



**TOWN OF WINDSOR  
FINANCE COMMITTEE  
December 9, 2019  
TOWN HALL – ROGER LUDLOW ROOM**

**APPROVED MINUTES**

**1. CALL TO ORDER**

Deputy Mayor Joseph McAuliffe, Chair of the Finance Committee, called the meeting to order at 5:30 p.m. with Councilor Lisa Rampulla Bress and Councilor Donald Jepsen present.

Staff Present: Peter Souza, Town Manager; Jim Bourke, Finance Director; Linda Collins, Assistant Finance Director; Mark Goossens, Solid Waste Manager; Laura Casey, Director of Discovery Center; Cheryl Rosenbaum, Caring Connection Manager; Bob Jarvis, Director of Public Works/Town Engineer; Tristen Dodd, Accountant; Danielle Batchelder, Board of Education Director of Business Services

**2. PUBLIC COMMENT**

None.

**3. REVIEW OF FY 19 & FY 20 FINANCIALS – ENTERPRISE FUNDS**

**DISCOVERY CENTER ENTERPRISE FUND**

Laura Casey, Director of the Discovery Center, gave an overview of the FY 19 results as well as FY 20's first quarter as follows:

FY 19 Year End Review (unaudited)

The town budgeted for the Discovery Center to experience a \$59,260 operating loss in FY 19. The enterprise fund ended FY 19 with a \$3,327 unaudited gain which resulted in a net position of \$401,679 as of June 30, 2019.

1<sup>st</sup> Quarter FY 20 Revenues & Fiscal Year Projections

The first three months of the FY 20 fiscal year revenues were \$282,383. The FY 19 first quarter revenues totaled \$265,360. Therefore revenues are trending \$17,023 higher than the same time period last year. We anticipate at this time to be under our budgeted revenue projections by \$1,050. This is due to student vacancies amongst the various programs offset by additional revenue from gym rentals.

1<sup>st</sup> Quarter FY 20 Expenses & Fiscal Year Projections

The Child Enterprise Fund expenditures for FY 20 are \$13,761 more than the 1<sup>st</sup> quarter of FY 19 or a 4.9% increase. This is due primarily to increased recruitment costs, salary & benefit cost increases, as well as the number & timing of field trip payments.

Ms. Casey discussed the challenges of not being able to fill client spots due to being short staffed. It is harder and harder to recruit qualified personnel. The number of students going into the field is becoming less and less. The ones that do go into the field, can make more money in the private sector.

Going forward it's anticipated that there will be increased summer revenues by shifting the age ranges in the groups around and by taking a look at the high cost of offsite trips. Marketing efforts are continuing, including providing tours to potential clients.

Councilor Rampula Bress asked what kind of qualifications are required to work at the center? Ms. Casey said she looks for a minimum of a CDA and someone who is working on an associate's degree, which is mostly due to having to meet the accreditation requirements.

Councilor Rampula Bress asked what venues are being looked into for hiring because she was a teacher and suggests that the retiree and/or student teacher population might be a good place to put feelers out to or on CT REACH. Ms. Casey stated that she does reach out to these groups including going to school job fairs and care.com.

Ms. Casey added that Goodwin College only has 40 students in their associate and bachelorette teacher programs and that this is a problem for everyone in the same industry.

Deputy Mayor McAuliffe asked how the Finance Committee could help with the challenges. Ms. Casey explained that next year, the tuition has to go up because of minimum wage increases. It's hard to attract personnel with low wages are they are. She also mentioned how the gym is being rented out for extra income and to boost traffic in the facility and that it is working out well so far. In fact, renting to a gymnastic program has attracted several new toddlers into the Discovery program.

Councilor Rampulla Bress wanted to confirm that the after school program has more capacity for students but there isn't enough staff. Ms. Casey confirmed this statement and added that it is mostly due to the staff's scheduled hours and the timing of the mandated ratio of 5 teachers to 10 students. Re-allocating staff may be a future possibility to overcome this obstacle.

Councilor Rampulla Bress thanked Ms. Casey for all that she is doing.

## **TRANSFER STATION ENTERPRISE FUND**

### **Transfer Station Enterprise Fund - FY 19 4<sup>th</sup> Quarter Results**

Mark Goossens, Solid Waste Manager, discussed the FY 19 results as well as FY 20's first quarter as follows:

For Total Revenue, the Transfer Station Enterprise Fund received \$277,612 for FY 19. This was primarily from permit fees, as well as fees for bulky waste deliveries from residents.

Total Operating Expenses for FY 19 were \$181,859.

