



**Town of Windsor
Finance Committee
December 13, 2021
HYBRID MEETING**

**UNAPPROVED MINUTES
REVISED**

1. CALL TO ORDER

Councilor Jody Terranova, Chair of the Finance Committee, called the meeting to order at 7:00 p.m. with Deputy Mayor Lisa Bress and Councilor Ken Smith present.

Staff Present: Peter Souza, Town Manager; Jim Bourke, Finance Director; Linda Collins, Assistant Finance Director; Kelly Barrett, Budget Analyst; Cheryl Rosenbaum, Caring Connection; Laura Casey, Child Development and Enita Jubrey, Assistant to the Town Manager, Mark Goossens, Solid Waste Manager, and Jose Garibay, Information Technology.

2. PUBLIC COMMENT

None.

3. REVIEW OF FY 21 YEAR END UNAUDITED FINANCIALS

Jim Bourke, Finance Director, stated that Revenues are favorable to budget by approximately \$4.1 million. Revenue categories that show the most significant positive year-end variances consist of building permits, property taxes, state aid, and charges for current services.

Expenditures, including the Board of Education, saw a savings of approximately \$2.0 million or 1.6% as compared to the budget. Savings from the Board of Education were mostly due to Covid-19 and contribute to almost 30% of the total savings. Vacant positions, savings from the use of grant funds and from employees on disability, workers compensation and military leave make up the majority of overall personnel savings. Utility savings made up the majority of non-personnel savings.

The additional revenues, expenditure savings and use of fund balance resulted in an increase to the General Fund budgetary fund balance of approximately \$4.5 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.

4. REVIEW OF FY 22 FIRST QUARTER FINANCIALS

GENERAL FUND

Jim Bourke stated that Overall Revenues are 83.3% collected as of the first quarter of the fiscal year vs. 82.3% for the same time period last year.

- General property tax collections are 97% collected for the first quarter as compared to 94.4% collected for the same time period last year.
- Licenses and Permits are 49.9% collected for the first quarter as compared to 211.4% collected for the same period last year.
- Revenues from Use of Assets are 26.6% collected for the first quarter as compared to 20.8% collected for the same period last year
- State Grants in Lieu of Taxes reflect collections for the first quarter of 3.3% vs. 7.1% in the previous fiscal year.
- Charges for Current Services is 50.0% collected this year as compared to 35.0% last year.

FY 22 expenditures are comparable to the first quarter of FY 21, with a 0.4% difference between the two fiscal years (24.1% spent for FY 22 vs. 23.7% for FY 21). Notable changes in expenditures between the two fiscal years are as follows:

- Information Services reflects 34.2% expended for the first quarter of the fiscal year versus 29.5% spent for the same time period last year.
- Community Development reflects 20.5% expended for the first quarter of the fiscal year versus 29.2% for the same time period last year.
- General Services reflects 43.0% expended for the first quarter of the fiscal year versus 40.1% for the same time period last year.

Deputy Mayor Bress stated that variances seem to be mostly due to COVID. Mr. Bourke said it's more a reflection of timing as to when purchase orders are opened.

ADULT DAY CARE (CARING CONNECTION)

Peter Souza, Town Manager, gave an overview of the Adult Day Care fund as follows:

FY 21 Unaudited financials

The town budgeted for the Caring Connection to experience a \$122,850 operating loss in FY 21. The enterprise fund ended FY 21 with a \$157,535 unaudited loss which resulted in a net position of \$29,441 as of June 30, 2021. This includes the \$120,000 transfer from the General Fund-General Services adopted budget and the \$20,000 transfer from the General Fund-Fund Balance that the Town Council appropriated on June 21, 2021.

1st Quarter Revenues & Fiscal Year Projections

The first three months of the FY 22 fiscal year revenues were \$45,784. The FY 21 first quarter revenues totaled \$46,982. Therefore, revenues are trending \$1,198 lower than the same time period last year.

1st Quarter Expenses & Fiscal Year Projections

The Caring Connection expenditures for FY 22 are \$11,644 more than the 1st quarter of FY 21. The main reasons are the increase in salary and benefit costs and timing differences of when expenditures were posted in the system.

