

**BUDGET MEETING MINUTES
TOLLAND TOWN COUNCIL
HYBRID MEETING
6th FLOOR COUNCIL CHAMBERS AND ZOOM**

April 10, 2023 – 7:00 P.M.

Members Present: Steve Jones, Chair; John Reagan, Vice Chair; Sami Khan, Lou Luba, Katie Murray, Tammy Nuccio, Colleen Yudichak

Members Absent: none.

Also Present: Brian Foley, Town Manager; Lisa Hancock, Director, Finance & Records (Zoom); Mike Wilkinson, Director, Administrative Services (Zoom); Dr. Walter Willett, Superintendent

1. Call to Order: The Chair called the meeting to order at 7:03P.M.
2. Pledge of Allegiance - Recited
3. Moment of Silence - Observed
4. Consideration of the Town Council's Proposed FY 2023-2024 Budget

Ms. Murray commented that between the public hearing and e-mails, there were many requests for the BOE approved budget to go to referendum. The 5.96% no longer needs to be part of the discussion due to some policy changes proposed by Dr. Willett and approved by the BOE and Dr. Willett finding \$519K in savings. Between this and the \$200K ARPA contribution, Ms. Murray does not believe the BOE is still seeking 5.96%. She would like the Council to bring the BOE to its total request minus the funds noted and make reductions on the town side. She noted she has thought of the voices that were not in attendance and those who spoke of financial struggles. Ms. Murray asked that Council remember them when they consider the budget. Thus, they need to ensure they are taking the time to review and discuss the budget and put forward one that is well considered, well thought out, and does not take residents for granted. Part of financing responsibly is looking at the long-term impact of what the town provides to residents and how it reflects on property values. The values of homes in Tolland are higher than in some other towns due to the services provided – most notably the school system. If they do not make financially sound decisions in investing in the schools, they are making a decision to reduce the value of every home in town. Devesting in schools has a detrimental impact on everyone's property value in town. She cannot consider a budget that does not make financially sound decisions to ensure the school system continues to provide a quality service to students. It would be disrespectful and would take money from the pocket of every family in Tolland.

Mr. Reagan commented that he is focused on putting forth a budget that will pass at referendum – this is the only budget that matters. He noted that when looking at 17 years of referendum information, in his view the budget they are considering will not pass. Last year the 3.25% budget put forth failed and passed at 2.57%. He does not believe 3% is a magic number but it seems to be the level where they need to be to have a referendum pass. Several years ago, a referendum failed 5 times and Mr. Reagan asked about the cost of running a referendum. Ms. Hancock noted that it is approximately \$6K-8K/referendum. Mr. Reagan explained that he believes this is where they are headed if it is over 3%. He listened to those who spoke and agrees with them. He noted that he has been called a pessimist and a defeatist; he calls himself a realist given the history of referendums. Many people vote and vote "no" when they see a number such as 3.4%. He believes they are headed for a defeat with the current budget unless it is lowered.

Ms. Yudichak commented noted that she arrived at last week's meeting late due to other obligations that were previously scheduled. She reviewed the video and the minutes. Everyone who spoke was powerful and she respected and appreciated them. Her goal is to work together & a mistake last year was a split vote. She believes they can find something that will support the BOE a bit more.

Mr. Luba noted that the Council is taking this discussion seriously. While it may seem that they are divided along party lines, no one is entrenched, and everyone takes their positions seriously. He has reviewed the budget book and presentations to seek savings. The most difficult thing is they have 2 sides – almost an equal number of students and senior citizens. They need to invest in education but there are also people on fixed incomes with limited means who need to be taken into account. Unlike other areas where the town can seek other funding, the latter population does not have this opportunity. The town does not have unlimited funds. Mr. Luba noted that he took a hard swallow last time to add \$200K to the BOE budget and will not do it again. Moving funding from a stabilization or other type of fund to increase operational funding is a shell game and he will not support it. It is shortsighted and poor planning to use a short-term fund for long-term operational costs. To those who asked that the Council let the voters decide, Mr. Luba explained that they have 15 years of history and this needs to be taken into account. They need to get to as good a budget as possible that they believe the town will support.