The Annual Operating Income (where revenues and expenses are considered together) earned by the Transfer Station Enterprise Fund was \$95,753 for FY 19. Adding this to the Annual Operating Income from the previous fiscal year, yields a total of \$481,084 in retained earnings at the conclusion of FY 19.

Mr. Goossens explained that the revenue variances are mostly driven by tonnage and an overall increase in business. The Transfer Station has more attractive fees than other same services in the area. More tonnage has been accepted for scrap metal and yard waste. Thus correspondently increasing expenses as a direct result of increased revenues.

Councilor Jepsen asked if there is a projected amount in which retained earnings would be increased and when will there be a shift to the budget on a break-even basis. Town Manager Souza said that this year there will be capital outlay expended, mostly for the compactor project. There is currently no policy as to where we want to get to regarding retained earnings. The regional waste energy plant is going to be rebuilt and could increase tipping fees to up to over \$100 a ton. We will monitor this through the summer months to see how it evolves. There is a three year plan to increase fees currently and we will have to dip into retained earnings if we can't increase fees enough to compensate for increased tipping fees.

### **Transfer Station Enterprise Fund - FY 2020 1<sup>st</sup> Quarter Results**

For Total Revenues, the Transfer Station Enterprise Fund received \$127,973 for the 1<sup>st</sup> quarter. As was described previously, permit fees and revenues from bulky waste and MSW deliveries were the primary revenue sources. Mr. Goossens added that revenues are seasonal. There is a large amount of the budget revenues that have been received already because of summer usage, but this will taper off as the fiscal year progresses.

Total Operating Expenses were \$41,878 in the first quarter, with personnel services expenses and transportation and disposal of wastes being the largest components respectively.

The Total Operating Income shown for the 1<sup>st</sup> quarter was \$86,095.

### **LANDFILL ENTERPRISE FUND**

#### **Landfill Enterprise Fund – FY 2019 4<sup>th</sup> Quarter Results**

Mark Goossens, Solid Waste Manager, discussed the FY 19 results as well as FY 20's first quarter as follows:

For Total Revenue, the Landfill Enterprise Fund received \$725,682 for the fiscal year. This was comprised of \$416,004 in interest income and \$309,679 from the State DEEP Reimbursement Grant for expenses related to landfill closure costs. The Town will continue to submit reimbursement requests to the DEEP for more of the \$2,000,000 grant during the current fiscal year as presented in the approved FY 20 budget.

Total Expenses were primarily related to closure and capping of the landfill and totaled \$1,644,148.

Annual Operating Income, the Landfill Enterprise Fund expended more than it received by \$955,519 for FY 19. This scenario is anticipated for subsequent years and is reflected in the current FY 20 adopted budget

Deputy Mayor McAuliffe asked when will the landfill be fully capped (not wetlands.) Mr. Goossens said that it should be capped by the end of FY 21.

### **Landfill Enterprise Fund – FY 2020 1<sup>st</sup> Quarter Results**

For Total Revenue, the only revenue received by the Landfill Enterprise Fund was \$99,590 in interest income. Additional revenues are anticipated in future quarters as a result of expected reimbursements from the State grant.

For Total Expenses, \$178,742 was expended.

The Operating Loss was \$79,152 for the first quarter.

Mr. Goossens also said that the balance in retained earnings at the end of the quarter come to approximately \$24 million.

Town Manager Souza added that by the end of the closure, including the wetlands project, the anticipated retained earnings will be approximately \$20.7 million.

Councilor Jepsen asked when the 30 year liability begins. Mr. Goossens stated that it will most likely begin in calendar year 2022 when everything is said and done.

### **CARING CONNECTION ENTERPRISE FUND**

Cheryl Rosenbaum, Caring Connection Manager, discussed the FY 19 results as well as the FY 20 first quarter as follows:

#### FY 19 Year End Review (unaudited)

The town budgeted for the Caring Connection to experience an \$86,490 operating loss in FY 19. The enterprise fund ended FY 19 with a \$136,443 unaudited loss which resulted in a net position of \$4,346 as of June 30, 2019. The increase in the loss was primarily due to a reduction in the census, offset in part with personnel and services expenditure reductions.

#### 1<sup>st</sup> Quarter Revenues & Fiscal Year Projections

The first three months of the FY 20 fiscal year revenues were \$70,530. The FY 19 first quarter revenues totaled \$79,631. Our first quarter has been affected by a census loss of seven clients. These discharges represent one client death, two admissions to long-term care and four clients seeking other care arrangements such as a move, more care needed at home and hospice. We do not anticipate at this point to meet our budgeted revenue projections due to the census changes.

