vote: 6 Yes (M. Makuch, G. Prusak, P. Tanaka, C. Mailhos, M. Clark, S. Summers), 0 No

Chairman Makuch read the following: There are two Center School projects budgeted in Capital Expenditures, 0930;

- 1) the Lower Wing Heating Project for \$34,984 and
- 2) the Fiber Optic Cable Project for \$10,000.

The Capital Expenditures line item will lapse on 6/30/2020. In order for the funding to roll into the next fiscal year, Capital Project accounts need to be established. Capital Projects do not end with the fiscal year, they carry forward until the project is completed.

Peter Tanaka made a motion to transfer \$44,984 from line item #0930 Capital Expenditures to line item #0503 Capital Projects.

Stef Summers seconded the motion.

Mike Perry clarified whether \$44,984 is the total amount to be carried over or the total cost for the projects completed. Superintendent Stevens replied that \$10,000 for fiber optic cable is the full amount. The heating project monies is a second piece from another year's Capital Improvement Program (CIP) and is just a portion of the heating project.

Peter Tanaka recalled that there were prior issues with the fiber optic cable and inquired whether some of those have been cleared up. Superintendent Stevens replied that it is an ongoing issue; the tech company has gone back and forth fighting for pole space in order to get cable there. The project is farther along than it's been and they're borrowing equipment to see if point-to-point wireless will work, which would be setting up Wi-Fi between the fire house system, Center School, and the Superintendent's Office. Peter inquired if they decide to do point-to-point, will it cost more or less than the fiber optic cable? Superintendent Stevens replied that it will not exceed that amount and that either option should be less than \$10,000.

Vote: 6 Yes (M. Makuch, G. Prusak, P. Tanaka, C. Mailhos, M. Clark, S. Summers), 0 No

Chairman Makuch asked Selectwoman Wiecenski to summarize the information regarding the underground diesel tank project.

Selectwoman Wiecenski reminded the board that the town has to replace the diesel fuel tank at the Public Works garage. Prior to the emergency declaration, \$100,000 was appropriated from Local Capital Improvement Program (LoCIP) and they hoped to use repurposed Small Town Economic Assistance Program (STEAP) funds for the remainder. Although the emergency was declared, the town still has to replace that tank, with an extension, by August 20, 2020. The town

approved a contract with Kropp Environmental Services for \$180,000, so needs an additional \$80,000. The town still doesn't have the contract from the Department of Transportation (DOT) who will be handling the remaining \$354,000 in STEAP grant funds. Donna and Selectwoman Wiczenski looked at the budget to see if they could come up with funds in this current fiscal year. They found several line items from which to draw funds with no additional impact on taxpayers. This would leave the remaining STEAP funds for the second portion of project, a new salt shed, when there is no longer a state of emergency.

Donna further explained the line items. The first grouping, with numbers beginning "03-" are from the Capital Projects Fund and are completed projects which can be closed out. The motion would be to transfer the balances to the new capital project for the underground storage tank. The last 2 transfers are coming from the General Fund; from Employee Health Insurances and from the Board of Finance contingency. The latter was originally budgeted for payment for the teacher retirement, which is not needed this year.

Chairman Makuch asked for clarification on why the transfers are being made to two separate accounts, #03-3081 PW Underground Diesel Tank Replacement and #01-0503 Capital Projects. Donna replied that they are split because \$47,679 in General Fund 01 has to stay in Fund 01 but be moved to Capital Project and from there it goes into #03-3081, but it's the way the money moves. All \$80,000 will end up in #03-3081.

Chairman Makuch made a motion to appropriate the following:

- **\$786.37 from #03-0036 Plan of Conservation and Development (BOF 11/15/01);**
- **\$1,620.02 from #03-3053 Old Town Hall renovation (BOF 9/18/14);**
- **\$11.31 from #03-3054 Town Office Floor (Ins claim flood reimbursement);**
- **\$1,952.86 from #03-3062 Land Purchase (Hancock Rd. TM 10/1/14);**
- **\$2,657.06 from #03-3065 Daleville Rd. Bridge (BOF 5/21/15);**
- **\$10,156.00 from #03-3067 Structural/Needs Assessment TOB (LaRoche Builders);**
- **\$15,137.00 from #03-3074 Salt Shed Engineering**

To #03-3081 Public Works Underground Diesel Tank Replacement, and also transfer:

- **\$14,689.36 from #01-0831 Employee Health Insurance;**
- **\$32,990.00 from #01-0861 Board of Finance Contingency (Teacher Retirement)**

To #01-0503 Capital Projects.

Stef Summers seconded the motion.

Stef Summers clarified whether all of the transfers are unspent monies budgeted for those purposes. She recalled that salt shed engineering has been discussed as being under-budgeted in the past. Donna confirmed that it is all unspent money and that it's her understanding that the salt shed engineering is a completed project.

Christina Mailhos inquired whether the \$14,689 from Employee Health Insurances is in addition to the money that was just transferred for the other project, meaning that that line had been over-budgeted by approximately \$64,000. Donna confirmed. Selectwoman Wiczenski elaborated that they had been told to budget for a 14% increase and then it came in at 2%. It was a significant difference that they wish they had known before the budget went to referendum.

Mike Perry inquired why the town needs an above-ground tank when we have a truck stop that sells diesel in close proximity. Chairman Makuch replied that it has to do with the town's purchasing power and control of the fuel for emergency purposes including the other vehicles that fuel there such as busses and emergency vehicles.

Director of Public Works Troy Sposato elaborated that if the town or the truck stop lost power or it was during a major storm, town vehicles could still get fuel. The town can also get fuel cheaper by buying in bulk through a contract than paying at a pump. Selectwoman Wiecenski added that the tank fuels busses, public works vehicles, and emergency response vehicles. Access to fuel is the biggest concern. During a large-capacity storm like 2011, there was not fuel at many gas stations, including the truck stop, at some points.

