



**TOWN OF WINDSOR
FINANCE COMMITTEE
VIRTUAL MEETING
June 8, 2020**

UNAPPROVED 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 Bress and Councilor Donald Jepsen present.

Staff Present: Peter Souza, Town Manager; Scott Colby, Assistant Town Manager; Jim Bourke, Finance Director; Linda Collins, Assistant Finance Director; Kelly Barrett, Budget Analyst; Cheryl Rosenbaum, Caring Connection Manager; Laura Casey, Discovery Center & Montessori School Director; Enita Jubrey, Assistant to Town Manager; Jim Burke, Economic Development Director

2. PUBLIC COMMENT

Eric Weiner of 76 Palisado Avenue spoke about the Amazon fulfillment center's revenues in the northeast. He went on to say that the abatement is worth more to the Town of Windsor versus what it is worth to Amazon.

Sally Grossman of 106 Niles Road spoke against the abatement for Amazon. She said there are too many questions that still need to be answered. The town needs to provide more information before they go through with the abatement.

Susan Miller of 10 Ethan Drive spoke against the abatement for Amazon. She also suggested that Amazon should be required to run with clean renewable energy which will benefit the town.

George Slate of 74 Ethan Drive spoke for the Amazon abatement in regards to how much revenue will be lost if we don't allow it. He explained the impact that the Walgreens abatement has had in terms of added tax revenue and that the current top 5 tax payers have all received abatement deals.

3. REVIEW OF POSSIBLE FIXED ASSESSMENT AGREEMENT WITH AMAZON

Since this topic was discussed in detail at the last town council meeting, Town Manager Peter Souza summarized the Amazon agreement as follows:

The Amazon.com project qualifies for consideration under the town's economic incentive policies as a Significant Fiscal Impact Project. The total capital investment in taxable personal property and real property improvements planned by the company exceeds \$230 million. The threshold for a Significant Fiscal Impact Project is \$60 million.

The company's request for a seven-year, 100% abatement as contained in their application is allowed under the town's abatement policy. However, it has been the Town Council's practice not to approve either so long a term or so high an abatement. Recently approved projects have had terms of three to four years and abatements of 50% or less. As a result, the staff and Company have discussed alternative terms for this project. The staff proposal is for a three-year term with a declining abatement schedule (70% in year 1, 50% in year 2 and 30% in year 3.) This provides an average 50% abatement over the term. In lieu of a longer abatement period, a 50% reduction of the upfront building permit fee is proposed. The building permit, with no fee reduction, is estimated to be \$2.6 million.

Amazon has also proposed hiring Windsor area staff and would hold physical job fairs. The town examined the abatement package and decided it was reasonable.

The current Amazon facility in town received a 60% abatement that ends at the end of FY 22.

Jim Burke the town's Economic Development Director and Brad Griggs from Amazon were present to answer questions.

Deputy Mayor McAuliffe asked about what type of benefits employees receive. Mr. Griggs said benefits include health and retirement, long term disability, employee assistant program, an emphasis on work life balance, financial counseling, career advancement, and career expansion.

Councilor Bress asked if the benefits are available for all associates. Mr. Griggs said they are available for all full-time employees. He also added that full-time hourly associates start at \$15 per hour and full-time managers start at \$60,000 a year.

Councilor Bress asked if there are going to be 950 associates and 50 managers. How many will be part-time and full-time. Mr. Griggs responded that the number is correct and that they are all full-time positions.

Councilor Bress wanted to know what the cost of the benefits package is. Mr. Griggs said it is \$6,000-\$9,000 per year.

Councilor Bress wanted to know what the incentives are to retain associates. Mr. Griggs said employees are continuously reviewed for advancement and that the company believes in investing in their employees, which ultimately benefits the customers.

Councilor Bress asked what the employee annual review is like. Mr. Griggs said there is an annual employee review that includes performance feedback as well as wage increases.

Deputy Mayor McAuliffe asked if stock options are offered to employees. Mr. Griggs said they are.

Deputy Mayor McAuliffe asked if green energy is in the plans for the building. Mr. Griggs said they evaluate those options during the project design. Since the design is still under development the extent of green energy has not been determined yet.

Councilor Jepsen asked if this sight was going to include solar power. Mr. Griggs responded with the same message in the previous question.