#### 1<sup>st</sup> Quarter Expenses & Fiscal Year Projections

The Caring Connection expenditures for FY 20 are \$8,485 less than the 1<sup>st</sup> quarter of FY 19. The main reasons for the decrease are salary savings as a result of a short term

disability in addition to savings in service expenditure lines. The transportation costs will be adjusted during the course of the fiscal year in accord with service usage.

#### Overall FY 20 Projection

Based on the first quarter, we project an end of fiscal year loss of \$172,020. That loss would be \$57,250 more than the \$114,770 loss projected in the FY 20 adopted budget. We anticipate \$63,750 less in revenues offset by the planned expenditure savings of \$6,500 as noted above.

Ms. Rosenbaum added that currently they are experiencing an average of 16 clients daily. She is hopeful that clients may be generated from programs through CT Anthem and Medicare that will offer coverage for one day. Staff at the Caring Connection are helping families check to see if they have clients who may qualify for this.

Deputy Mayor McAuliffe asked if the drop from 19 to 16 occurred from last year. Ms. Rosenbaum responded that was the case and also mentioned that 3 new clients are expected.

Councilor Rampulla Bress asked if other insurance companies besides the ones mentioned were going to offer one day coverage. Ms. Rosenbaum said no, just the ones mentioned.

Councilor Rampulla Bress asked if having a client come just one day would cause a problem. Ms. Rosenbaum said no and they have clients ranging from anywhere from two half days a week to a full week.

Councilor Rampulla Bress asked if there is anything the Finance Committee can do to help. Ms. Rosenbaum suggested that they talk to everyone in the community to get the word out about the services they provide. Ms. Rosenbaum added that she is very proud of the programs they offer.

Councilor Jepsen mentioned that even though we are contributing \$114,000 this year in General Fund contributions that we would lose \$106,000 in revenues, so we are still at a breakeven point.

Councilor Jepsen asked if there were any retained earnings in this fund. Town Manager Souza stated that there are not.

Councilor Rampulla Bress suggested there be informative workshops at the senior center as a means of recruiting new clients, not for the seniors, but for those taking care of parents. Ms. Rosenbaum said that she hasn't done so recently, but she does lead programs there and stops by often. She also targets families rather than just the clients themselves. She has also provided elder law and care for the caregiver programs.

Councilor Rampulla Bress thanked Ms. Rosenbaum for providing the services that she does.

#### **4. REVIEW OF FY 19 YEAR END FINANCIALS – GENERAL FUND**

Jim Bourke, Finance Director reviewed the FY 19 Year-End General Fund financials as follows:

Revenues came in with a favorable variance of approximately \$3.5 million. Revenue categories that show the most significant positive year-end variances as compared to budget consist of property taxes (including amounts received from the delinquent property tax sale) as well as building permits, interest income, and conveyance fees.

Expenditures, including the Board of Education, came in with a favorable variance of approximately \$700,000 or less than one percent (0.9%) of the budget. These savings are primarily due to vacant positions and savings in the storm control budget.

The additional revenues, expenditure savings and use of fund balance are projected to result in an increase to the General Fund budget balance of approximately \$3.0 million. This takes into consideration that the \$900,000 Opening Cash appropriation was not needed to balance the budget, as actual revenues exceeded actual expenditures during the year.

Uses of the fund balance totaled \$650,000. Appropriations consisted of \$400,000 for the School Safety and Security project, \$55,000 for Mill Brook Property improvements, and \$195,000 for the partial roof replacement at Clover Street School.

Town Manager Souza discussed the future proposed use of the General Fund balance that was previously communicated to the Finance Committee and Town Council. There is \$26.8 million in the fund balance as of June 30, 2019. This amount is reduced for FY 20 opening cash by \$900,000, and further reduced for the two appropriations of the fund balance that have occurred in FY 20 (\$25,000 for the A-2 survey and hazardous materials testing at Wolcott School and \$346,000 for the Sage Park Middle School LED lighting project). This brings the unassigned fund balance to \$25.5 million. The town's General Fund balance policy is to maintain an unassigned fund balance in the General Fund of 15% to 20% of the next year's adopted expenditure budget. \$25.5 million constitutes 21.8%, so we are over our policy ceiling at this time. Town Manager Souza explained that our multi-year debt financing program for the Public Safety Complex renovation, combined with our typical annual borrowing for debt-financed CIP projects, will require upwards of \$2 million in funds above our 3% annual increase in the budgeted debt service appropriation over a 4 to 5 year time frame. It has been our intention to use fund balance reserves to cover this overage. He also explained that it is good to have a healthy fund balance, so that if we face a tough budget year, we have the flexibility to use the fund balance as necessary.