Matt Clark inquired whether the town has emergency backup at public works. Troy confirmed that there is a generator that runs the garage.

Geoff Prusak added that he has a customer in the private sector who is doing this same size tank removal project and that \$180,000 is within the same ballpark of pricing, if it helps the board to hear a real-world comparison. Chairman Makuch added that this proposal is significantly lower than the other proposals that were received.

Mike Perry inquired whether it would be more convenient and less costly if the town were to purchase a fuel truck instead of an above-ground fuel tank. This would add mobility. Troy replied no; all the equipment is stored at the garage and there is no need to fuel offsite. The service truck does have a 100 gallon tank that they use to fill the street sweeper instead of driving it back every day. Additionally, a regular 6-wheel fuel truck only holds approximately 2,000 gallons and would be one more thing the town would have to register.

Mike Perry replied that just saying no doesn't supply the information the board would need in a dollar amount. Paying for maintenance and upkeep still applies for the above-ground tank. In his opinion, the town would be able to save money that way if they really looked into it. Chairman Makuch replied that the life expectancy of an above-ground tank is significantly more than a truck, in addition to the capacity being two to three times more than in a truck.

Selectwoman Wiecenski stated that while these may be valid points, this was a project that was put into place a year ago through CIP and that that might've been the time to look at different avenues. The town has already awarded a contract for the particular project and worked the price out based on that project. She stated that she doesn't have all the answers to the questions being asked, but that the purpose of this meeting is not to re-determine the project.

Troy added that with a fuel truck, employees would have to be hazmat certified, which would require fingerprints, integrating with the emergency system, and tanker's licenses. In addition, if the town needed more fuel in the middle of a snowstorm, for example, one of the employees would have to drive the truck to go get fuel.

Vote: 6 Yes (M. Makuch, G. Prusak, P. Tanaka, C. Mailhos, M. Clark, S. Summers), 0 No

2) Budget Impact - COVID-19 Pandemic

Attachment #1

Board Member Matt Clark presented the slides he put together. He noted that the situation is unprecedented, that we are in uncharted waters, and that no-one knows what's going to happen. The Connecticut economy is not the most dynamic of the 50 states, so this recession may impact Connecticut deeper and longer than other states. In times of recession, the economic system contracts and there's not enough money, which is why the Federal Reserve talks about "pumping money" to ease money back into the system.

Matt continued that the Board of Finance has to decide the proper thing to do for the citizens of the town of Willington. He believes no-one is in favor of layoffs and that the town needs to continue providing essential services. He believes that the social services budget should be increased to be able to help citizens who are hurting financially. Finally, he believes the town should reduce spending and reduce taxes to alleviate the burden on taxpayers.

Matt stated that he believes it is important to share thoughts and think about how the board reacts to this situation; business as usual or make changes? He thinks the board should decide on a course of action, then make decisions about how to get there, not look at individual line items and see where the budget comes out.

Chairman Makuch thanked Matt for his comments and data points which help add to the conversation. He replied that based on conversations he's had, he believes everyone has similar concerns. Chairman Makuch stated that in an emergency planning meeting he attended online with town officials, there was discussion on impacts towns were seeing so far. There has not been a lot of impact on town items yet, but they are expecting impact on departments like Social Services. This is just the beginning of things we may see affecting the budget. There is also the effect of what happens to people in town, what taps the budget, and what people are able to do (e.g. Willington has typically enjoyed a strong tax collection rate of 99%, but if people are in financial distress, paying taxes may be lower priority than feeding their family, which may affect the tax collection rate).

Selectwoman Wicewski shared that Executive Order 7S says that by April 25, 2020, the town has to report to the Office of Personnel Management (OPM) its selection of one of two programs it will be offering to taxpayers. One is a deferment program, deferring taxes due between March 10 and July 1 (including taxes due on July 1) for 3 months. The other is a low interest rate program, which would allow a 3% interest rate instead of the 18% on delinquent payments for 3 months. The town has to participate in one, or can participate in both. She stated that there has been lots of discussion to be sure the town understands what that means.

Selectwoman Wicewski detailed that if the town selected just the deferment program, there is an application and qualifications a taxpayer must meet to qualify, but there is no guidance yet as to what documentation the town would need to collect. Those conditions include a resident having been furloughed, hours significantly reduced, or unemployed as a result of the COVID-19 pandemic which caused at least a 20% reduction rate in the household. There is also an opportunity for businesses and nonprofits to apply. Residents could apply before July 1 and receive a 3-month deferment, so they would have until October 1, 2020 to pay. In conversation with tax collectors around the state, they'd like to see the program offered to all taxpayers rather

than just those who apply so that that tax collectors aren't making the decision on who gets the deferment. There is concern on what this program would mean for cash flow if the town wasn't collecting any taxes as of July 1. The assumption is that if the town sends a bill saying taxes are due October 1, people aren't going to rush to pay them on July 1.

Selectwoman Wiecenski said that the selectmen are currently gathering information to make sure they understand all of the pieces of the two programs, but that there is still discussion to come, which could impact the discussion of the Board of Finance as well. The Selectmen will have to make a decision at their April 20 meeting.