Councilor Jepsen asked what the sewer line is going to cost. Mr. Griggs will have to get back to the councilor with specifics on this.

Councilor Bress stated that the councilors are receiving emails from residents as to what Amazon provides in terms of community engagement programs. Mr. Griggs said Amazon has donated 12,800 items to the community including the Lions Club, CT Kids, and community shelter, to name a few. A few examples of the items include toys, household items, and school supplies. Every year Amazon enhances the engagement and works hard to build a good relationship with the community.

Deputy Mayor McAuliffe asked about the source for cardboard. Mr. Griggs said he was not exactly sure about this and would have to look into it.

Councilor Bress asked about the solar decision for future options for the facility. Mr. Griggs said it can't be answered until the site is approved to evaluate the situation. The decision would coincide with the construction time-line, within 6 months to a year.

Councilor Bress asked if there is anything the community can do to support Amazon using solar. Mr. Griggs said the solar implementation evaluation process does get sped up with community involvement.

The committee agreed to take this topic back to the Town Council at their next meeting.

4. REVIEW OF FY 20 GENERAL FUND YEAR END FINANCIALS

Town Manager Peter Souza stated that during the year the fund balance has been used for multiple purposes including \$900,000 for opening cash to help mitigate the mill rate.

Finance Director James Bourke stated revenues are projected to come in with a favorable variance of approximately \$1.9 million, which includes the use of opening cash as a revenue. Revenue items that show substantial positive year-end variances as compared to budget consist of property taxes, special education excess-cost funds, state aid, planning and zoning fees and conveyance fees.

Expenditures, including the Board of Education, are estimated to come in approximately \$1.2 million under budget, which is just over 1% of the FY 20 adopted budget. Of this

amount, the General Government portion is approximately \$542,000 and the Board of Education is \$700,000. The Board of Education savings are primarily due to salary and transportation cost savings. General Government savings are due to vacant positions, military and disability leave and lower storm control expenses due to the mild winter.

During the course of the year, the Town Council approved appropriations from the General Fund Unassigned Fund Balance totaling \$556,000. These items consisted of \$25,000 for the Roger Wolcott School survey and materials testing, \$346,000 for Sage Park Middle School LED lighting, \$130,000 for financial support to Windsor Volunteer Ambulance and \$55,000 to the Caring Connection. If the Council approves the \$187,000 year end appropriation for Discovery Center the use of General Fund Unassigned Fund Balance will be \$743,000.

Councilor Jepsen asked what the fund balance percent is. Mr. Bourke responded that it is 23%.

5. REVIEW OF YEAR END PURCHASE ORDERS

Town Manager Peter Souza stated when goods and services are received and paid for in the next fiscal year, a purchase order must be opened to encumber the funds. By encumbering the funds, the Town Council is formally extending budgetary authority into the next fiscal year for that line item. There are thirteen FY 20 General Fund open purchase orders as of June 8, 2020 totaling \$485,737 that are expected to be encumbered.

Councilor Bress asked if this is unusual circumstances to have year-end encumbrances. Town Manager Peter Souza said that this is an annual process and encumbrances at year end have ranged from one to a few. This year some are related to timing issues due to COVID with the exception of the dump truck which is being purchased with some of this year's budget savings to replace a 26 year old truck.

Councilor Jepsen asked if the Police Department ones are for the new station or for business as usual. Town Manager Peter Souza said mostly for business as usual to enhance technology capabilities.

Councilor Jepsen asked if we sell the old trucks. Town Manager Peter Souza said that yes we do at auction and that the proceeds are put into a capital project to fund new equipment.

Councilor Bress asked if the sexual harassment training included all employees such as the public works and police department staff. Town Manager Peter Souza said that it includes all full and part-time employees and is required to be completed by October.

Councilor Bress asked what the leadership training entails. Town Manager Peter Souza said it's a continuation of a program that started two years ago and included emotional intelligence to facilitate supervisors to improve in this area as well as implicit biased and inclusiveness awareness training for all full-timers.

Councilor Bress asked about the employee engagement survey. Town Manager Peter Souza stated that the Town Council charged him with this in his performance goals. He went on to describe the service as an online survey to gage the level of engagement staff feels they receive.