Ms. Nuccio commented that the conversation around investment, or lack of investment, is not pure or valid in a sense. Every year they increase the budget. It is about whether the whole town can afford the increase. It is discouraging when one sees the budget going higher than what people in the private sector are seeing. She will not agree to a budget to make everyone feel good. They are elected to be the voice of the people and put forward something that is in the best interest of the town. They are investing – the budget is increasing. Ms. Nuccio commented that the budget is too high and does not believe it will pass. They need to listen to the people – they said “no” many times over the past 15+ years.

Mr. Khan commented that it is about the town. Tolland is a small town and other than Big Y, he has not seen any new businesses etc. and every year the budget increases. He asked where the town would get the money to support it. It is 2-sided. They can either support the younger generation or the older generation. The town supports the younger generation which has the backup of parents and others. The elderly supported the town for many years. Mr. Khan asked who will support them. There is inflation everywhere and many people have cut back. If they support the younger generation, then the elderly will pay the price. He asked if the town can generate more revenue through new businesses etc. It has not done so in the past. Regardless of what the Council decides, it will go to referendum and the people will decide.

Mr. Jones commented that this is a good year to utilize the tax stabilization fund. There has been an increase in insurance as well as inflation and that is what the fund is for. He noted that communication was received regarding the tax stabilization fund [attached]. Mr. Jones added that the fund is being used judiciously and will be replenished resulting in an increase in its balance. He supports using the fund to offset an increase in taxes, the budget, or alleviate significant decreases in other budgets. It would not hamstring future councils and he hopes this can be part of the discussion. There have been good conversations about savings on the town side and opportunities to find a level budget that will receive reasonable support from the community.

Mr. Luba commented that over the past 4 years he has seen that there have been available funds (\$100K-\$200K/year) at year end (town side and BOE side) that have gone into the town balance. Rather than doing this, he asked if the budget could be reduced by this amount. They would then not have to discuss reinvesting the year end available funds at a later time. He referenced the attachment and asked if the reduction in debt payment of \$50K in the debt management plan would get them to 2.99% resulting in a

1.8% tax increase. Mr. Foley responded that it would be difficult but they would do as directed by the Council and make the cuts requested. Mr. Luba noted that as the liaison for the Veterans Recognition Commission (VRC), given its statutory mandate, he would like the group to have greater operational funding in the amount of \$5K. A brief discussion took place. It was noted that a request from the VRC is on the ARPA agenda for discussion.

Mr. Jones asked for an update on insurance savings. Ms. Hancock explained that there are possible savings in property liability (\$4,000) and workers comp (\$5,600). In regard to health insurance, they are still at the same number. Mr. Jones asked if there is an opportunity to lower gas costs. Ms. Hancock responded that they are looking at bringing it to \$3/gallon (\$8K savings). The unknown is January – June of 2024 and originally, they trended at a higher per gallon rate. Mr. Jones noted that he would like to reinstate the library's program budget as much as possible.

Ms. Nuccio asked about the value of the Teamsters' contract and the contingency. Ms. Hancock reviewed the personnel contingency of approximately \$151K. This includes raises for the Teamsters (approximately \$35K – budgeted 2.5% settled 3%); potential raises for the fire department (contract negotiation next year with possibly retroactive payments to July, \$15,500); potential non-affiliated raises (approximately \$43K/2%); fringe benefit costs (\$1K); sick/vacation payout (\$25K); sick pay allowance payout (\$1,100); fractional payroll (\$16,500); unanticipated wage adjustments (\$15K). The \$40K contingency is for unanticipated items such as an insurance deductible. Ms. Nuccio asked for an EOY projection. Ms. Hancock responded that it is approximately \$247K. Ms. Nuccio asked about the nip funds. Ms. Hancock responded the town has received approximately \$15K and is in a separate account. While the town bought a new sweeper to reduce outsourcing, there is concern that additional money will be needed to dispose of what is being picked up. Ms. Nuccio asked what the town would do with the \$100K left from overtime. Mr. Foley explained that \$65K will be offset for a legal fee. A brief discussion regarding purchasing salt took place. Ms. Nuccio noted that the library should receive at least \$1,200 and reviewed her list of efficiencies which summed to approximately \$187K in savings.