Selectwoman Wiecenski encouraged the Board of Finance to utilize Executive Order 7I which allows a 30-day extension to take time to look at the budget appropriations and have more information by the time decisions are being made. Section 13 of Executive Order 7I says that the Board shall take all reasonable steps to publicize the draft municipal budget for FY 20-21 and to receive public comment. She continued that it has been made clear in several meetings that a public meeting must still be held and ample time given for the public to send in comments on any decisions being made throughout the process. Although the process of approving a budget is changing from a referendum to a Board of Finance vote, the rest of the process should be kept similar and a budget cannot be finalized without holding a public hearing, which can be held via public online forum. The draft budget must be published on the website and an e-mail address must be provided or other means for the public to submit timely comments on the proposed budget.

Stef Summers inquired whether it is possible to recommend a budget that is, at a certain level, commensurate with the atmosphere right now and then plan to revisit it after the beginning of the fiscal year rather than employing guesswork. Chairman Makuch responded that his understanding that in meetings in the future the board could have discussions about making transfers, changing line items, or approving changes to budgets during the fiscal year following the normal process of going to a referendum or public hearing, but the board is empowered and expected to complete a FY 20-21 budget.

Stef Summers clarified whether the board can consider holding off on using reserve funds so that there was flexibility as the year unfolded. Chairman Makuch replied that that's a decision the board can make as part of the appropriations within the budget process, e.g. if the board constructs a package that says it's using none of the reserves and keeps the reserves at 15% instead of the recommended 8-12% because it's fiscally prudent. Down the road the board could go through the approved process at the time to make an alteration during the fiscal year.

Selectwoman Wiecenski clarified for board members that what it's approving is the Board of Education and the town government budgets. The Board of Finance does not have control over individual line items, but is in charge of approving what would've been approved at referendum. She continued that Region 19 approved their budget on Tuesday night, so the number included in the packet for Region 19 is a definite number.

Matt Clark inquired how Region 19 held their public hearing. Selectwoman Wiecenski replied that they posted an agenda more than a week in advance on their website, including an email

address for comments and link to view the meeting. They had no emails or communications and were monitoring that throughout the meeting in order to respond. She concluded that the final number was passed unanimously and is a favorable 4.2% decrease to Willington this year, or approximately \$176,000 less.

Peter clarified that the budget will have two different line items; one for the town budget and one for the K-8 education budget. Selectwoman Wiecenski added that Region 19 approves their own budget and tells the towns their share which is a line item in the town budget and taken into account when the Board of Finance calculates the mill rate.

Mike Perry stated that Matt's presentation included information that most people are aware of but agreed that there are items within the budget that the Board needs to look at. He believes that someone needs to go through each budget with a fine-tooth comb to look at where departments can make cuts. He believes that the budget needs to be fine-tuned so the board doesn't put a tax burden on the people of Willington. In his opinion, the Board of Finance is here to do their best for the people of Willington, not the town itself. He reiterated that people are losing jobs, pay, and retirements. If the town taxes people more than last year, it is not doing them a justice. Deferments are well and good, but if three months goes by and someone is still laid off, they still won't have the money to pay their taxes. He stated that raising taxes will cause hate and discontentment within the community. He concluded that the only other thing he could see to get the budget passed in time is to keep the same budget as last year and therefore no increases in taxes.

Matt Clark added that he is one of the people laid off and losing \$3000 per month. He continued that the layoffs isn't just some fictitious statistic, but is happening and is very difficult. In his opinion, the town has responsibilities to townspeople to provide services, but needs to do that in the best way possible. He opined that the very least the board can do is a 0% increase and, better than that, figure out a reduction in the total amount paid.

Stef Summers stated that the board needs to pay attention to what the spending side may need to be. Eastern Connecticut is projected to have a soft curve when it experiences more cases, which is great news if the model holds. Willington has first responders who are at risk when they're helping people and the town could have some employee issues and costs (e.g. medical care) which the board should not ignore. She continued that social services has been mentioned, but the board shouldn't act like there's no cost to us to do business under the pandemic or that it won't be equal to the current fiscal year.

Chairman Makuch stated that he is concerned about all of these items and finding this year's prudent balance between providing services and keeping the fiscal impact on taxpayers as low as possible. The board has to look at revenue, expense, and risk. Quantifying risk in general is tough, predicting the future is tough, and this is a developing topic right now. The board has an opportunity between this meeting and the next steps to get more data on job loss, impact on the health of our area, and maybe that will inform decisions more.

Chairman Makuch continued that Willington has maintained three years of the same 30.09 mill rate and earlier in the budget process the board had been looking at increasing services and

moving forward with capital expenditures because at the time it seemed prudent to move forward, but obviously the perspective has changed. He posed that if the board believes the mill rate shouldn't go up in the coming fiscal year, then the challenge is to figure out how to maintain that number; what to do with transfers from the fund balance, revenue, and expenses to strike the balance. He concluded that with more risk, maybe the town needs more money in the fund balance.

Christina Mailhos stated that she was thinking the same thing and that in terms of revenues, the issue is bigger than just the taxes the town may not collect. The state sales tax revenues are going to be down because no-one is spending money right now so the state will be in a bad way pretty shortly. It won't come around to towns for many months, but probably starting in January, the reality will hit that the state is short millions and they're going to start talking about cutting aid to towns, which Willington relies on. Though we don't know exactly what will happen, this is probably a reality that we can guess will happen.

Peter Tanaka provided context on the 3 years of the mill rate not rising, that that was more because there was a large jump in the mill rate to take into account the previous governor's threat of towns having to fund teachers' retirement benefits. That didn't come to pass, so the town has been taxing at a higher rate than 3% from stable. He stated that in addition to keeping rates low, the board needs to prioritize the budget correctly and may need to change priorities dramatically. For instance, family services is going to be more important and other things may not be. In his opinion, the board may have to go through the budget in detail line by line.