Overall FY 22 Projection

At this time, we project an end of fiscal year loss of \$171,780. That loss would be \$35,000 more than the \$136,780 loss projected in the FY 22 adopted budget. We anticipate \$85,150 less in revenues offset by the planned expenditure savings of \$50,150.

Councilor Terranova asked what does the census need to be to break even? Ms. Rosenbaum said it's about 20 clients.

Councilor Smith asked if roughly half the clients come from out of town, do any of those towns contribute to the deficit. Ms. Rosenbaum said that they do not.

Councilor Smith asked if the market for adult day care has changed since Caring Connection's inception in 1988. Ms. Rosenbaum said they follow the adult daycare model. Town Manager Souza went on to explain that years ago, they did consider providing in home services ourselves, but it didn't make sense due to staffing and the administration of it.

Ms. Rosenbaum went on to explain how the program is a medically based model and how it differs from a social model.

Deputy Mayor Bress asked if the out of town clients are paid via Medicaid reimbursement. Ms. Rosenbaum explained that clients are either privately paid, grant funded or state reimbursed.

CHILD DAY CARE (DISCOVERY CENTER)

Peter Souza, Town Manager, gave an overview of the Child Day Care fund as follows:

FY 21 Year End Review (unaudited)

The town budgeted for the Discovery Center to experience a \$59,570 operating loss in FY 21. The enterprise fund ended FY 21 with a \$318,966 unaudited loss which resulted in a net position of \$243,931 at June 30, 2021. This includes the \$225,000 transfer from the General Fund that the Town Council appropriated in June 2021. The loss is primarily a result of decreases in customer revenues as a result of Covid-19 offset by savings in most operating expense lines, the most significant of which is payroll cost savings.

1st Quarter Revenues & Fiscal Year Projections:

The first three months of the FY 22 fiscal year revenues were \$251,021. The FY 21 first quarter revenues totaled \$177,507. Therefore revenues are trending \$73,514 higher than the same time period last year. We anticipate at this point in time to be under our budgeted revenue projections by \$158,150. This is due to the continued impact of Covid-19.

1st Quarter Expenses & Fiscal Year Projections:

The Child Enterprise Fund expenditures are \$291,208 for the 1st quarter of FY 22. This is 13.6% higher than the same time period last year due largely to personnel services and need for additional staffing to meet COVID related regulations. Savings are anticipated in contractual services as a result of the COVID Pandemic, and not participating in summer off campus field trips. Due to lower enrollment, we also anticipate a savings in supplies.

Overall FY 22 Projection:

At this time, we project an end of fiscal year loss of \$267,780 for FY 22. The projected loss would leave the Child Enterprise Fund with a negative net position of \$23,850 at the end of the FY 22.

Councilor Smith asked how the government funding for child care services will impact enrollment. Ms. Casey said that so many kids need the services already. Ms. Casey added that the infant and toddler rooms are full. The 3, 4 and 5 year old has room and so does the elementary program.

Deputy Mayor Bress asked why the infant and toddler room can't be filled more if there is capacity in the other programs. Ms. Casey said that it would be unsustainable because the infant and toddler program does not break even, but is used to feed into other programs.

Deputy Mayor Bress asked if fees were looked at compared to other facilities providing the same services. Ms. Casey said that they are right in the middle and that there has been a fee increase in the last two years.

Councilor Terranova asked if they have lost enrollment due to fee increases. Ms. Casey said not that she is aware of.

Deputy Mayor Bress asked if social media marketing efforts are being used to fill the open slots. Ms. Casey said yes, social media and word of mouth are the most popular way parents find out about the program. She went on to say staff has just been hired that will focus on social media efforts more.

TRANSFER STATION

Peter Souza, Town Manager, gave an overview of the Landfill and Transfer Station as follows:

FY 2021 YEAR END

For Total Revenue, the Transfer Station Enterprise Fund received \$353,309 for fiscal year 2021. This was primarily from permit fees and fees for bulky waste deliveries from residents. These and other revenues for the fiscal year are shown in the column entitled: "YTD Results."