Mr. Jones asked about the reduction in engineering and if Mr. Foley is concerned about ADA requests. Mr. Foley responded that it is difficult to predict. Ms. Hancock noted that it has always been \$75K. Ms. Murray referenced an e-mail dated March 21st from Ms. Hancock to Mr. Foley that was forwarded to the Council that noted that \$52K remained in the engineering/professional services account. Ms. Hancock noted that this does not include the Green. Ms. Murray asked if those costs could be paid from the Green project. Mr. Foley explained that at times they need to pay for the engineering before a funding vehicle for the project is identified. Mr. Jones noted that he would be amenable to approximately \$187K.

Ms. Nuccio commented that she is not looking to reduce the contingency to give more money to the BOE. With a 3% increase, it is the most the BOE has received in a long time and is an investment in the students. She is looking at how to get to a number that is fair to all residents and will pass at referendum.

Mr. Jones noted the 3% increase for the BOE. While one of the largest increases in a while, the BOE has had a significant impact due to insurance and while there has been some assistance with this, he does not think it does enough so he is seeking compromise. If they are looking to decrease the budget, they should also consider the tax stabilization fund to provide additional funding to the BOE without impacting the mill rate. History shows that under 1 mill is capable of passing regardless of the budget increase.

Ms. Nuccio commented that this would be a "no" from her. Using stabilization funds is using one-time money to increase a budget permanently and cited the BOE and the minimum budget requirement (MBR). Mr. Luba noted that he compromised on the \$200K and any money is a permanent increase to the BOE. He supports seeking savings but not putting money into a further increase for the BOE.

Ms. Murray commented that Ms. Hancock's memo indicates that the tax stabilization fund had a current balance of \$145,162 which is from excess ECS FY21/22. It seems that it should be given to the BOE. Ms. Nuccio commented that ECS does not go to the BOE. It is a grant offset that goes to the town. It is not statutorily required to go to the BOE unless it is an increase and the town amount received was less. Tax stabilization should be used as a revenue offset to lower the mill rate, not as an increase. Ms. Murray commented that if the tax stabilization fund is used, it will impact the mill rate. If the BOE is increased by \$145,162 and they implement the use of the fund, there has not been an impact on the mill rate so it could be interpreted that the tax stabilization fund is stabilizing the mill rate. She would like the entirety of the fund to increase the BOE budget as a starting point. Mr. Luba commented that it stabilizes it for this year, but it starts the BOE at a higher level next year and they will need to do something to stabilize the mill rate for every following year and noted salaries. Ms. Murray commented that investing in staff is not only the right thing to do but also if they do not, they will not have staff. If they do not give people raises, people will go elsewhere and if they give people a raise and make cuts to offset it, they are likely increasing staff's workload.

Ms. Yudichak commented that the town side could be reduced and asked if half of the tax stabilization fund could be used. She would like to get to 3.35% which would get to an overall tax increase of 2.13% which would be lower than the Town Manager proposed at 2.32%. It would bring the town side to 4.48% and the BOE to 3.35%.

Mr. Reagan commented that he would be willing to have a conversation about using ½ of the tax stabilization fund but is concerned about the number on the ballot question. They are currently at a 3.4% budget increase.

A brief discussion took place. Mr. Jones requested that Ms. Hancock provide information about the following scenario in regard to the town's percent, potential mill rate, and overall tax increase: a reduction of \$140K of the town budget, keeping the BOE where it is currently. Ms. Hancock asked if the \$140K reduction includes the \$50K from debt payment or in addition to it. Mr. Luba requested information about both scenarios.

Ms. Murray requested that they caucus so they could discuss what scenarios they would like Ms. Hancock to present.

Ms. Murray motioned to recess at 8:35PM.

Mr. Luba seconded the motion.

Discussion: none

All were in favor. Motion passed unanimously.

[The Council reconvened at 9:00PM.]

