

Minutes of the Town of Suffield FY 2021-22 Budget Public Hearing
Zoom Conference Call May 12, 2021

*Call recording is available under Agendas & Minutes, Board of Finance,
Public Hearing on the Town Website*

Board of Finance (BOF) Members Present: Ryan Anderson, Chris Childs, Tracy Eccles, Eric Harrington, Dr. Ann Huntington, Brian Kost **Members Absent:** None **Alternates Present:** Michael Haines, J Michael Stevens, John Sullivan **Alternates Absent:** None

Also Present: First Selectman Melissa Mack, Director of Finance Deborah Cerrato, Tim Van Tassel Superintendent Suffield Public Schools, Susan Mercik Davis, Chairman, Board of Education (BOE), Bill Hoff, Business Manager, Suffield Public Schools.

Chairman Anderson called the hearing to order at 7:02 pm, followed by the Pledge of Allegiance, a moment of silence for the lives lost due to Covid-19 and thanks given to all those that went above and beyond to keep our town and schools functioning during such a difficult year.

Budget Presentation:

Change in State Grant Revenues (slide 2)

Chairman Anderson noted that funding received from the State for both the Town and schools is a key driver in our mill rate. He reviewed the various grants making up the \$13,168 total which is a 2% increase. There will be further meetings once more is known about the amount of Covid relief funds and limitations of use to determine the best use for the Town and schools. Knowing there is funding coming it was important to keep the mill rate flat.

Revenue Budget (slides 3-4)

There was a significant increase (46.03%) in local fees and licenses. There were capital projects with funds remaining that we would typically sweep in as revenue. However, as we were entering the pandemic we left the funds (\$800k) to be used going forward in last year's budget. An example is the Remington Street Bridge project which was a pre-funded capital expenditure in prior budgets, but then was elected to be bonded and we were able to release those funds.

There is a significant increase in Fund balance utilization from \$1M to \$2.5. However, \$2M of the \$2.5M is a reclassification of our assets that we are taking from the undesignated fund balance to put into the Capital Non Recurring Expense (CNRE) fund which gets a better investment return. The CNRE can be used for future capital expenditures. We also need to use our bond premium within a certain period of time so that is playing into fund balance utilization as well.

Other revenue items include the state grants (prior slide) and tuition from non-Suffield students attending the Agriscience program. While the budget shortfall to be funded by taxes increased by \$529k, the mill rate does not need to be increased due to the \$19M increase in the Net Collectible Grand list based on the property values, new construction etc. in Town.

Town Expenditures (slides 5-7)

Expenditure trends by category from FY 2016/17 to FY 2021/22 were presented. For FY 21/22 the proposed \$62.3M is a 5.62% increase, however \$2M is for the fund transfer to CNRE. Excluding that expenses would be \$60.3M or a 2.2% increase.

Although the BOE's overall spend will be higher year over year, the amount from tax payers is flat due to Covid relief funding and by prudent prior year management of Choice funds (students that come from other towns) by the BOE. Debt service is decreased because the high school construction bond completed. Capital spending is up but our target for capital plus debt service of 10-12%.

The budget increase for General Government Operations was originally proposed to be 3.8% but the BOF took some actions that increased it to 4.9% (details below). Last year we did not take enough payment from Town and school employees to fund their portion of medical insurance so we had to do a transfer to the insurance fund. That was not necessary in this year's budget.

Budget Changes Recap (slide 8)

Chairman Anderson recapped the original budgets and actions taken by the BOF. Covid dollars received and anticipated made it possible to decrease the proposed BOE budget by \$488k which kept them flat. \$175k was added to the proposed BOS budget, the more material items being the decision to fund a Pension contribution and on-going maintenance for the fire stations as well as trash tipping fees that increased after the budget was prepared. The BOF also decided to transfer the \$832k no longer needed from prior capital projects into revenue and the \$2M was transferred from the undesignated fund balance into CNRE for a better investment return.

Fund Balance and CNRE (slide 9)

Chairman Anderson reviewed the trends and status of these "rainy day" funds for which for our target is in 12-18% of budget. Based on activity to-date and positive returns in the equity market, FY20-21 is estimated to be on target at 17.62%. Factoring in that \$2M of the budget is the fund transfer, the fund balance is then 18.1% of the \$60.6M.

Pension and OPEB liabilities (slide 10)

Chairman Anderson reviewed the unfunded liabilities totaling \$17M. However, these are long term liabilities that we are addressing over time. The unfunded pension liability amount is as-of June 2020. If the market continues to perform well to the next audit it could be less, around \$7-\$8M range. The OPEB fund totals are more recent.