Chairman Makuch agreed that prioritization is what the board is talking about. He stated that the board can certainly expect that emergency services and social services will have higher use and the tax collection rate will be impacted. The challenge comes to what the board decides to do about the situation tonight. He suggested moving to reviewing and discussing the revised budget request that the Board of Finance received from the Board of Selectmen.

Christina Mailhos brought up that an increase in the social services budget has been mentioned multiple times but that she didn't see in the revised budget that that was a recommended increase, nor is it clear what increased funds would be used for. Chairman Makuch responded that in the emergency management meeting he attended, there was prediction that with people losing jobs there may be an impact on fuel or electric bill assistance funds and more use of the food bank due to individual family budgetary problems.

Selectwoman Wiecenski responded that that area is a big unknown and that the assumption in all the conversations is that that's where towns would expect to see a hit. There are no real solutions yet on how to address or increase those services or what the needs will be. She elaborated that there is a moratorium on service shutoffs but that that doesn't mean people aren't being billed. There is a growing impact on people's ability to pay when that time comes. Selectwoman Wiecenski reported that Director of Human Services Jennie Arpin has already seen an increase in use of the food pantry. With food or financial donations from those who can afford it, the pantry is doing okay and hasn't had to go to extra funds. Without numbers of job loss specific to Willington because the number reporting is 5 weeks behind, it's hard to gauge.

Stef Summers inquired whether there is an impact of underspending in the current budget due to the pandemic, e.g. when the library closed, is the town continuing library payroll or other services not currently running. Selectwoman Wiecenski replied that it is her understanding that library employees are still being paid because they were working on projects in the building up until they were told nonessential and couldn't work.

3) Revised Budget Requests

Attachments #2 & #3

Chairman Makuch stated that the board received confirmation of the discussed \$4,000 revision for the fire department. The other significantly revised budget is from the Board of Selectmen which was passed Monday night. It is still looking for an increase overall, but it is significantly reduced from the first presentation. He asked Selectwoman Wiecenski to go over the highlights of the alterations that were made.

Selectwoman Wiecenski stated that though the Board of Selectmen approved the revision, she has continued to look for places to find savings and that she has also been working with the union. She said that the bulk of the decreases came from the Public Works department. They removed the proposed new mechanic position which also caused a reduction in the associated costs in the Employee Insurances line item. Chairman Makuch clarified that the value of that position was \$52,000 in salary plus approximately \$24,000 in insurance costs. Selectwoman Wiecenski also noted that the Transfer Station Assistant Operator adjustment is due to a change of employee to one with lower seniority.

Selectwoman Wiecenski continued that what was approved by the selectmen in the first submitted budget are items that are needed, but the selectmen recognize the situation that we're in and that times are only going to get tougher. The presented budget increase is now 4.5%, which still includes a 2% increase for all employees, union and non-union, as the budget includes some elected official positions who ask for the same raise that town union employees receive. She elaborated that the town should be in negotiations with union at this point, but that is difficult given the pandemic situation; they are working to have a definitive answer, whether a Memorandum of Understanding (MOU) or a contract. She added that they are also working on finalizing the insurance amount, which has been budgeted for no more than 7%. However, they would like to present a final number so that the town doesn't see a big increase like last year.

Selectwoman Wiecenski suggested that the Board of Finance take the opportunity for extra time to go back to meeting weekly instead of making any final appropriations today. This would allow more time for budget writers to have another look at their budget and see what else they can do and would allow the Board of Finance time to have another look at the budget.

Stef Summers inquired whether there is any decrease on the leasing line. Donna clarified that the leasing line in Public Works includes vehicles that have already been purchased as well as anticipated CIP purchases, so if something was removed from CIP, that line would decrease as well.

Selectwoman Wiecenski stated that the selectmen haven't looked at the CIP plan separately, but they could go back to the CIP Committee to take another look. She explained that they haven't gone back to finish the rest of the CIP plan because there's no mechanism in place for an in-

person vote to approve the entire plan, just the portion that's in the Selectmen's budget. She said that the Board of Finance could direct the selectmen to look at it, as the CIP Committee is an advisory committee to the Board of Selectmen. Stef added that it seems to her to be factoring late-in-year leasing purchases that will set the pace for what the town will be spending in FY21-22 and committing to a lot of purchases that she feels needs to be revisited.

Peter Tanaka inquired whether the Board of Finance can look at the CIP plan and make cuts, and whether the selectmen have looked at making cuts to departments other than Public Works. Selectwoman Wiecenski responded that she currently has about 10 versions that include further decreases since the Board of Selectmen approved the one in front of the board tonight. She is currently still working on many avenues to get to cuts and what that would look like. Selectwoman Wiecenski continued that these are uncharted waters and the answer to the question about Capital projects is unclear. She believes that projects that are approved are approved at the selectmen's level but that the Board of Finance has line item control over those items. She said that if a conversation was to take place on changes to CIP, as many stakeholders as possible should take part in that conversation rather than just the three selectmen. The public meeting format would be online and would be publicized as usual.

Stef Summers inquired whether there is anything in the union contract like an "Act of God" phrase regarding delaying raises under certain circumstances. Selectwoman Wiecenski replied that the contract does not include that language, although the topic has come up in conversation; some towns have it, but most do not. She clarified that there is no agreed-upon raise for the union as the contract ends on June 30, but 2% is the placeholder. They will have to come up with an MOU or go into negotiations to come to an agreement with the union, and many towns are finding it challenging to find a way to do that right now. Her response to questions about raises for non-union staff is that they're valued employees and deserve the increase. If it's a choice between laying off a member of the staff and providing no increases, she would be willing to look at no increases for non-union staff if it meant no decrease in staff.

Chairman Makuch inquired how many town employees fall under the discussed union contract. Selectwoman Wiecenski replied that it covers town staff; one department head salary is included, but the rest of the department heads are not. It includes most of the assistants and the public works crew, but not the public works director. There are 15 union staff in all.

