

Board of Finance Special Meeting

Agenda

April 7, 2019 at 7:30pm

Via remote conference call

- Dial 203-222-2691

- Enter 1# when prompted for conference call ID.
- When prompted for access code enter 9378 (WEST)

- 1- Discussion/decision regarding Board of Selectmen's requested operating budget for FY 2020-21.
- 2- Discussion/decision regarding Board of Education's requested operating budget for FY 2020-21.
- 3- Discussion/decision regarding BOS and BOE requested capital budget for FY 2020-21.
- 4- Discussion/decision regarding debt and interest budget for FY 2020-21.
- 5- Discussion/decision regarding approval of minutes from the March 19th and March 26th meetings.
- 6- Adjournment.

FY 2020-21 BUDGET

SCENARIO 1 WITH PAVING INCLUDED IN CAPITAL

		<u>INCREASE OVER FY 20</u>
BOARD OF SELECTMEN BUDGET	13,795,997	2.55%
ADJUSTMENTS FROM 3/19 MEETING		
PARKS & RECREATION - CLOSE BISCEGLIE POND	(20,000)	
GENERAL ADMIN - REDUCE PENSION	(10,000)	
GENERAL ADMIN - ELIMINATE OPEB CONTRIB.	(10,000)	
WESTPORT/WESTON HEALTH DISTRICT (EASTON JOINS)	(35,000)	
ADDITIONAL ADJUSTMENTS		
REMOVE ROAD PAVING FROM OPERATING	(550,000)	
REVISED BOS BUDGET	13,170,997	-2.09%
BOARD OF EDUCATION BUDGET	54,609,663	2.89%
BOE PROPOSED REDUCTION	(328,220)	
REVISED BOE BUDGET	54,281,443	2.28%
CAPITAL BUDGET	1,667,303	29.61%
ADJUSTMENTS FROM 3/19 MEETING		
REDUCTION TO HIGH SCHOOL ROOF	(300,000)	
REDUCTION TO EAST HOUSE REPLACE STEAM TRAPS & CONTROLS	(75,000)	
OFFSETS TO CAPITAL BUDGET FROM PRIOR TOWN CAPITAL ITEMS	(64,675)	
ADDITIONAL ADJUSTMENTS		
ADD \$900K FOR ROAD PAVING	900,000	
OFFSET FROM GENERAL FUND TO COVER ADDITIONAL PAVING	(350,000)	
REVISED CAPITAL BUDGET	1,777,628	38.18%
MILL RATE	33.16	2.44%
	32.78	1.27%

FY 2020-21 BUDGET

SCENARIO 2 WITH PAVING INCLUDED IN OPERATING

		<u>INCREASE OVER FY 20</u>
BOARD OF SELECTMEN BUDGET	13,795,997	2.55%
ADJUSTMENTS FROM 3/19 MEETING		
PARKS & RECREATION - CLOSE BISCEGLIE POND	(20,000)	
GENERAL ADMIN - REDUCE PENSION	(10,000)	
GENERAL ADMIN - ELIMINATE OPEB CONTRIB.	(10,000)	
WESTPORT/WESTON HEALTH DISTRICT (EASTON JOINS)	(35,000)	
ADDITIONAL ADJUSTMENT		
ADD \$350K FOR ROAD PAVING	350,000	
REVISED BOS BUDGET	14,070,997	4.60%
BOARD OF EDUCATION BUDGET	54,609,663	2.89%
BOE PROPOSED REDUCTION	(328,220)	
REVISED BOE BUDGET	54,281,443	2.28%
CAPITAL BUDGET	1,667,303	29.61%
ADJUSTMENTS FROM 3/19 MEETING		
REDUCTION TO HIGH SCHOOL ROOF	(300,000)	
REDUCTION TO EAST HOUSE REPLACE STEAM TRAPS & CONTROLS	(75,000)	
OFFSETS TO CAPITAL BUDGET FROM PRIOR TOWN CAPITAL ITEMS	(64,675)	
REVISED CAPITAL BUDGET	1,227,628	-4.57%
NON-TAX REVENUE	3,071,149	12.54%
OFFSET ADDITIONAL PAVING FROM GENERAL FUND SURPLUS	350,000	
REVISED NON-TAX REVENUE	3,421,149	25.37%
MILL RATE	33.16	2.44%
	32.78	1.27%

YEAR END FUND BALANCE FORECAST

FY '19-20

7/1/19 BEGINNING UNASSIGNED FUND BALANCE:

14,552,699

<u>CATEGORY</u>	<u>ORIG BUDG</u>	<u>REV. BUDG.</u>	<u>YR END PROJ.</u>	<u>VAR. TO REV.</u>
PROPERTY TAXES	72,120,537	72,120,537	72,357,704	237,167
Comments: Tax Sale originally planned for August has been put on hold, so \$1 million revenue in prior forecasts has been removed. Positive variance due mainly to supplemental auto (\$100k), and collection rate trending higher than last year (\$96k).				
DEPARTMENTAL RECEIPTS	1,149,100	1,149,100	1,161,664	12,564
Comments: Investment income expected to exceed budget by \$125k. Town Clerk and Land Use fee estimates have been reduced due to expected decline in activity over the final quarter (\$116k).				
STATE REVENUE	329,801	329,801	652,127	322,326
Comments: Town budgeted conservatively for state aid.				
TOTAL REVENUE	73,599,438	73,599,438	74,171,495	572,057
EXPENDITURES				
GENERAL GOVERNMENT	6,808,408	6,602,496	6,445,786	156,710
Comments: Favorable estimates for Health Insurance (\$30k), Worker's Comp and LAP (\$62k), and Land Use (\$42k due to vacant Engineer position).				
PUBLIC SAFETY	2,839,727	2,930,266	2,981,500	(51,234)
Comments: Deficit forecast in Police Dept (\$22k) mainly due to unanticipated tuition expenses for officers, and slight underbudget to contractual holiday pay; Communications Center expected to incur a deficit of \$30k mainly due to a severance payment to a retiring Senior Dispatcher.				
PUBLIC WORKS	2,128,594	2,613,829	2,530,000	83,829
Comments: Favorable operations in DPW due to snow removal (\$105k) and road paving (\$60k) offset by forecasted deficit in Solid Waste (\$58k) due to hours of operation at the Transfer Station being more than planned in the original budget.				
HEALTH, CULTURE, RECREATION	1,676,016	1,723,880	1,722,787	1,093
Comments: Year end forecast is close to revised budget.				
DEBT SERVICE	5,786,554	5,786,554	5,784,045	2,509
Comment: Slight surplus to due November refunding.				
BOARD OF EDUCATION	53,073,710	53,073,710	53,392,877	(319,167)
Comment: Based upon latest information from the BOE.				
CAPITAL OUTLAY	1,286,429	1,514,429	1,514,429	-
Comment: \$228k over original reflects supplemental approp for Valley Forge reconstruction.				
PUBLIC SAFETY COMPLEX	-	2,125,789	1,375,789	750,000
Comment: Assumes transfer from fund balance of approved appropriations less \$750k EMS funding commitment				
TOTAL EXPENDITURES	73,599,438	76,370,953	75,747,213	623,740
REVENUE LESS EXPENDITURES	-	(2,771,515)	(1,575,718)	(51,683)
FUND BALANCE FORECAST 6/30/20			12,976,981	

17.1% of FY '21 Budg.

Board of Finance Meeting Minutes
Thursday, March 19, 2020 at 6:30pm
Via Teleconference

Call to Order: Board of Finance Chairman, Steve Ezzes, called the meeting to order at 6:30pm. Also present were board members Rone Baldwin, Jeff Farr, Allan Grauberd, Dick Bochinski, Greg Murphy, Amy Gare, Town Administrator Jonathan Luiz, First Selectman Chris Spaulding, Finance Director Rick Darling, Superintendent Dr. William McKersie, Asst. Superintendent Ken Craw, BOE Finance Director Phillip Cross, BOE Chairman Anthony Pesco, BOE Director of Digital Learning Craig Tunks, BOE Special Education Director Mike Rizzo, School Facilities Director Mike DelMastro, Allen Swerdlowe, Building Committee Chairman, and members of the press.

- 1- **Executive Session.** Mr. Ezzes requested a motion to enter into executive session. Mr. Bochinski moved and Mr. Grauberd seconded. The Board moved into executive session at 6:33pm.

At 6:48pm, Dick Bochinski moved to come out of executive session, and Rone Baldwin seconded. All attendees then dialed the call in number for the public portion of the meeting and joined.

- 2- **Discussion regarding the Board of Education budget request for FY 2020-21.**

Prior to entering a discussion of the Board of Education budget, Dr. Spaulding outlined the budget process going forward based upon the Governor's executive order. Mr. Pesco mentioned that they have gone back through their budget to analyze different scenarios of reduced funding requests. Mr. Bochinski mentioned that a zero budget increase was adopted for the Board of Education back in 2009. Dr. McKersie mentioned that a reduction of \$1.5 million to their request would result in program cuts. Mr. Grauberd asked how many Library Media Specialists are there. Mr. Craw mentioned there are four, and that the positions support not just students but staff as well. Ms. Gare mentioned that she supports an overall increase that is not less than two percent. Additional questions and discussion ensued, and the Board of Education indicated that they will report back with specific areas of reduction.