MOVED by Councilor Bress, and seconded by Councilor Jepsen, that the Finance Committee recommend that the FY 20 General Fund open purchase orders as of June 8, 2020 be submitted and approved by the Town Council until October 19, 2020.

Motion Passed 3-0-0

6. REVIEW OF YEAR END TRANSFERS

Finance Director James Bourke explained the year-end transfer process and stated there are two service units, Administrative Services and Health Services that are projected to go over budget by amounts greater than \$5,000 for FY 20.

He went on to discuss that this year Administrative Services is projected to be over budget by \$120,000, which brings the FY 20 General Fund funding to the service unit to \$2,523,970 versus the adopted budget of \$2,403,970. This overage is due to anticipated unemployment costs for furloughed employees due to COVID-19, and technology purchases and upgrades related to improving network reliability, remote work capabilities, and data storage.

Health Services is projected to be over budget by \$11,000, which brings the FY 20 General Fund funding to the service unit to \$519,150 versus the adopted budget of \$508,150. This is due to projected expenses for contact tracing functions related to COVID-19.

It is recommended that a transfer of \$131,000 be made from the FY 20 Safety Services budget for these two items, as this budget is projected to have a \$230,000 year-end surplus.

Deputy Mayor McAuliffe asked if the \$5,000 for the Finance Director authority was enough. Mr. Bourke said that it is.

Councilor Bress asked if it is known how much reimbursement is expected from the state for COVID related expenses. Town Manager Peter Souza said it is unknown at this time.

MOVED by Councilor Bress, seconded by Councilor Jepsen, that the Finance Committee recommend to the Town Council that the Director of Finance be granted authority to make year-end transfers in the General Fund of not more than \$5,000 per Service Unit.

Motion Passed 3-0-0

MOVED by Councilor Bress, seconded by Councilor Jepsen, that the Finance Committee recommend to the Town Council approval of a transfer of \$131,000 from Safety Services, of which \$120,000 will be transferred to Administrative Services and \$11,000 transferred to Health Services, to fund the projected year end deficits in those service units.

Motion Passed 3-0-0

7. REVIEW OF ENTERPRISE FUNDS

Child Development

Town Manager Peter Souza stated that the FY 20 adopted budget for the Child Development Fund anticipated a loss of \$74,150. Based on current projections and taking into consideration COVID-19, we estimate the loss to be \$260,650. Therefore he is requesting an appropriation of \$186,500 to cover the loss above what was expected for FY 20.

COVID-19 had a significant impact on the operations of the Child Development Enterprise Fund. Revenues which were budgeted at \$1,123,710 are now projected to be \$819,160, a loss of \$304,550. The loss is due to the closure of the facility mid-March with an anticipated opening date of June 15 for some of the programs. The expenses budgeted at \$1,197,860 are now projected to be \$1,078,810 as a result of trying to mitigate the revenue loss as much as possible. The cost containment measures of \$118,050 were achieved through the furlough of staff, utility savings, bus service savings, as well as supply savings due to the facility closure.

It is projected that the retained earnings balance will be \$141,000 as of June 30, 2020. Therefore at this time we are requesting a transfer of funding due to the COVID-19 pandemic. It is recommended that the transfer of \$187,000 be made from the General Fund Unassigned Fund Balance. This would provide a projected retained earning balance of approximately \$328,000 as of the end of FY 2020.

Councilor Bress asked if there is going to be summer school and/or a trial period. Laura Casey said that there is a lot of safety measures being put in place. 23 families are willing to return and two families are willing to pay but not attend. It's going to take the family's and staff's part to transition to the new normal. Her plan is to move on and create a calm in the Child Development community.

Councilor Bress asked if the state has offered anything else besides guidance. Laura Casey stated that she is confident that they are ready and that she is confident the staff will ensure that all protocols are met.

Councilor Jepsen stated that Laura is doing the right thing in moving forward and that she may receive more business based on other facilities being closed.

Deputy Mayor McAuliffe agreed with both councilors and mentioned what a great resource the program is to the town.

Councilor Jepsen asked if the revenue losses due to COVID will be reimbursable at some point. Town Manager Peter Souza said that it is unknown at this time, but it seems like the current information says no.