Ms. Hancock presented the following scenarios: \$90K off the town budget, \$50K off debt service, total operating expense increase of 3.17%, .79 mill rate increase (37.37), tax rate increase of 2.16%; \$140K off the town budget, \$50K off debt service, total operating expense increase of 3.08%, tax rate increase of 2.05%, .75 mill rate increase (37.33), tax rate increase of 2.05%.

Ms. Yudichak asked her request for a scenario where they would use ½ of the tax stabilization fund. Mr. Jones responded that after a brief conversation with Mr. Reagan during the recess it sounded like there was not support for using the tax stabilization fund. Mr. Luba commented that during caucus it was decided that it was not something they were able to consider. Ms. Yudichak commented that they are not compromising when health insurance has increased for both the town and the BOE. She commented that she gets concerned when they do things based on principle and not what is right for the community

as a whole. Students cannot vote and they are the community and the future. Next year the BOE could have extra money based on health insurance and if not, they can plan for it. Mr. Luba explained that he is looking at it as it would be an additional \$270K as a starting point for next year.

Mr. Reagan commented that they are getting closer and the likelihood of it passing is a coin toss. He is willing to support either scenario. He noted that the tax stabilization fund has been used in the past to lower the mill rate but in this case, they would be increasing spending. This is not how the fund is to be used.

Ms. Murray commented that they are failing the kids. She cannot vote and support that failure.

Mr. Luba commented that he could consider supporting the second scenario.

Ms. Nuccio commented that she believes it is still too high. It is still over 3%. Every year they have money remaining at the end of the year and they increase taxes the following year. She does not believe it will pass and does not believe they are failing anyone. It is still a 3% increase for the BOE and an increase for the town. She will not support using the tax stabilization fund for additional spending for the BOE or the town. It is not how it is intended to be used. It should be used to benefit taxpayers.

Ms. Yudichak commented that they have \$145K in the tax stabilization fund and end of year funds. She asked when it is actually used. If it is used for the unpredictable, the health insurance line is unpredictable. She noted the \$9M fund as well and believed this is for emergencies. Ms. Nuccio noted that the town should have 2 months set aside to cover town operations. It is also necessary for the bond rating. It is for true emergencies. Mr. Foley noted that to maintain the AAA bond rating, the recommendation is to have 10-15% set aside. Ms. Hancock noted that it is 10-17% for the overall fund balance and 15% for the unassigned fund balance. She is projecting it to go to 14.12% (budget book p.117). Ms. Yudichak commented that she is disappointed that she did not get to see the option she proposed.

Mr. Jones commented that he would support either option if it would bring consensus.

Mr. Luba commented that while higher than he would have hoped, he can support it.

5. Approval of Budget Resolution

Mr. Luba motioned:

WHEREAS, the Town Council has reviewed the Town Manager's proposed budget and has made certain modifications to estimated revenues and expenditures, the details of which will be properly incorporated into the total budgetary document by the Town Manager and Director of Finance and Records;

NOW, THEREFORE, BE IT RESOLVED, by the Tolland Town Council that it hereby adopts a FY 2023-24 Town Operating and Capital Budget in the amount of \$61,551,357 to be appropriated as follows:

CATEGORY	TOWN MANAGER PROPOSED AMOUNT	TOWN COUNCIL AMOUNT
<i>Town Government</i>	<i>\$13,682,051</i>	<i>\$13,542,051</i>

<i>Board of Education</i>	<i>\$42,989,855</i>	<i>\$42,989,855</i>
<i>Debt Service</i>	<i>\$ 4,750,000</i>	<i>\$4,700,000</i>
<i>Capital</i>	<i>\$ 319,451</i>	<i>\$319,451</i>
<i>TOTAL</i>	<i>\$61,741,357</i>	<i>\$61,551,357</i>

Said appropriations shall require an increase of .75 mills for a mill rate of 37.33.

BE IT FURTHER RESOLVED, that the Town Manager, pursuant to the requirements of the Town Charter, is authorized to advertise this budgetary outlay as part of the April 19, 2023, Annual Budget Presentation Meeting held hybrid at 7:00 p.m.