- 3- **Discussion regarding capital budget requests for FY 2020-21.** Mr. Swerdlowe discussed the High School roof project, providing detail on what has transpired since the original request was put forth. He concluded that the requested amount can be reduced by at least \$300,000. The Steam Traps and Heat Controls project at Hurlbutt can be reduced by \$75,000 after consideration that some work can be completed in-house. Dr. Spaulding and Mr. Luiz asked for confirmation of these reductions as neither they nor the Building Committee had been made aware of them. Mr. Swerdlowe said that he was confident in making the reductions. Also discussed was the status of a few BOE capital projects in the current fiscal year. One project should incur a deficit and another a surplus, and it's expected that the two projects would cancel each other out.

Mr. Luiz pointed out some offsets that can be made to the capital budget based on Town capital surpluses. These are the DPW Tractor Mower (\$37,175) and the Tri Axle Dump Truck (\$27,500). Mr. Luiz also went on to identify certain items in the Town operating budget that can be reduced from the Board of Selectman proposed amount, and these items total \$75,000. Mr. Ezzes questioned the \$51,000 Police Vehicle request and the Onion Barn project. The explanations and justification were provided by Dr. Spaulding and Mr. Luiz. Mr. Darling provided estimates on the mill rate impact after factoring in these adjustments.

4- Discussion/decision regarding establishment of a Road Paving committee and discussion of funding alternatives.

The Board discussed overall road paving funding. The consensus was that the timing to bond was not appropriate considering current market conditions. However, bonding could be revisited in perhaps a few months. The spending plan should be for a total of \$900,000 with \$350,000 of this amount being offset from the general fund unassigned reserves.

5- Discussion/decision regarding the setting of a discount rate to be utilized in the 7/1/19 OPEB actuarial valuation study.

Mr. Ezzes said that this item should be considered in conjunction with Item #6, and should not be decided upon until the asset allocation is decided upon.

6- Discussion/decision regarding the Town's OPEB trust asset allocation.

After a brief discussion, Mr. Ezzes suggested that the Board have a discussion with Karen Paulson from FIA next week to hear their recommendations and answer the Board's questions considering the volatility in the market. Mr. Darling will make the arrangements.

7- Discussion/decision regarding the approval of minutes from the February 13th meeting.

Mr. Farr made a motion to approved the minutes of February 13, Mr. Baldwin seconded. Motion was approved with Mr. Bochinski and Ms. Gare abstaining.

8- Adjournment: Mr. Baldwin moved to adjourn and Mr. Grauberd seconded. Meeting adjourned at 9:15 p.m.

Minutes submitted by:
Rick Darling, Finance Director

Board of Finance Meeting Minutes
Thursday, March 26, 2020 at 3 p.m.
Via Teleconference

Call to Order: Board of Finance Chairman, Steve Ezzes, called the meeting to order at 3 pm. Also present were board members Rone Baldwin, Jeff Farr, Allan Grauberd, Dick Bochinski, Greg Murphy, Amy Gare, Finance Director Rick Darling, Karen Paulson from Fiduciary Investment Advisors (FIA), and members of the press/public.

- 1- **Discussion/decision regarding the Town's OPEB trust asset allocation.** Karen Paulson, **Fiduciary Investment Advisors (FIA)** Mr. Ezzes mentioned that this is really a continuation of the discussion that took place at the January meeting. Ms. Paulson reviewed current market conditions as well as what has transpired over the last couple of weeks. There is no clear playbook as to strategy in such a volatile market. She did review some historical data on the timeframe that it took markets to recover after severe downturns. Equities have taken a rout in the OPEB portfolio, but fixed income has sustained some losses as well. Mr. Baldwin asked about the process and timing when rebalancing may be required. Mr. Murphy talked about possibly rebalancing in steps as opposed to going completely back to the target ratios. There was also discussion regarding our positions in International Equity and REITS. Ms. Paulson thought that our position in International Equity is relatively low.

Mr. Baldwin asked about the total assets in the valuation study, and Mr. Darling pointed out that the assets reported are as of 7/1/19 since that's the effective date of the report. Mr. Grauberd expressed concerns about the economic impact of the COVID-19 relief package. Mr. Farr asked about our current OPEB liability. Mr. Darling said the tentative amount is \$9.4 million, but would change depending on the discount rate used. Discussion took place regarding the Town's required contribution. Mr. Darling mentioned that the estimated retiree benefits already in the Town and BOE budgets are greater than the actuarial determined contribution.

After further discussion on the overall asset allocation, Mr. Ezzes made a motion to transfer balances in the fixed income portfolio to the Vanguard 500 index fund in an amount that would rebalance halfway to the target 55% equities/45% fixed income ratios. Mr. Murphy moved, and Mr. Bochinski seconded. Approved unanimously.

- 2- **Adjournment:** After some general discussion on the overall budget process moving forward, the meeting was adjourned at 4:10 p.m.

Minutes submitted by:
Rick Darling, Finance Director