4) Budget Appropriations

Chairman Makuch directed the board that its job is to come up with something now which provides a next step, e.g. going back to the budget presenters and asking them to revise, deciding to keep the mill rate flat and working from there, etc.

Peter Tanaka asked that before the board starts looking at budget appropriations, with further expected revisions from the Board of Selectmen, he'd like the Board of Education to revisit their budget as well. In normal times, an increase of 3% per year is normal, but these aren't normal times. He'd like each of these departments to come up with revisions to keep budgets to 0% or maybe below.

Matt Clark stated that he thinks it would be helpful to the people that the board is asking to revise budgets to give them a target. It will be much more successful if the language is to look at a target of 0, and if things are worse and continue to get worse, up until the budget deadline, then departments can provide a budget that includes a 3% reduction. Without an objective, no-one will want to do anything.

Chairman Makuch responded that certainly there isn't time to go back to the start of the budget process, but usually at the beginning, guidance is communicated to budget preparers on what the Board of Finance would like to see. He suggested that the board could send another letter detailing that these are unprecedented times and that the board would like everyone to review budget submissions and come back at a certain target or detail how cuts will affect their budget. He commented that the letter will need to provide a date for this to be done.

Geoff Prusak suggested sending a letter to everyone with a target of 0% increase because these are unprecedented times and this is what the town has to meet.

Matt Clark stated that we are talking about possibly being hit in terms of revenues if people aren't able to pay, reductions from the state in not getting reimbursements on items throughout the budget, and increased expenses associated with an emergency pandemic. He doesn't think 0% is going to do it and puts the town in a bad position in terms of being able to react moving forward.

Chairman Makuch stated that expenses are only part of the budget decision. He inquired of Donna that with \$410,000 applied to the budget from the fund balance, what did that leave in the fund balance? What percentage? Donna replied that it left \$2.5 million, or 14%. Chairman Makuch stated that on a positive note, that's above the recommended 8-12%, but added that maybe in these times, the target isn't as relevant.

Peter Tanaka suggested that the board should tell presenters that they should be coming in at 0% or below, which would be a good start, and looking hard at what can be cut from there.

Matt Clark suggested the board ask for 2 numbers, 0% increase and 3% decrease, because the economy is shrinking 3%. That way, the board will have some flexibility in the data. It won't work to provide people with no goal, and if the board just asks for 0% increase, the submission will be last year's budget with no cuts, which won't provide the flexibility that the board needs.

Chairman Makuch responded that although it's a good thought process, as the board reviews budgets in detail, a great deal of what departments are submitting includes hard costs, utilities that they have no choice with, and salaries and employee costs. Many of the soft costs and flexibility is already squeezed out of these budgets. In conversations with the Board of Education, keeping the budget flat based on employee costs is an increase just to keep the status they have. He's not suggesting that the board doesn't try, but said that asking people to come in at 0% or under in some areas will be a definite cut in services or another person put on the unemployment line, which then circles back to social services cost, reduced tax collection, etc. The board has the difficult task of figuring out the balance of that impact and it's not as easy as telling all departments to come in at 0% or -3%. He suggested the board ask departments to

present a -3% budget and detail why it's not sustainable so the board has that information to guide the decision process.

Stef Summers added that the K-8 Board of Education is a different situation and in some ways is part of the social services piece that the board has been talking about. She said that all the educators she knows are jumping through hoops and working much harder trying to do the virtual classroom and reaching out to families specifically. Having said that, she read an article on the impact on parents, teachers, and kids not having that day-to-day contact, and she believes this is not the right time to look at a 3% decrease in the school budget that would mean layoffs, because supplies is not a very big part of their budget. She thinks the board needs to be conscious of cutting so much that it cripples the system. Stef asked Superintendent Stevens to clarify how much of the K-8 budget is fixed costs.

Superintendent Stevens replied that close to 97% of their costs are contractual. A 3% decrease would be close to \$600,000 which would decimate the staff and eliminate programs. It could not be made up in supplies or anywhere else.

Matt Clark replied that the board doesn't have to say every town department has to provide the same 0% and -3%. He suggested the board can tailor its recommendations and only ask 0% of the Board of Education.

Peter Tanaka stated that the Board of Education is asking for 3.5% increase. If the board asks them to look a little bit harder to get it closer to 0%, then the board won't run into problems with meeting the Minimum Budget Requirement (MBR) with the Department of Education (DOE). He recognized there are a lot of issues there and that we're trying to save our education that the kids are out there. The board needs to remember that where the money is coming from is taking a huge hit.

Superintendent Stevens stated that the town doesn't yet have a real number for the insurance rate because they're still negotiating. In the end, there are real items that aren't soft costs, like the added long-term substitute line, which are the areas the Board of Education would look to eliminate. He may even consider going back to CIP and eliminating projects such as the \$90,000 that was transferred tonight for the heating project instead of eliminating programs from the schools, which could cause people to move out of town.

Mike Perry inquired whether there are savings in transportation during the current year that could be applied to next year since the school buses aren't running for 1/3 of the year. Superintendent Stevens replied that unfortunately, that's not the case. He elaborated that one of the executive orders requires towns to pay transportation costs or renegotiate with bus companies. Bus companies don't want to give up their information because they don't want to shed light on their profit margin. The superintendents who work with M&J Bus Company are trying to determine if they are going to save money but based on the language in the executive order, he expects very little. In addition, when the town contracts for diesel, it contracts for a certain amount of diesel and heating fuel to be used and is required to pay for that amount to get that rate. The local company who delivers the fuel isn't making out, the provider is. If the company could deliver all the fuel, they would, but they can't store it for us and we don't have the ability to store it all

either. If the town could use the buses or the diesel for something right now, it would, because the diesel is paid for one way or the other.