Ms. Yudichak seconded the motion.

Discussion: none

A roll call vote was taken.

Aye: Yudichak, Luba, Jones, Reagan, Khan

Nay: Nuccio, Murray

Abstentions: none

Motion passed 5/2.

6. Approval of a resolution authorizing the form of the ballot for the May 2, 2023 budget referendum and any subsequent budget referendum; the time and place for the budget referendum; authorizing the Town Manager or his designee to place the required legal notices in the local newspapers; and authorizing the preparation and printing of an explanatory text and the mailing of same to local residents and in addition sent out via the Town's Tolland Notification system and included with absentee ballots in accordance with the provisions of CT General Statutes 9-369b explaining the budget referendum question.

Mr. Luba asked if they need to revisit the discussion regarding if the mill rate should be included. He noted that he is not proposing it, nor is he a proponent based on his reading of the charter.

Mr. Jones clarified that the mill rate is adopted once the budget is passed. Ms. Hancock noted that the budget book will reflect an estimated mill rate. Mr. Reagan recommended that if included, "estimated" should be included. Ms. Nuccio commented that per the charter, people vote on the budget, not a mill rate. Ms. Hancock referenced the minutes of the March 29, 2022 meeting. Ms. Murray commented that this was a one-year change. Historically, the mill rate was included and there is precedence for it. Ms. Yudichak noted that the second time it went to referendum they heard from a couple of people, and it may be important.

Ms. Murray motioned to approve the resolution as amended to include "estimated" before the mill rate.

WHEREAS, the Tolland Town Council has adopted a proposed FY 2023-2024 Town Operating and Capital Budget to be considered by the Tolland electorate at a May 2, 2023 budget referendum; and

WHEREAS, the Council must now establish the appropriate ballot language for this referendum and the date, time and place of said referendum;

NOW, THEREFORE, BE IT RESOLVED by the Tolland Town Council the following:

1. *The ballot question for the May 2nd referendum shall be worded as follows:*

"Shall the Town of Tolland's proposed 2023-2024 budget of \$61,551,357, reflecting a spending increase of \$1,840,358 or 3.08% which requires an estimated tax rate of 37.33 mills for an increase of .75 mills or 2.05% be adopted? Yes/No."

2. *The time and place for the referendum shall be between the hours of 6:00 a.m. and 8:00 p.m. on May 2, 2023 at the Library Program Room.*
3. *The Town Manager or his designee is hereby authorized to place the required legal notices in the Journal Inquirer and other places as conditions permit, advertising the May 2, 2023 Referendum and the April 19, 2023 Hybrid Annual Budget Presentation Meeting.*
4. *The Town Manager or his designee is authorized to prepare and print an explanatory text and the mailing of the same to local residents; to be included with absentee ballots and documented via the Town's Tolland Notification system in accordance with the provisions of CT General Statutes 9-369b explaining the budget referendum question.*

Mr. Luba seconded the motion.

Discussion: none

All were in favor. Motion passed unanimously.

7. *Adjournment*

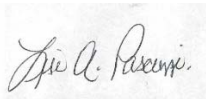
Ms. Murray motioned to adjourn the meeting at 9:46PM

Mr. Luba seconded the motion.

Discussion: Ms. Yudichak commented that everyone wants the budget to pass the first time. She hopes that those who voted for the budget advocate for it. Mr. Jones invited Council members who would like to co-author a letter or do other outreach to the community to reach out to him. The budget presentation will be held next Wednesday. Mr. Jones will reach out to learn if it would be possible to have a budget presentation at the Senior Center.

A roll call vote was taken. Motion passed unanimously.