Year-to-date Total Operating Expenses of \$365,930 are shown in the same column. The largest budgeted expenses are for the transfer and disposal of wastes delivered to the Transfer Station by residents.

The Annual Operating Income (where revenues and expenses are considered together) earned by the Transfer Station Enterprise Fund resulted in a net loss of \$12,621 for fiscal year 2021. The Enterprise Fund's Retained Earnings as of June 30, 2021 are \$527,760.

FY 2022 - 1ST QUARTER

For Total Revenue, the Transfer Station Enterprise Fund received \$144,144 for the 1st quarter of FY22. Permit fees and revenues from bulky waste deliveries were the primary revenue sources.

Total Operating Expenses were \$54,955 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 1st quarter was \$89,189. This net operating income is \$12,527 better than the same period in the previous fiscal year. The Total Operating Income of \$89,189 for the 1st quarter, when added to the Retained Earnings of the fund shown on the bottom, left hand side of the report (\$527,760), results in an updated Retained Earnings of \$616,949 at the end of the 1st quarter of FY 22.

LANDFILL

FY 2021 YEAR END

For Total Revenue, the Landfill Enterprise Fund was budgeted to receive \$552,000 for the fiscal year. Revenue for FY 21 came in below budget by \$414,886 (\$137,134 vs. \$552,000). This was due to lower than anticipated interest revenue, coupled with a delay in reimbursement revenues from the CT DEEP. As in the past, the Town submitted a reimbursement request to the DEEP in early June, but has not yet received reimbursement from the State. We expect to receive these revenues in FY22.

Total Expenses were primarily related to closure and capping of the landfill (\$1,649,254, column 6). The three major components of this expense are Personnel (\$451,181), Contractual Services (\$436,712), and Supplies (\$495,455) expenses.

FY 2022 1ST QUARTER

For Total Revenue, the only revenue received by the Landfill Enterprise Fund was \$21,400 in interest income. As mentioned previously, additional revenues are anticipated in future quarters as a result of expected reimbursements from the State grant.

For Total Expenses, \$336,760 was expended, again primarily related to closure and capping. The majority of these expenses were related to equipment rentals and personal costs.

The Annual Operating Loss was \$315,360 for the first quarter. Subtracting this quarterly loss from the Retained Earnings total results in a new balance of \$21,390,645 at the conclusion of the 1st quarter of FY 2022.

Councilor Terranova asked if the CRRA closing will impact the town. Mr. Goossens stated that the entire region is asking the same thing. He said that Hartford will become a transfer station and that CRRA will honor existing contracts through 2027, but at higher fees. He went on to say that he hopes Windsor will not have to realize too much of an increase.

Deputy Mayor Bress asked about the recycling program. Mr. Goossens explained that there are higher fees and there are other issues as well. He said that we used to make money from recycling, now we have to pay for it.

Town Manager Souza went on to explain that it is going to be hard for municipalities to afford the cost of capital and other costs that will be required. He also said that although very costly, the town is looking into a pilot program for organic food waste.

5. REVIEW OF FY 23 BUDGET ASSUMPTIONS/PARAMETERS

MOVED by Deputy Mayor Bress, seconded by Councilor Smith that the Finance Committee recommend to the Town Council that the attached FY 23 budget assumptions and parameters be approved as presented.

Proposed Fiscal Year 2023 Budget Assumptions and Parameters

Revenues

Preliminary guidance from the State of Connecticut Office of Policy & Management indicates that we can anticipate an increase in State Aid from the FY 22 budgeted amount totaling approximately \$890,000. Overall State Aid projections will be adjusted as necessary based on the Governor's budget which will be released in early February.

Building permits, conveyance fees and land recordings are projected to remain level with FY 22 adopted budget amounts.

Interest earnings continue to be weak and are projected to return to approximately 0.20%.

Opening cash will be \$0 in the Town Manager's proposed budget, as per the Town Council's June 2021 direction.

Expenditures

Employee and retiree insurance benefit (health, prescriptions, dental, life and disability) self-insured claims and premiums are projected to increase approximately 7% (\$230,000).

Town contributions to defined benefit and defined contribution retirement plans are forecasted to increase approximately 7% (\$300,000).