Chairman Makuch summarized that the board is asking people to review their budgets, but still discussing exactly what direction to give. There is not a one-size fits all solution because of hard costs and different impacts and budget processes in different budget-submitting organizations. He suggested the board approves sending a new budget letter to each submitter asking them to attempt to make significant cuts and justify anything they're keeping which is an increase over the current fiscal year.

Stef Summers inquired whether Chairman Makuch was talking about actual spending or budgeted amount. Chairman Makuch responded that he was thinking the budget requests for FY 20-21 be revised to match the approved budgeted amount for FY 19-20. Maybe add for people to look at savings in the current fiscal year that could be returned back. He recognized that the impact will be different for different departments, and that some departments may even spend more than budgeted this year due to the crisis.

Christina Mailhos made a motion to authorize Chairman Mike Makuch to send a letter to all the budget authors to encourage them to come in at a 0% increase against their proposed FY 19-20 budget.

Stef Summers seconded the motion.

Stef Summers inquired whether it was possible not to include the Board of Education as it's not realistic for them to make those decreases without cutting people. Chairman Makuch replied that if that's the case, the Board of Education can respond in that way and the superintendent can word it in a way that would make a logical argument, but that leaving an organization out would not be the right way to go.

Matt Clark stated that in his opinion, 0% isn't going to give the board the flexibility it needs in a crisis time. He thinks the board needs to ask departments to come up with 0% and -3%; then the board will have flexibility and be able to make real decisions about allocations. In his opinion, if the board just asks for 0% or "whatever you can do", it won't be possible to reach the target or be able to react to the needs of the citizens in a crisis situation. He reiterated that there are lots of unknowns in terms of revenue and expenses.

Peter Tanaka replied that even if departments come in at 0%, they're not guaranteed that entire budget. In his opinion, the board will need to go through the budgets as well and may be able to bring them down below 0% based on the board's judgement and opinion. The budget they present isn't necessarily the budget they get. Though he would like to see -3%, 0% would be a success. If a department responds in a way that the board doesn't believe is a wholehearted effort, then the board can take the appropriate steps. That's where the Board of Finance will need to have a backbone.

Christina Mailhos replied that she understands what Matt is saying, but isn't sure that as a Board of Finance, the board may not want to vote on a budget if it's below 0% without input from the taxpayers as it's something that's never been done before. Making a decision like that already

feels uncomfortable without that final vote. The town has been trying to make cuts for years, and -3% would be a huge change and would decimate programs and the schools. Knowing that, the board may not want to make that decision without having more information, which the board won't have in June.

Matt inquired whether the motion could be changed to 0% or +1% for the Board of Education and for other departments to have 2 budget numbers presented. He stated that, for example, he's not an expert at deciding where Public Works can make cuts, but if he could see where they would make reductions, he needs to see the two numbers, 0% and -3%. Chairman Makuch replied that the motion cannot be amended that much.

At Chairman Makuch's request, Donna ran a simulation of 0% increase from all budgets with no applied fund balance, which caused the mill rate to go up 0.9. Chairman Makuch clarified that that situation would leave the fund balance somewhere around 16-18% of total yearly expenditures. Then Chairman Makuch asked Donna to apply \$410,000, the same amount as the current fiscal year, from the fund balance to the same situation. In that situation, there would be a 0.03 decrease in the mill rate and the town would maintain a 14.6% fund balance. Chairman Makuch clarified that this was just an exercise to see how the numbers work out, not meant to be the solution.

Matt stated that though his experience isn't in town government, in his experience when he's sent letters saying what he want people to do or justify why not, he doesn't get responses that are satisfactory. There is a lot of justification, but not a lot of adherence. He asked to be clear in the motion that people need to come in at 0% without justifying why they can't.

Chairman Makuch replied that the problem is that if people do something drastic to get their budget down to 0% and the board doesn't have the information on what they did, the impact on services, or why that money actually is necessary for a critical service, the board won't be able to make a prudent decision. The board's experience with adherence to recommendations has varied over the years and with different organizations. Chairman Makuch continued that the board can look at the trend of current year expenses and retains the ability to make a decision other than what an organization submits. Then the board has the option to decide whether a justification is valid or not prudent for the decision that has to be made. Just as much as the board has to protect the financial future of the town, it also has to protect the services for the town.

Matt stated that he will be voting against the motion as it stands and submitting afterwards a different motion asking for two submissions; 0% and -3%, which will allow the board to have some leeway. He restated that we are in unprecedented and shaky times, we don't know what the revenue is going to be or what's happening with state reimbursements. The town is banking on 99% taxes paid which probably isn't going to happen, and he doesn't think this is a prudent way to go. Chairman Makuch replied that Matt's very clear concerns are recognized and have been extensively discussed at the meeting and that everyone else has shared similar concerns. He clarified that if the motion on the floor passes, another motion can't be made that goes against it.

Matt clarified that he isn't saying the board is definitely going with a budget decrease, just asking organizations to give the board the data for 0% and -3%.

Mike Perry suggested a statement be included within the letter stating that the final outcome will be determined by the Board of Finance committee whether it's a justified expense or not. Chairman Makuch replied that the sentiment is good, but speaking from history and as someone who has presented budgets for the last 25 years, everyone in town is clear that this board can and does change submissions regardless. Mike Perry replied that he understands, but as a new member on the board, wonders how many other people may be submitting budgets who are new too.

Peter Tanaka made a motion to move the question to a vote.