Respectfully submitted,



Lisa Pascuzzi
Town Council Clerk

Town Council Chair

Tax Stabilization Fund Info:

The Tax Stabilization fund currently has a balance of \$145,162. This is a result of the funds from the excess revenue from FY 21-22. In FY19-20 \$225,000 was allocated to the fund by Town Council. The \$225,000 was completely used over the next two budget processes to offset the budget. In FY 21-22 we received \$193,549 in excess ECS funds and this excess was allocated pursuant to the ordinance. (\$145,162 to the stabilization fund and \$48,387 to the CNRE fund). In FY 22-23 we received \$289,720 in unanticipated municipal revenue sharing. Once all the other State grant payments are received for ECS etc, we can then determine if that full amount can go into the Municipal Stabilization fund at year end. We will not know for sure until we receive the final amounts for ECS etc. If all goes well, we can hope that \$217,290 can be added to the fund at year end. But we cannot allocate it to the fund until we know for sure that it will be available. See below for the excerpts regarding the allocation and use. In any event, no more than \$300,000 can be used in any one year.

§ 46A-4 Allocations.

Allocations into the fund will come from 75% of any additional state revenue received in an amount higher than anticipated in the adopted budget for that fiscal year provided that the amount of the increase is greater than \$100,000 after taking into consideration known reductions in any other state or nonstate budgeted revenue. The Town Council may, in addition, appropriate money into this account in the same percentages stated herein from fund balance and/or excess revenue from other sources upon recommendation of the Town Manager and Finance Director. The remaining 25% of the additional revenue shall be allocated to the Town's Capital Non-Recurring account (CNRE) to be used for capital projects of the Town and/or the Board of Education. Notwithstanding anything to the contrary herein, the aggregate balance in the TSF shall in no event exceed a maximum of \$3,000,000.

§ 46A-5 Fund expenditures.

The TSF shall not be reduced or used for purposes other than those specifically provided for in § **46A-2** above, Purpose. During the development of the annual budget, the Town Council may authorize a transfer from the TSF to the General

Fund. This transfer will be shown as a revenue line in General Fund Budgeted Revenue consistent to the extent possible with Use of Fund Balance entries. The maximum annual transfer shall be \$300,000 in any one fiscal year.

ECS:

A question arose as to ECS receipts over the years. Below is a summary:

Fiscal Year	Budget	Actual	Difference
2023-24	8,930,150		
2022-23	9,105,528	4,552,764(so far)	(4,552,764) to collect
2021-22	8,775,218	8,968,767	193,549
2020-21	9,105,528	9,083,536	(21,992)
2019-20	9,435,837	9,398,129	(37,708)
2018-19	9,736,833	9,761,563	24,730
2017-18	10,164,218	9,332,303	(831,915)
2016-17	10,784,974	10,733,601	(51,373)
2015-16	10,886,097	10,910,803	24,706
2014-15	10,902,485	10,888,029	(14,456)
2013-14	10,917,970	10,936,789	18,819

Question: How much would the overall budget for the Town need to be reduced to get the spending increase below 3%?

The various budgets would need to be reduced in total by \$245,000. I have redone the debt management plan and can reduce the debt payment down to \$4,700,000 (cut \$50,000). Of course the offset from committed fund balance would also be reduced. The debt increase had no impact on the tax rate increase because it is offset by committed fund balance. The revenue from that will also be reduced, so this reduction will not reduce the tax impact. (this reduction will not reduce the impact on the mill rate only on spending). The remaining \$195,000 reduction would need to be identified.

This scenario would result in a 2.99% spending increase. .69 mill increase or a 1.89% tax increase for a mill rate of 37.27

A suggestion of reducing the Town Operating budget by \$82,051 (\$13,682,051 down to \$13,600,000) and increasing the BOE Budget by \$145,000. In addition, using the Tax Stabilization fund for \$145,000 to offset the revenue for this increase.

This scenario also includes a \$50,000 reduction to debt service for the following numbers. The impact of this would be a spending increase of 3.42%. A tax increase of 2.16%. An increase in the mill rate of .79 mills to go to 37.37 mills.

Note that this recommendation would use the balance in the municipal stabilization fund and, hopefully, it will be replenished by \$217,290 for use in future years. This is a one-time revenue source this year that the future councils can consider how they would like to fund the increase in future years when there may or may not be a stabilization fund offset. We also should keep in mind that the ECS revenues are projected to decrease in future years as well. That future impact on the budget should be kept in mind. Certainly this is a policy decision and I am not making suggestions in either direction. I am just providing you with information for you to consider during your decision making process.