Capital and Debt Service (slides 11-13)

Our debt service is down so we can take on more capital projects. We have about \$6.8M in debt service and capital projects combined, up about \$1M over last year or about 10.86% of budget. Factoring in the \$2m asset transfer, it would be about 11.2 %.

Chairman Anderson reviewed the current debt schedule which drops off next year and again in FY 28/29. Typically, we look to do a bond issuance every 4-5 years. There is a facility study in next year's budget which may identify bond candidates. He highlighted a few of the more significant capital projects in the budget, noting that the complete list is available on pages 19-20 of the detailed budget package.

General Municipal Government Operations Budget – First Selectman Melissa Mack

First Selectman Mack opened by thanking all the Department Heads for presenting very reasonable budgets, the BOF for making some important additions to the BOS budget and the partnership with the BOE which has made shared services like IT very successful.

First Selectman Mack reviewed the budget process - original Department Head requests, BOS approved, BOS amended (slides 2-3). She then reviewed the “standing still” budget (slides 4-6): If they only resumed pre-pandemic staffing levels at Kent Library and Public Works; covered contractual obligations for the four settled union contracts and reserve for the pending contract negotiations, the 53 week payroll (.57% of budget) and the unfunded mandatory minimum wage increase, it would be a \$336,200_(2.06%) increase.

A graphic (slide 7) showed the steps from the FY 20/21 budget plus the “standing still” 2.06% increase and the 1.82% improvement requests from the Department heads, resulting in the BOS approved 3.88% increased budget.

Staffing improvements requested (slide 8) were reviewed including a new full time paramedic to meet the identified need and reorganizational savings in the tax collector and assessor departments.

Non payroll changes (slide 9-12) were reviewed including lease savings given the new Town Hall, several items related to IT and operational changes in the Police and Fire Departments. Public utility costs are increasing, specifically water and trash hauling and recycling fees. Employee benefits and insurance increased with an 8% increase in medical insurance and the BOFs changes to increase the pension contribution and reduce workers compensation insurance.

BOE Budget

Superintendent Van Tasel recognized Bill Hoff’s efforts in developing the budget along with the district administrators, BOS, Town leaders and each of the BOE members.

Susan Davis, BOE Chair reviewed the key take-aways (slide 2). The original 1.36% budget proposed in March that through collaboration with BOS, BOF and use of Covid relief and other funds they were able to remain flat. The budget pie chart shows that salaries (66%) with benefits are 84% of the budget. She reviewed the personnel impacts (slide 3-4) included new or newly formed positions that will have bring benefits to students as well as reductions based on current reduced student demand.

Additional savings and liabilities (slide 5) include turn-over possible savings in medical insurance depending on enrollments, the pending Teamsters negotiation and possible outplacements as liabilities. They have received a few notifications of retirements which typically result in replacement staff at lower entry salaries.

In closing Ms. Davis emphasized that while they achieved a zero increase budget, they were able to do so while still serving the students well.

Question & Answer

Don Miner, 1855 Mapleton Avenue complimented the BOF on their hard work on the budget, Superintendent Van Tasel for his positive leadership impact noting that the tension between the schools and Town is gone, and the BOS and First Selectman Mack for getting into the details of the budget. He hopes it will pass as is.

Brendan Begley 7 Clay Creek Drive thanked everyone for their efforts and hours. He asked the BOE how they will address cost per child as enrollment continues to decline, noting that the level of education has been phenomenal but we are now down to 11 students in some classes. Mr. Van Tasel said he has been getting a good sense of programming needs and analyzing every position. Any vacancies that occur are evaluated based on need/size. He foresees a continued decrease in faculty and staff. High school will see some smaller class sizes in AP classes, career interest classes and they want to offer a robust career opportunity. As middle school continues to shrink they will have to look at restructuring to one team, however if they did that now class size would be 29-30 which would not be acceptable to parents. They can look at going to a single team when enrollments decrease to the level where class size would be 18-22.

As there were no more questions, Chairman Anderson announced that the Town Meeting to vote on the budget will be held May 26th at the Suffield Middle School auditorium and also via Zoom meeting. If there is any further feedback from residents, they may still submit that to the BOF in advance of the meeting.

Given there were no more questions, Chairman Anderson asked if there was a motion to adjourn. Ms. Eccles so moved and the meeting was adjourned at 8:11 pm

Respectfully submitted,
Kris Kelliher

These minutes are not official until accepted at a subsequent meeting.