



**TOWN OF WINDSOR  
FINANCE COMMITTEE  
FEBRUARY 13, 2023  
HYBRID MEETING**

**APPROVED MINUTES**

**1. CALL TO ORDER**

Deputy Mayor Lisa Rampulla-Bress called the meeting to order at 6:30 p.m. with Councilor Ken Smith present.

Staff Present: Peter Souza, Town Manager; Scott W. Colby, Jr., Assistant Town Manager, Jim Bourke, Finance Director; Linda Collins, Assistant Finance Director; Laura Casey, Director of Discovery Center & Montessori School; Cheryl Rosenbaum, Caring Connection Manager; Enita Jubrey, Assistant to the Town Manager; Mark Goossens, Solid Waste Manager; and Josh Gaston, Assistant Assessor.

**2. PUBLIC COMMENT - None**

**3. REVIEW OF FY 23 SECOND QUARTER FINANCIALS**

Jim Bourke, Finance Director gave an overview of the FY 23 General Fund Mid-Year budget. He stated revenues are 90% collected as compared to 89% for the same time period last year. Notable changes in revenues received between the two fiscal years are as follows:

- Licenses and Permits are 360% collected as compared to 149% for the same period last year. The large collections this year are mostly due to the Target facility currently under construction on Groton Road.
- Fines and Penalties are 66% collected as compared to 25% for the same period last year.
- Revenues from Use of Assets are 101% collected as compared to 51% collected for the same period last year. The difference is increased interest income that is resulting from higher interest rates.
- State Grants in Lieu of Taxes are 48% collected as compared to 29% for the same period last year.
- Other State Grants are 0% collected as compared to 32% collected for the same period last year.
- Charges for Current Services are 59% collected as compared to 100% last year.

Expenditures are 50% spent half way through FY 22, and were 49% expended at this same time period last year. Most of the differences relate to the timing of when purchase orders are opened in the accounting system, and when certain expenditures occur. Notable changes in expenditures between the two fiscal years are as follows:

- Development Services reflects 49% expended this year as compared to 51% for the same time period last year.
- General Government reflects 62% expended this year as compared to 51% for the same time period last year.
- Community Development reflects 35% expended this year as compared to 43% for the same time period last year.
- Recreation and Leisure Services reflects 63% expended this year as compared to 60% for the same time period last year.
- Health Services reflects 51% expended this year as compared to 39% for the same time period last year.
- Public Works reflects 52% expended this year as compared to 48% for the same time period last year.
- Safety Services reflects 51% expended this year as compared to 44% for the same time period last year.

There have been two appropriations from the General Fund Unassigned Fund balance as of December 31, 2022. \$310,000 for the design of the multi-use riverfront trail from East Barber Street to town center and \$88,000 for the generator replacement at the Wilson firehouse. \$240,000 of the riverfront trail appropriation is eligible for reimbursement through a State grant.

### *Caring Connection*

Cheryl Rosenbaum, Caring Connection Manager, gave an overview of the first six months of FY 23 as follows:

The Caring Connection's COVID operating model continues to have this program be a safe space for our clients where there has not been any transmission of illness due to attendance at our program. General increases to supply costs and engaging new staff remain a challenge. Inquiries and referrals are on the increase including from outside our transportation catchment area.

### **2nd Quarter Revenues & Fiscal Year Projections**

The first six months of FY 23 revenues were \$120,778. Revenues are trending approximately \$17,000 higher than the same time period last year.

### **2nd Quarter Expenses & Fiscal Year Projections**

The Caring Connection expenditures for the first six months of FY 23 were \$186,448 which are comparable to the same timeframe last year. Current projections for overall FY 23 expenditures are expected to come in \$25,000 under budget, but may be impacted by increased census levels and personnel costs.

While the winter climate has been kind to us (no snow days yet), our 2<sup>nd</sup> quarter census remained low but steady. In the first two weeks of January, our average daily census was ten. The second half of January our average daily census jumped to 13.5 resulting from the admission of six new clients. The source of this increase, as well as a pattern of steady

inquiries we are experiencing to date are coming from our online presence, and digital media advertising efforts.