Budgeted costs for electricity are forecasted to increase 6% (\$55,000).

Budgeted costs for natural gas is expected to increase 15% (\$20,000).

Budgeted per gallon cost for gasoline is expected to increase 25% (\$45,000). At this time, the budgeted unit cost for diesel fuel is expected to remain stable.

MDC water consumption rates are scheduled to increase nominally on January 1, 2022. The annual fire hydrant maintenance charge is increasing \$5.00 per hydrant (\$5,600).

MDC sewer ad valorem assessment is projected to increase 5.5% (\$250,000).

The General Fund appropriation for debt service is a planned increase of 3% (\$235,000).

Capital spending is forecasted to increase 7% (\$165,000).

Continue contribution to the Caring Connection (FY 22 adopted budget \$120,000).

Provide potential financial support to the Discovery Center and Windsor Volunteer Ambulance

Service Delivery

Present a budget that reflects current levels of service as well as identifies needed resources to address unmet and emerging service delivery needs (e.g., neighborhood code enforcement, employee development, succession planning, public infrastructure maintenance, and clean sustainable energy initiatives).

Continue multi-year investment program in open space preservation as well as asset management activities including pavement management, fleet, technology, facilities, athletic fields, parks and aquatic facilities.

Town Manager Souza stated the October 1, 2021 Grand List will not be formally completed until January 31, 2022. At this time, it is projected that the net taxable grand list will be approximately \$3.2 billion, which is 1.1% higher or \$34 million as compared to the October 1, 2020 Grand List. Included in this amount is additional real property value from Amazon on Kennedy Road of \$42.4 million and \$34.9 million from Amazon on Day Hill Rd. The multi-year economic development incentive agreement for the Day Hill Road Amazon has come to an end and this facility is now on the grand list at 100% full value. We are projecting a decrease of approximately \$41 million or 8% in personal property values, mainly due to personal property depreciation as well as less new equipment coming onto the Grand List. Please note that over the course of the next month further refinement of the Grand List will take place especially in the motor vehicle category.

Non-property tax revenue categories comprise approximately 15% of the current budget and include 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 22.

The State's minimum wage level was increased this past August. This will cause additional costs in the current year and place upward pressure in FY 23 on a range of general fund departmental budgets as well as programs funded through user and program fees.

Councilor Smith said that the Caring Connection, the Child Development Center and the Windsor Volunteer Ambulance need to be looked at and possibly privatized.

Deputy Mayor Bress said that the amount the General Fund contributes is small compared to the overall budget.

Councilor Terranova also mentioned that the Caring Connection and the Child Development also contribute funding to the town.

Deputy Mayor Bress asked where the ARPA funding fits into the parameters? Town Manager Souza explained that the town has the ability to use the \$8 million to go towards operating costs, but there needs to be an understanding of the hole in the future budget that this causes. He went on to explain he is trying to keep the ARPA monies separate since it's only for a limited time period.

Deputy Mayor Bress feels the ARPA funding should be used for reimbursing programs that were negatively affected by the pandemic, such as the Caring Connections and the Child Development programs.

Councilor Terranova asked what the increase for the Board of Education is. Town Manager Souza said it will be about 2.75 to 3 percent.

Town Manager Souza went on to explain about the use of opening cash and the impact that it has on the budget and the tax increase. He would like to set up a policy concept with Council to talk about the use of opening cash given the strong unassigned fund balance/cash position.

Motion Passed 3-0-0

6. REVIEW OF FY 23 BUDGET FORMAT

MOVED by Deputy Mayor Bress, seconded by Councilor Smith that the Finance Committee recommend to the Town Council that the FY 23 budget format remain the same as the format utilized for FY 22.

Jim Bourke, Finance Director, stated that staff is not proposing any changes to the format for the FY 23 budget, however, we are considering presenting some additional content in the budget in the form of grant revenues and expenditures from the American Rescue Plan Act (ARPA). Including this information in the budget document would provide a reference and guide to the programs supported by the grant and the associated costs.

Councilor Terranova asked if the new format would include the highlighting as shown on the example page or some type of distinction. Mr. Bourke said that it will be indicated in some way to distinguish the ARPA funding.

