

**Minutes of the Budget Meeting of the Board of Finance (BOF)
Town Hall 1st Floor Conference Room, March 6, 2023**

Members Present: Michael Haines, Eric Harrington, Dr. Ann Huntington, Brian Kost, Mark Sinopoli

Members Absent: Chris Childs **Alternates Present:** Mark Englander, Arthur Christian II, Tom Frenaye
Alternates Absent: None.

Also Present: First Selectman Colin Moll, Finance Director Eric Remington, Treasurer Kacy Colston

Vice Chair Harrington called the BOF Budget meeting to order at 7:02pm.

Citizen Comment/Correspondence: None

Mr. Haines made a motion to assign Mr. Childs' voting rights to Mr. Frenaye. Mr. Sinopoli seconded. All were in favor; the motion passed 5:0.

Budget Review

Town Engineer – Karen Isherwood

- Operation budget -This is staying flat with the exception of payroll.
- Capital expenses - Pavement & sidewalk management \$900k; drainage projects of \$100k is consistent with prior years; storm water management including outside consulting for compliance reporting and the small bridge fund is \$75k. She is requesting an additional \$921,250 for Quarry Road bridge as permitting delays with DEEP and Army Corp of Engineers resulted in a time extension and cost increase. Her application for a grant was awarded, and they are closer to getting it permitted. She would like to put \$750k aside for the Russell Avenue bridge replacement and pursue a new federal bridge program that would be 100% reimbursable, but it would take several years to fund.
- Chair Harrington requested a straight-line cost projection for road maintenance to avoid spikes in the budget. Ms. Isherwood believes the \$900k/year is a robust budget to do what is needed each year to avoid large spikes.
- Mr. Kost asked for the percent increase in the maintenance costs per mile over the past two years.
- It was announced that Ms. Isherwood will be leaving at the end of March to pursue a new opportunity. The Board congratulated her and thanked her for her service. She will remain available for the ACCE portion of budget meetings.

Community Services – Topic postponed to a future budget meeting.

Insurance & Employee Benefits - Lynn Gurnham and Kelly Santavenere, MDG Benefit Solutions; Bill Hoff, Business Director Suffield Public Schools also joined.

- MDG reviewed the renewal increases since 2012, the claim history for the past 24 months and discussed the loss ratio (represents actual dollars spent vs. expected). Their analysis shows us to be normal to slightly better in various target metrics and compared to other groups they service. Our large claims are going down with just a few remaining. We currently have a surplus in the insurance fund as premiums are exceeding claims but that should change as employees meet their deductibles.
- Mr. Kost requested a column be added to show how much of the claims are coded for Covid for a 3-year period since the start of Covid as we may be able to use ARPA funds for this.
- Mr. Kost will email Mr. Hoff with his specific request for data separated by Total, Town, BOE and WPCA. MDG did caution the data for our small group is considered only 80% credible, smaller subsets

can skew the data. He will send his additional analysis and report requests to MDG and Mr. Remington to see what can be accommodated.

- MDG reviewed their formula for predicting renewal rate increases to budget for July 2023-June 30, 2024. They recommend budgeting for an increase of 5.7% per employee per year. The Board discussed and decided to leave the 5.7% increase for now and separately review the health insurance fund for potential excess.
- MDG said that per the renewal history report from July 2012 thru current budget year, our average renewal increase has been 4.3%. They like self-funded clients like us to be in 5% range. They noted that we are in the third and final year of our negotiated administrative and stop loss expense fees so we will be meeting in August to strategize renewal.
- Pharmacy rebates, about 25% of pharmacy claims, are 100% passed through to us so they need to be subtracted from pharmacy costs. Mr. Remington said they do go through the insurance fund but they are not reflected in the premium rate.
- Mr. Kost noted the gross cost is \$25,000 per employee, excluding retirees who are under a separate policy, and asked MDG to provide a benchmark relative to other municipalities.
- It was noted that the 2023 budget number doesn't tie into the rates provided by MDG so Mr. Remington will correct or provide rationale. MDG's report needs to reconcile to what the Town, BOE and WPCA have in their budgets.
- The Board would like to have a cost per member vs. the current group total. Mr. Kost will work with Mr. Remington to create this. They would like Mr. Remington to add expected employee and retiree contributions to the bottom of his spreadsheet.
- The Board discussed that with the increase in health care along with the increases requested from all other departments, the proposed budget increase will be more than we can afford.

Additional benefit items – Mr. Remington

- He is working to extract OPEB from the health insurance numbers. OPEB is scheduled for March 20th.
- We have budgeted \$190k for payroll vacancy since 2019. He has left this amount for now but wants to do a deeper dive to understand actual vacancy.
- He has increased overtime (OT) because it has been inadequate, masked by vacancies. He is considering a payroll vacancy factor in the large departments (Police, Fire, Public Works).
- Public Works regular OT has been about \$42k and snow removal OT has been around \$100k yet we budget \$50k then cover shortfall from Contingency. He is asking the Board to decide what they would like to budget for OT for snow removal.
- Disability and annuity, group life insurance budgets are based on current costs.
- The pension contribution budget is from the actuarial valuation, but he needs to confirm the number in the budget document. Mr. Kost would like to know how many active employees are in the pension plan vs. the 457 plan to determine cost per person.
- The sick time budget is based on historical numbers. Different groups have different agreements on carry over vs. paying out.
- He is shifting to put estimated wage increases into department budgets vs. contingency.
- Workers' compensation has a 5% decrease as we have had favorable experience.
- Property insurance rates are budgeted at 3% but could be lower than that. We have at least 1 more year on rate lock contract. Property insurance costs are escalating.

Fire Department—First Selectman Colin Moll representing

- Budget is up \$50k primarily due to 3 years general wage increase (GWI) since the contract settled last year. They separated the Captain and Fire Marshal position into two with the Fire Marshal under the Building Department budget.
- He has posted for the Chief's position and is looking to hire a full time Captain.

- The Fire Commission recently voted to defund the Lieutenant position as they did not support 3 officers for 5 fire fighters. First Selectman Moll does believe we will then need to fund a fire fighter position, or we will create more OT. The difference between a Lieutenant and top step fire fighter is about \$3k.
- There was significant discussion about expecting OT, which is currently about 25% of payroll, to be lower with no vacancies. First Selectman Moll believes we need to go a full year with the right management to determine the correct level of OT. Chair Harrington believes the vacancy accrual is too low and updating it can help.

Finance— Increase is all payroll. The prior year number needs to be corrected. Wages are contractual or a 2% increase for non-contract staff.

Debt Service— Last year we had debt service premium revenue, but Mr. Remington believes we have used it all.

Election – There is a slight increase per the minimum wage increase. We haven't accounted for early voting and if that passes it will be very costly. States are planning to pay for it if they passed it.

Chair Harrington recapped the current proposed budget overall. With the BOE at 6.75% increase, Selectman 4.8% increase, 11% capital expense (\$4.6M for ACCE), \$1.1M in interest income and 2% increase in the Grand List, we would have a 4.64 % mill rate increase. To get to a zero increase we need to reduce \$2.1M. To have a 2% increase we need to reduce \$1.2M. Everyone needs to look for any potential to reduce expense or increase revenue.

Adjourn

Mr. Haines made a motion to adjourn. Mr. Sinopoli seconded. All were in favor and the meeting adjourned at 9:03pm.

Respectfully submitted,
Kris Kelliher

These minutes are not official until accepted at a subsequent meeting