### **Overall FY 23 Projection**

Census at the Caring Connection from the start of the third quarter program has notably increased. The program remains masked and socially distanced at this time. Clients and staff are encouraged to participate in receiving COVID boosters.

We project an end of fiscal year loss of \$127,580. That loss would be \$9,430 less than the \$137,010 loss projected in the FY 23 adopted budget. We are hopeful the January uptick in admissions continues. Please note this may require additional staff expense to meet staff to patient ratios.

### **Marketing Efforts for the 2<sup>nd</sup> Quarter**

- Attended two area senior center fall open house events.
- Utilized a combination of paid advertisements through Google and Facebook. These ads use location, demographics, and interests/behaviors to deploy the ads to the right people, in the right place, at the right time. Since October, the Caring Connection's Google Advertisement has been seen over 28,000 times and has driven 539 clicks to the website and 45 calls to the Caring Connection. With a smaller budget, the Caring Connection Facebook advertisements have reached over 2,100 people and have been seen over 6,500 times resulting in just under 100 clicks to the website.
- Engaged the services of a new caterer, fellow Windsor business Lilly Caterers.
- Partnering with the Windsor Senior Center to incorporate Drama Therapy in our weekly program. This is being done through a master's candidate in Drama Therapy.

Deputy Mayor Bress asked if clients are from Windsor. Ms. Rosenbaum stated that 53% are from Windsor.

### **Discovery Center**

Laura Casey, Director of Discovery Center & Montessori School, gave an overview of the first six months of FY 23 as follows:

### **2nd Quarter Revenues & Fiscal Year Projections:**

During the first six months of fiscal year 23, revenues were \$595,054. The FY 22 first six months of revenues totaled \$501,223. Therefore revenues are trending \$93,831 higher than the same time period last year. We anticipate at this point in time to be over our budgeted revenue projections by \$52,820.

We were optimistic we would have enough children to open a fourth Primary Classroom during the second quarter but unfortunately with the rise of various illnesses many families on the waiting list were reluctant to start. We will be able to start many of the wait list families for the 2023-2024 school year. The Montessori Program is 100% enrolled. This is the very first time in over 12 years we have been fully enrolled for the entire academic year. The after school program still has 7 openings.

In regards to staffing, as you know seasoned and highly qualified staff has always been a trademark of the Discovery Center. Attracting qualified part-time staff continues to be a challenge and will come at a higher cost due to the increase in minimum wage and competition with other centers in the region as well as a shrinking pool of qualified applicants.

### **2nd Quarter Expenses & Fiscal Year Projections:**

The Child Enterprise Fund expenditures are \$616,724 for the first six months of FY 23. This is 8.2% higher than the same time period last year due largely to personnel services and need for additional staffing to meet COVID Office of Early Childhood recommendations. In addition to the return of fieldtrips in the summer program.

### **Overall FY 23 Projection:**

At this time, we project an end of fiscal year loss of \$99,530 for FY 23 versus a budgeted loss of \$176,640. The projected loss would leave the Child Enterprise Fund with a positive net position of \$195,168 at the end of the FY 23.

### **Marketing Efforts:**

Our marketing efforts for the second quarter included:

- Maintaining active wait list
- Conduct monthly tours for all callers to place addition children on the waiting list
- Open summer enrollment early
- Maintain an attractive front entrance and landscape for increased curb appeal

### **Landfill Enterprise Fund**

Mark Goossens, Solid Waste Manager, gave an overview of the first six months of FY 23 as follows:

For *Total Revenue*, the Landfill Enterprise Fund has received \$109,078 at the midpoint of the fiscal year. This revenue is comprised entirely of interest income. The Town expects to submit reimbursement request(s) to the DEEP for a portion of the remaining \$723,663 grant balance during the remainder of this fiscal year as presented in the approved FY23 budget.

*Total Operating Expenses* of \$629,424 were related to the closure and capping of the landfill. The three major components of this expense are Supplies (\$220,706), Personnel (\$229,366), and Contractual Services (\$91,640) expenses.