Councilor Jepsen asked what interest rate is being used to project debt service for the Public Safety Complex financing. Mr. Bourke said that it is approximately 4%, and this is conservative, and it could actually come in lower.

Deputy Mayor McAuliffe asked if this will keep us in that 20% level of fund balance. Town Manager Souza responded by saying that he projected out future budgets using a 3% expenditure increase assumption. For example, in FY 23 the budget is projected to be \$129 million, and 20% of that is \$26 million and this is more or less where we currently are now.

Deputy Mayor McAuliffe asked what the rating agencies would think if we were at 15%. Town Manager Souza said that rating agencies know we have a policy and that we work to maintain it and that we use some of the fund balance to supplement the operating budget. Mr. Bourke mentioned that the policy also has methodology to build the fund balance back up should it fall below the 15% and that the rating agencies are also aware of that.

Councilor Jepsen asked about the FY 19 TSE savings. Why doesn't it reflect the \$90,000 for the state teacher's retirement payment. Town Manager Souza replied that the state teacher's retirement was budgeted for in FY 20 not FY 19 and that the \$50,000 savings that was seen was mostly for a Public Works vacancy.

## **5. REVIEW OF FY 20 FIRST QUARTER FINACIALS – GENERAL FUND**

Jim Bourke, Finance Director reviewed the FY 19 Year-End General Fund financials. Overall revenues reflect 82.9% collections as of the first quarter of the fiscal year vs. 83.4% for the same time period last year. FY 20 expenditures are comparable to the first quarter of FY 19 with a 0.9% difference between the two fiscal years (24.6% spent for FY 20 versus 23.7% for FY 19). Most of the differences relate to the timing of expenditures and purchase orders and when they are entered into the accounting system.

Councilor Jepsen asked if the state grant funding for paving hits here and what impact will that have if we don't receive the money. Mr. Bourke explained that this funding is not General Fund money. Town Manager Souza added that we use Town Aid for Road funding for salt and paving and if we don't receive it from the state, then there may be a request for use of the General Fund Unassigned Fund Balance for those purposes.

Councilor Jepsen asked when the ECS money will come in. Mr. Bourke said that 50% comes in at the end of October, then 25% in the spring and 25% at the end of the fiscal year. The hold up from the state is due to state bonding and that it affects the town's LOCIP grant as well.

Deputy Mayor McAuliffe asked if we should be concerned about not getting this funding. Town Manager Souza stated that we, unlike other communities, plan for this by drawing down on the monies from a year behind. He also mentioned that he feels the state will not hold back both grants, if any.

## **6. REVIEW OF FY 21 BUDGET PARAMETERS**

Town Manager Souza said Mr. Bourke will go over the parameters, but he wanted everyone to keep in mind that they are in their draft state and these assumptions can and most likely will change.

Jim Bourke, Finance Director reviewed the FY 21 budget parameters as follows:

The October 1, 2019 grand list will not be formally completed until January 31, 2020. At this time, it is expected that the net taxable grand list will be approximately \$3.12 billion, which is a 1.2% increase as compared to the October 1, 2018 grand list.

Non-property tax revenue categories comprise approximately 16% of the current budget and includes such items as state aid, interest earnings, fees, permits and use of General Fund reserves.

Building permit fees, real estate conveyance fees and land recording fees are projected to be similar to what we budgeted from these sources for FY 20. Interest earnings for FY 21 are projected to decrease as the interest rate environment is weakening.

On the expenditure side, our assumptions and projections related to individual expenditure categories will become more firm over the coming months as we gather new data from our vendors, suppliers and cooperative purchasing coalitions. We are currently projecting increases in health insurance costs of approximately 8% and retirement costs of approximately 7%. Additionally, we are expecting electricity expenses to increase by 8% (combination of expected rate change and the addition of Addison Road facility.) Budgeted unit prices for gasoline and diesel are projected to increase as compared to the current year unit pricing. The Metropolitan District Commission (MDC) ad valorem sewer assessment is projected to increase by approximately 8% and MDC water use rates are projected to increase by approximately 6%.

Mr. Bourke added that the projected expenditure budget is a 3.3% increase and that the grand list and state funding reflects a 2.87% mill rate change.

Deputy Mayor McAuliffe asked if OPEB is underfunded and are we still trying to catch up. If so, should the FY 21 amount be higher. Mr. Bourke responded by saying the contribution is actuarially assumed and should be at several million a year.

Council Jepsen asked if the internal goal is to bring the contribution to \$750,000 per year and are we drawing down on it yet. Mr. Bourke replied that the trust has \$3.6 million in it currently and that we are not drawing down on it yet. Town Manager Souza added that it could be 15 to 20 years before we start to draw down on it. He also added that it took the town a lot of years to come up to the \$47 million liability, so it's expected to take a lot of years to build up the trust.