Vote: 5 Yes (M. Makuch, G. Prusak, P. Tanaka, C. Mailhos, S. Summers), 1 No (M. Clark)

Vote: 3 Yes (M. Makuch, C. Mailhos, S. Summers), 3 No (P. Tanaka, G. Prusak, M. Clark)
Motion fails.

Matt Clark made a motion to authorize Chairman Mike Makuch to send a communication to town departments asking for revisions to their budgets for a 0% increase and 3% decrease as compared to approved FY19-20 and to enumerate what those cuts would do to the level of services they provide; and to recognize that the Board of Finance will review each submission and make a decision on the final budget number for that department. Peter Tanaka seconded the motion.

Selectwoman Wiczenski made clear that many department budgets, including the Board of Education, is out of the purview of the Board of Finance. The board can talk about the bottom line but does not have control over line items.

Vote: 6 Yes (M. Makuch, G. Prusak, P. Tanaka, C. Mailhos, M. Clark, S. Summers), 0 No

5) Next steps and how to move forward with Governor's directives

Chairman Makuch stated that the board needs to figure out what to do next so it can set a return date for that letter. Selectwoman Wiczenski suggested the board lay out a timeline for the process and work backwards from the last date. As the board will be asking for new submissions and having meaningful meetings to review everything all over again, that will take time. Budget writers will also need to know how much time they have to make new submissions. She stated the board also needs to leave time to hold a budget hearing and for people to send public comment in throughout the process.

Selectwoman Wiczenski stated that per executive order, the Board of Finance must set a budget and a mill rate by the extended deadline and the town must issue tax statements to residents by July 1.

Superintendent Stevens stated that the board is asking the Board of Education to do something they haven't ever done, submit a brand new budget in 20 days. He said that they can pull together some numbers, but the work the schools are doing today has absolutely nothing to do with what they'll be doing on July 1. He stressed that what the board is asking is a very fast turnaround for a \$300,000 cut when what the Board of Education came in with was their very

lowest number. The focus right now for the Board of Finance may be the 3.39% on the Board of Education side, but the schools just changed their entire protocol on how they're educating students and he asks the board to be aware of that in the timeline discussion.

Mike Perry replied that all the Board of Education has to do is mark down the 97% that's contractual and look at the other 3% to see what changes can be made. Superintendent Stevens replied that 3% is all the supplies for the schools; they will have to review the entire budget and the level of cuts being asked is around \$294,000, which means cutting people, because they can't operate without supplies.

Christina inquired whether a deadline of April 30 even gives the Board of Education or any of the boards enough time to reconvene and approve a new budget. Superintendent Stevens replied that his administrators have April vacation next week and won't be working, so he won't see them until April 20. He detailed that he needs time to meet with administrators to go through the budget. The Board of Education meets next Tuesday but will need an additional meeting to approve a new budget. That in and of itself isn't a big deal, but the issue is the time to turn the budget around and make sure they have a recommendation to give to the Board of Education.

Matt inquired whether there were other boards that would have to meet to make these changes besides the Board of Education and the Board of Selectmen. Board members detailed that most of the organizations would have to call their executive committees including but not limited to Library, fire departments, Recreation Commission, Planning and Zoning, and Inland Wetlands and Watercourses.

Christina commented that with a 3% decrease, the schools would be talking about cutting programs such as music, foreign language, or gifted and talented. She said that the town has had those discussions over the years, they take a long time, and the town hasn't wanted those. The Board of Finance doesn't want to make that rushed decision for the whole town without having a proper discussion about it.

Stef added that she feels the board is asking for draconian expectations here. She recognized where Matt is coming from with the corporate percentage mentality, but this is a small town and it's very different. There aren't cushy items in slush funds. Matt replied that he doesn't want to cut any budgets. He'd like the budget to come in at 0% or +3% and it has nothing to do with corporate or small town. He understands what Stef is saying, but he's looking at the situation and it's really bad. If we just say we're a small town and can't cut anything, it puts the town in a bad situation moving forward in terms of projections of reimbursements from the state, an unstable tax base, reduced compliance in tax receipt. He stated that the board would be irresponsible if they didn't look at how the town can make reductions. He clarified that the board isn't saying it's going to take 3% from everybody, but the board needs some data to go by to make decisions in these unprecedented times.

Chairman Makuch stated that the motion has been settled and the board needs to make a decision on timing. The board discussed a timeline and dates, working back from the June 5 deadline extension. It was decided to issue the letter early next week and have new submissions due by April 30. The Board of Finance will plan to meet on May 7, May 14, May 21, and May 28. All

deliberations will be done by May 21 and posted publicly on May 22 in preparation for the public hearing on May 28.

Selectwoman Wiecenski stated that the board should provide plenty of time with the posted agenda and budget to get public comment back and make sure voters aren't disenfranchised. The language in the executive order doesn't give a specific amount of time and she will clarify to make sure it's done right. She suggested that the board may want to plan to meet one more time after May 28 to make the budget appropriations after considering public feedback, but it could all be done at the same meeting.

Chairman Makuch made a motion that the Board of Finance ask for revised budgets to be submitted by April 30th and meet on the four Thursdays in May, the 7th, 14th, 21st, and 28th. Budget information will be conveyed publicly on May 22 and the public hearing will be held on May 28.

Geoff Prusak seconded the motion.

Vote: 6 Yes (M. Makuch, G. Prusak, P. Tanaka, C. Mailhos, M. Clark, S. Summers), 0 No

OLD BUSINESS

No old business.

CORRESPONDENCE

All correspondence was distributed to members via email prior to the meeting.

GOOD & WELFARE

Chairman Makuch thanked all for their patience. Budgeting is already a difficult process during ideal times and these are not ideal times. Everyone's thoughts are critical in the board's effort to do the best job it can for the taxpayers and keep the town fiscally healthy in the fact of threats to town health.