Town Manager Souza went on to explain how there will be a section in the appendix that will break the funding out in a summary.

Deputy Mayor Bress said that it might be challenging for the councilors not at this meeting to understand the distinction between ARPA funding and regular funding. Councilor Terranova clarified that this will be on Monday night's agenda so they will see it.

Motion Passed 3-0-0

7. REVIEW OF PROPOSED FY 23 BUDGET CALENDAR

MOVED by Deputy Mayor Bress, seconded by Councilor Terranova that the Finance Committee recommend to the Town Council that the FY 2023 budget calendar be approved as presented.

Town Manager Souza stated the proposed budget calendar is generally consistent with previous budget calendars and calls for a public hearing to be held on Monday, February 7, 2022 to hear budget requests and comments. The proposed budget will be transmitted to the Town Council on Friday, March 25, 2022. On Monday, April 4, 2022 a public hearing will be held prior to the Council's regularly scheduled meeting. Town Council budget sessions are scheduled for Wednesday, April 6, 2022; Monday, April 18, 2022; and Wednesday, April 20, 2022. There are currently no budget workshops scheduled during the week of April 11-15, 2022 due to school vacation.

Council discussion and preliminary deliberations are scheduled for Monday, April 25, 2022, with the final budget adoption being proposed for Wednesday, April 27, 2022. As in years past, the formal setting of the referendum date is established when the Town Council adopts the budget. The recommended date for the Adjourned Town Meeting (referendum) is traditionally the second Tuesday of May, which would be Tuesday, May 10, 2022.

Deputy Mayor Bress asked if the community forums will include the use of ARPA funding. Town Manager Souza said yes.

Councilor Terranova asked if the virtual meetings brought more community forum attendance. Town Manager Souza said no.

Councilor Terranova asked Town Manager Souza to explain Public Act 13-60. Town Manager Souza explained this is a state statute that encourages collaboration between cities and towns and their local school boards. It requires Boards of Education to provide estimates of maintenance expenses to the local appropriating authority at least two months prior to the local authority's annual budget meeting. The local authority then has ten days to make suggestions or recommendations towards consolidating the estimates or as to how efficiencies might be found. Town Manager Souza went on to explain that the Town and BOE already collaborate on several cost sharing initiatives, such as the defined benefit pension plan, workers compensation and general liability/property/casualty insurance programs, and public works maintenance of athletic fields and snow removal. He indicated that it's challenging to make the window of 10 days in any meaningful way, and that other towns use this act to start the conversations that we've already had.

Deputy Mayor Bress asked if the BOE will be showing how their ARPA funding will be spent. Town Manager Souza said he wasn't sure.

Councilor Smith asked if the BOE was getting \$5 million in ARPA funding. Town Manager Souza said yes.

Motion Passed 3-0-0

8. STAFF REPORTS

Town Manager Souza mentioned that the FY 21 audit is almost final, and he thanked finance staff, specifically Linda Collins, Tristen Dodd and Jim Bourke.

Town Manager Souza mentioned that the town has received 68 applicants for the small business grants and he will be providing more details on that. He said that he will provide an overall allocation plan for the ARPA funding at the next Town Council meeting. There

will be 4 or 5 bigger focus areas and then conversations will need to take place as to how to process the information. He said it could be done in sub-committees, or as a committee of the whole, or in a workshop format.

Deputy Mayor Bress said some councilors didn't get to see Peter's powerpoint presentation from last fall on the areas where the funding can be applied based on the grant parameters. Town Manager Souza said he will share it with those councilors.

Councilor Terranova asked if there are any updates on tax abatements. Town Manager Souza gave an update on it and some additional details were discussed.

9. APPROVAL OF MINUTES

MOVED by Deputy Mayor Bress, seconded by Councilor Smith, to approve the unapproved minutes of the June 10, 2021 meeting as presented.

Motion Passed 3-0-0



10. ADJOURNMENT

MOVED by Deputy Mayor Bress, seconded by Councilor Smith, to adjourn the meeting at 8:20 p.m.

Motion Passed 3-0-0

Respectfully submitted by,

Linda Collins
Assistant Finance Director