As shown in the row entitled *Annual Operating Income*, the Landfill Enterprise Fund expended more than it received by \$531,071 during the first half of fiscal year 2023. This scenario has been anticipated for many years and is reflected in the current FY 23 adopted budget.

Some of the notable variances on the attached report are as follows:

- Interest Income – was over budget for the 2<sup>nd</sup> quarter, due to interest earnings that were higher than budgeted.

- Contractual Services – were under budget due to a change in the scope of work related to the project to improve the aesthetic issues within the wetlands. This work is now expected to take place during the summer/fall timeframe of FY24 instead. This change in approach is expected to cost a great deal less than the previous concept, and will therefore continue to generate a large favorable expense variance for the remainder of this fiscal year. The upcoming FY24 proposed budget will show a lowered contractual expense to both fiscal years accordingly. Final review and approval of the wetland mitigation project is underway by CT DEEP.

The Retained Earnings of the Landfill Enterprise Fund at the beginning of FY23 was \$20,507,737 as shown on the bottom, left side of the report. With an operating loss of \$531,071 during the first half of FY23, the balance of the Retained Earnings of the enterprise fund is \$19,976,667 at the end of the 2<sup>nd</sup> quarter, as shown at the bottom, right side of the report. This amount will continue to be used for landfill closure and capping expenses, as well as on-going post-closure expenses at the site.

#### Transfer Station Enterprise Fund

Mark Goossens, Solid Waste Manager, gave an overview of the first six months of FY 23 as follows:

For Total Revenue, the Transfer Station Enterprise Fund received \$197,231 during the first half of fiscal year 2023. These revenues were generated primarily from fees for bulky waste materials, yard wastes, and residential permit fees. These and other revenues for the fiscal year are shown in the column entitled: “YTD Results.”

Year-to-date Total Operating Expenses of \$162,156 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 most notable variances on the attached report are explained as follows:

- C&D Revenues and Expenses: Revenues are under target by \$33,963 – An intake tonnage comparison for these materials shows a 97 ton (572 tons vs. 474 tons, or -17.2%) decrease when compared to the same period last fiscal year. As expected, a corresponding decrease of \$36,581 in disposal expenses for these materials was realized as well.
- Yard Wastes and Brush Revenues: Under target by \$5,911 – A decrease in tonnages, which is partially offset by the price increase implemented at the beginning of FY23, results in a 2<sup>nd</sup> quarter revenue shortfall of \$5,911. (Approximately 213 tons were received year –to-date in FY22 vs. 131 tons year-to-date this fiscal year.)

The Annual Operating Income earned by the Transfer Station Enterprise Fund was \$35,076 for the first half of fiscal year 2023. Adding this to the retained earnings at the start of the fiscal year yields a total of \$554,705 in retained earnings at the midpoint of FY 2023.

Deputy Mayor Bress inquired where we were at with the DEEP project. Town Manager Souza stated that we had sent over a conceptual plan and believe that it has been well receive but is experiencing some staffing challenges.

#### **4. DISCUSSION OF ELDERLY TAX RELIEF PROGRAM**

Town Manager Souza provided background information on the elderly and/or disabled homeowners tax relief program(s). State law provides a property tax credit for Connecticut homeowners who are elderly or totally disabled and whose incomes do not exceed certain limits. In 2006, the Town Council adopted an ordinance that provides additional tax relief via a local tax credit for Windsor homeowners who are elderly or totally disabled, and whose incomes do not exceed certain limits.

Over the years the Town Council has made adjustments to the ordinance including:

- In 2009 adjusting upward eligible income levels for the local benefit program.
- In 2013 increasing the benefit amount for those from a match of 20% to 40%, as well as adjusted eligible income levels for the local benefit program.
- In 2019, the Town Council again adjusted eligible income levels for the local benefit program. These town income level increases have been proportional to the State income level increases, which themselves are proportional to annual Social Security cost of living increases. Since 2019, the town's local income limit has been automatically raised each year, proportional to the increase in the state's programs maximum income limit.