MOVED by Councilor Bress, seconded by Councilor Jepsen, that the Finance Committee recommend to the Town Council approval of a transfer of \$187,000 from the General Fund Unassigned Fund Balance to cover the anticipated FY 20 additional operating loss due to the impact of the COVID-19 pandemic.

Motion Passed 3-0-0

Adult Day Care

Town Manager Peter Souza stated that Cheryl Rosenbaum and Judy Hannon have been creative in keeping connected with the clients, including providing virtual services and delivering meals. He added that Cheryl is working hard to determine when she can have in person services and that it seems at this time that FY 21 may be impacted as well as a result.

He went on to explain that the FY 20 adopted budget included \$114,770 in General Services funding for the Caring Connection. On April 6, 2020, the Town Council approved the transfer of \$55,000 from the General Fund Unassigned Fund Balance to cover a projected additional operating loss. The Caring Connection projects that the FY 20 end of year loss to be approximately \$145,700.

The revenues at the Caring Connection are census driven and COVID-19 had a significant impact on its operations as in-person programs were closed starting March 19, 2020. Revenues for the year are projected to be \$126,980 under budget. The revenue loss due to the Caring Connection's closure was mitigated by revenue received from CCCI clients who are being serviced through wellness checks and meal delivery. Expenditures are forecast to be \$96,050 less than budget. These savings are primarily a result of furloughing part-time staff, a partial reassignment of the nursing position to the Health Department to assist in COVID-19 response and reduced transportation costs. The net effect of the revenue loss offset by the expenditure savings resulted in a projected additional loss of \$30,930 for FY 20. No additional transfers are needed at this time due to the previous transfer in April.

Councilor Bress thanked Cheryl for all she is doing and asked how the clients are doing. Cheryl Rosenbaum said that she sees 8 of the clients when delivering meals and that they all seem fine. Once a week they also talk to all of the client's family. They offer the clients any requested guidance that the Caring Connection staff can provide. They also Zoom with the clients and they seem to enjoy that thoroughly. In addition to contact with clients, through her associations, she has reached out to colleagues with similar adult day care programs to see how they are handling things.

Councilor Jepsen asked that since the clients are in a COVID 'most at risk' population, have any been lost. Cheryl Rosenbaum said that no one has died and that the pandemic may bring more clients on due to the adverse effect and results that long term care facilities have experienced.

Landfill

Transfer Station

Town Manager Peter Souza said both the transfer station has seen a little increase over the last few months due to people being home and cleaning, but everything for both the transfer station and landfill are on track as planned.

Councilor Jepsen asked for an Otis rail update. Town Manager Peter Souza said that several options are being researched including a compactor that provides a small chute. They are also surveying customers and may need two chutes. Having a compactor would be more financially attractive to lessen transfer costs.

8. STAFF REPORTS

Town Manager Peter Souza congratulated Jim Bourke who worked on reestablishing the town's triple A bond rating.

Based on the COVID crisis, Town Manager Peter Souza said the General Fund revenues are stable. However, enterprise and special revenue accounts have been impacted. There are less expenditures as well with an approximate bottom line loss of \$60,000. More concerning is the summer programs coming up based on state guidance and increased cost for staff ratios and protective material and supplies. Some expenses should be recoverable, but the revenue loss won't be as far as we know of today.

There have been \$130,000 in expenses directly related to COVID. These include sanitizing supplies, information technology, signage, floor markings, and acrylic barriers at customer service areas. Also included in that number is police overtime. Not included in that number is unemployment claims which could be as high as \$65,000, but we won't see those bills until late summer.

Councilor Bress asked if the town is liable if someone gets COVID while attending town programs. Town Manager Peter Souza said as long as we follow the protocols we should be covered. But it is an open question.

Councilor Bress asked if we could have participants sign a waiver. Town Manager Peter Souza said that we do that but it's only as good as the paper it's written on.

9. APPROVAL OF MINUTES

MOVED by Councilor Bress, seconded by Councilor Jepsen, to approve the unapproved minutes of the March 23, 2020 meeting as presented.

Motion Passed 3-0-0

10. ADJOURNMENT

MOVED by Councilor Bress, seconded by Councilor Jepsen, to adjourn the meeting at 7:15 p.m.

Motion Passed 3-0-0

Respectfully submitted by,

Linda Collins
Assistant Finance Director