Deputy Mayor McAuliffe asked if the Finance Committee should think about increasing the \$750,000. Councilor Jepsen responded by saying they will, in April.

Town Manager Souza also added that the pension trust is 83% funded.

MOVED by Councilor Jepsen, seconded by Councilor Rampulla Bress that the Finance Committee recommend to the Town Council that the attached FY 21 budget assumptions and parameters be approved as presented.

Motion Passed 3-0-0

## **7. REVIEW OF FY 21 BUDGET CALENDAR**

Jim Bourke, Finance Director reviewed the FY 21 budget calendar as follows:

The proposed schedule calls for a public hearing on Monday, February 3, 2020 to hear budget requests and comments. The proposed budget will be transmitted to the Town Council on Friday, March 27, 2020. On Monday, April 6, 2020 a public hearing will be held prior to the Council's regularly scheduled meeting. Town Council budget sessions are scheduled for Monday, April 13, 2020; Monday, April 20, 2020; and Wednesday, April 22, 2020. There is no budget workshop scheduled for Wednesday, April 8, 2020 due to the Passover holiday. Council discussion and preliminary deliberations are scheduled for Monday, April 27, 2020 with the final budget adoption being proposed for Wednesday, April



29, 2020. The calendar includes public information and community forums on Thursday, February 20, 2020 and Thursday, April 2, 2020.

There will be additional community budget forums on Thursday, April 30, 2020 and Wednesday, May 6, 2020. These forums are sponsored by the League of Women Voters and Windsor CT Votes and will allow the public to hear more about the proposed budget as well as the budget that will be presented at the referendum.

Councilor Jepsen asked that since four councilors have children in school, should the April 13<sup>th</sup> meeting be moved to the 8<sup>th</sup> since the 13<sup>th</sup> is vacation week. Ms. Barrett replied that Passover begins at sundown on the 8<sup>th</sup>, so we did not schedule a meeting on this day.

Councilor Rampulla Bress asked why some of the meetings had tentative for the date. Town Manager Souza explained these dates are not meetings, but are for when we need to receive certain information from the Board of Education concerning Public Act 13-60.

Councilor Rampulla Bress asked which of these meetings are televised. Town Manager Souza said that all of the April meetings are and that the outreach meetings are by outside groups.

Councilor Jepsen asked if they should consider moving the BOE to it's own night since the 20<sup>th</sup> is already crowded. The discussion concluded in not moving it because there was no night available to move it to.

Councilor Rampulla Bress asked how far in advance we get the BOE budget. Ms. Batchelder said it depends on how many changes there are from the BOE, but she should expect it at least a couple weeks prior to the BOE presenting.

MOVED by Councilor Jepsen, seconded by Councilor Rampulla Bress, that the Finance Committee recommend to the Town Council that the FY 2021 budget calendar be approved as presented.

Motion Passed 3-0-0

## **8. REVIEW OF FY 21 BUDGET FORMAT**

Jim Bourke, Finance Director reviewed the FY 21 budget format as follows:

The *Town Charter* requires that should the Town Council desire any changes to the budget format that these changes must be adopted by January 15<sup>th</sup>. Staff is not proposing changes to the budget format for FY 2021.

Town Manager Souza added that there will be changes in some departments due to new supervisor responsibilities. This is just informational only and not a format change.

Councilor Rampulla Bress asked if one of those new responsibilities includes Enita Jubrey and the Caring Connection and Child Development and she said that if so, it will help those funds immensely. Town Manager Souza confirmed that it did include that.

MOVED by Councilor Jepsen, seconded by Councilor Rampulla Bress, that the Finance Committee recommend to the Town Council that the FY 2021 budget format remain the same as the format utilized for FY 2020.

Motion Passed 3-0-0

## **9. STAFF REPORTS**

Town Manager Souza mentioned that the annual audit is coming to completion soon. In January we will have a finance committee meeting where Scott Bassett from RSM will present the FY 19 results.

## **10. APPROVAL OF MINUTES**

MOVED by Councilor Rampulla Bress, seconded by Councilor Jepsen to approve the unapproved minutes of July 1, 2019 meeting as presented.

Motion Passed 3-0-0

## **11. ADJOURNMENT**

MOVED by Councilor Rampulla Bress, seconded by Councilor Jepsen to adjourn the meeting at 6:47 p.m.

Motion Passed 3-0-0

Respectfully submitted by,

Linda Collins  
Assistant Finance Director