Property tax credits under the state program can be up to \$1,250 for married couples and \$1,000 for single individuals. Credits are based on a graduated income scale. The Town of Windsor provides an additional benefit with a match of 40% of this credit for those households eligible under the state program. The town's ordinance also provides for a flat benefit of either \$240 or \$360, dependent on marital status for eligible households with incomes between \$40,300 and \$55,400.

Councilor Smith inquired as to how many people participate in the program. Town Manager Souza stated that 287 participated in the state program and 95 participated in the local program. Deputy Mayor Bress inquired as to the process for this. Mr. Gaston provided background information if one is interested in participating. There was consensus around increasing the match from the current 40% to 50%. This item would be prepared and brought to a future Town Council Meeting.

#### **5. DISCUSSION OF PROPERTY REVALUATION**

Town Manager Souza stated that at the last Finance Committee, staff was asked to prepare multi-year budget forecasts or scenarios in light of the October 2023 property revaluation which goes into effect with the FY 2025 budget.

Absent a substantial drop in residential property values between now and September, the value of the residential property category is expected to increase substantially over the valuations in place as of the last property revaluation on October 2018. Commercial and industrial land values are expected to be generally stable or increasing with the exception of office space. Office space is expected to drop due to large vacancies and downward pressure on leasing rate across the regions.

For purposes of modeling, we are assuming residential properties will increase 30% and the non-residential property category will increase 7% compared to 2018. Please note these are very preliminary assumptions and can't be used to predict taxes for specific properties.

There are a few actions or levers that may be available to varying degrees to somewhat mitigate the financial impacts of property revaluation. They include:

- creating 'budget capacity' in FY 24 for FY 25 through funding non-recurring expenditures in the FY 24 budget
- minimizing FY 25 expenditure increase over FY 24
- utilizing sizable cash reserves in FY 25 combined with minimal use of opening cash in FY24

It is also noted that in FY 25, the change in how motor vehicles are valued on a statewide basis is slated to be implemented. This has the potential of decreasing the overall motor vehicle valuation upwards to 15% compared to October 2022. There is the potential the town would also lose current state aid related to car tax reimbursement in FY 25 as the town's mill rate would likely be below the statewide mill rate of 32.46 after property revaluation.

State law does allow for a town to 'phase-in' a property revaluation over a multi-year period. This simply allows the increased value to be apportioned equally, or spread, over a set number of years (anywhere from two to five years). Although this reduces the large impact in year one, each year thereafter there is the likelihood of a tax increase due to assessed value increasing each year and every year.

Another possible option is delaying the revaluation by one year, which would require state legislative authorization. This deferral opportunity could allow for the property values to potentially decrease which could lessen the impact of the overall revaluation. Under this option there is no guarantee and many variables are in play to identify where the markets may be within the next year.

Deputy Mayor Bress thanked the staff and asked how often a revaluation takes place. Town Manger Souza stated that revaluations occur every five years.

Councilor Smith had no questions.



## **6. STAFF REPORTS**

Mr. Bourke discussed that a new accounting standard (GASB 87) was implemented for the FY 22 audit report. GASB 87 requires municipalities to generate new processes, controls and accounting procedures for certain financial arrangements in which the governmental entity acts as a lessee and/or lessor. Some examples for Windsor are cell tower leases, in which the Town is a lessor, and copy machine leases, in which the Town is the lessee. A considerable amount of new work was required of town staff as well as the independent audit staff to work through the implementation. This extra work created the need to request an extension beyond the December 31<sup>st</sup> audit submission date to the State of CT. The state granted an extension until February 28<sup>th</sup>. At this time, the audit report is under peer review by the independent auditing firm and is expected to be completed within the next week.

Mr. Bourke also mentioned that we had received RFQs from audit firms and would look to conduct interviews in March.

## **7. APPROVAL OF MINUTES**

MOVED by Councilor Smith, seconded by Deputy Mayor Bress, to approve the unapproved minutes of the December 13, 2022 meeting as presented.

Motion Passed 2-0-0

## **8. ADJOURNMENT**

MOVED by Councilor Smith, seconded by Deputy Mayor Bress, to adjourn the meeting at 7:58 p.m.

Motion Passed 2-0-0

Respectfully submitted by,

Scott W. Colby, Jr.  
Assistant Town Manager