Selectwoman Wiecenski recognized the tremendous amount of work that the Finance Department, specifically business manager Donna, does in working on these budgets for the school and the town. She stated that this new directive asking for two different budgets is going to put a tremendous amount of extra work on Donna, whom everyone relies on, and Selectwoman Wiecenski wanted to thank her for all the work that she does. At the same time, town employees are being trained on the new finance software. Selectwoman Wiecenski noted that she's not sure how they're going to get it all done, but they will have a budget to present.

Chairman Makuch added that Donna has pulled the town through many things. The assistance she gave the board recently in getting revenue projections together was another critical piece where her extra effort made the board's process more doable.

Selectwoman Wiecenski thanked Mike D'Amato for moderating the meeting.

Geoff Prusak made a motion to adjourn the meeting at 10:01pm.

Peter Tanaka seconded the motion.

Vote: 6 Yes (M. Makuch, G. Prusak, P. Tanaka, C. Mailhos, M. Clark, S. Summers), 0 No

Respectfully submitted,
Marysa Semprebon
Recording Secretary

Board Member Matt Clark presented the following slides based on attending an online Connecticut Council of Municipalities seminar and personal research.

Wilmington Board of Finance

Matt Clark

MClark@Wilmingtonct.org

April 9, 2020

- Connecticut lost jobs in 2019

“The state recently revised its 2019 job numbers downward, tracking a loss of 3,300 jobs for the year.”

Donald Klepper-Smith, Chief Economist DataCore Partners LLC, March 23, 2020.

- In January, the US Federal Reserve projected Connecticut's economy will shrink in 2020

-0.13% for Connecticut

+1.4% for US

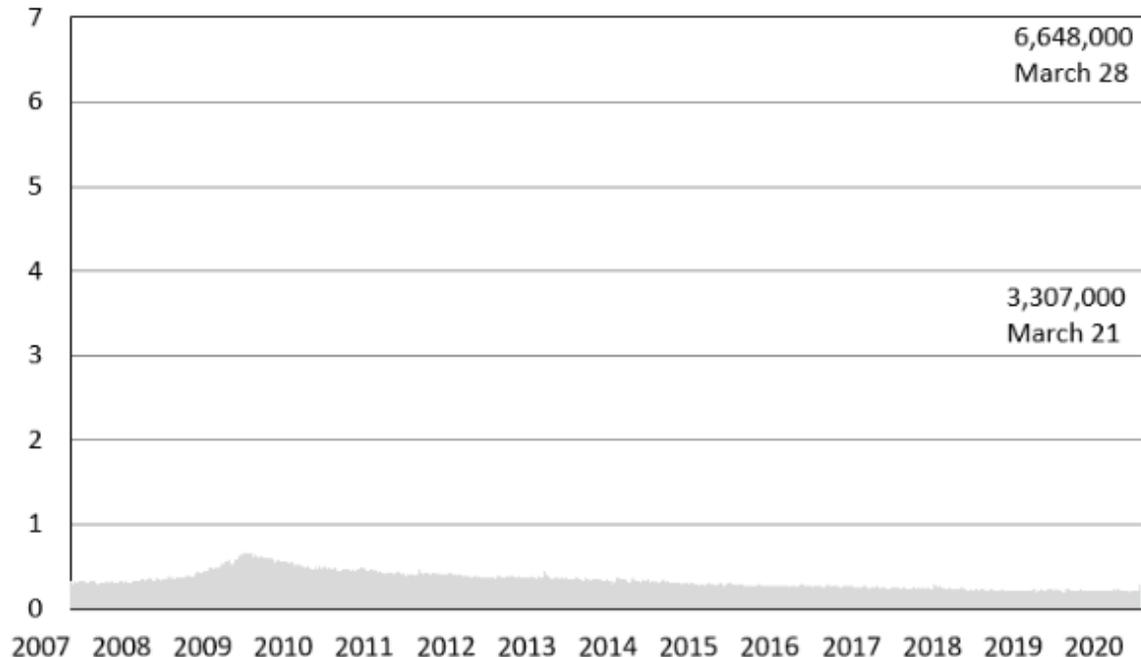
Hartford Courant, January 8, 2020

- The US economy is collapsing with millions filing new unemployment claims

Jobless claims soar

New unemployment claims in the United States soared in the second half of March.

(millions of weekly initial unemployment insurance claims, seasonally adjusted)



- We are experiencing an unprecedented economic collapse

“The U.S. economy in just the last two weeks was in a free fall with no end in sight. We have never seen business conditions disintegrate with such speed.”

Market Watch, April 6, 2020

“Connecticut is probably going to be affected more than other states. This is [the] shock of our generation. We’re in uncharted waters and we don’t have [a] reference point.”

*Donald Klepper-Smith, Chief Economist
DataCore Partners LLC, March 23, 2020*

- The US economy is forecasted to shrink dramatically then rebound for a net loss in 2020

Bank America, April 2, 2020

- 20 million jobs could be lost
- Unemployment rate 15.6%
- "... deepest recession on record"
- "... nearly 5x more severe than average"

Market Watch, April 6, 2020

- -2.5% to -7%
- Most-likely case is -3.5%

Fitch Ratings, April 4, 2020

- -3.3%
- Recovery projected for "late 2021"

- How the private sector reacting

- Workforce reductions
- Salary cuts (e.g., “GM cuts salaries 20%.”)
- Eliminate matching 401k contributions
- Curtail capital spending
- Request loans from US Government

- What is the proper thing to do for the citizens of Willington?

- No layoffs
- Continuing providing town government services
- Increase social services budget
- Reduce spending and reduce taxes