

BOLTON BOARD OF FINANCE
SPECIAL MEETING THURSDAY, APRIL 16, 2020– 7:15 p.m.
VIRTUAL MEETING
REGULAR MEETING MINUTES

BOF Members Present: Chairman Emily Bradley, Richard Tuthill, Vice-Chair Robert Munroe, Charles Danna Jr., Ross Lally, Kristen Gourley, and Robert DePietro

Board of Education Members Present: Susan Pike, Anne Decker, Christopher Davey, Scott Rich, Director of Business and Finance Kusal Huynh, and Superintendent of Schools Kristin Heckt, Andrew Broneil, and Nathan Levine.

Staff Present: First Selectman Sandra Pierog, Town Administrator Joshua Steele Kelly, and Chief Financial Officer Jill Collins.

1. Call to Order: E. Bradley called the meeting to order at 7:15 p.m. with roll call of participants. She clarified that members of the public could call in to the meeting but would not be seen visually.

2. Public Participation: E. Bradley requested that S. Pierog give an update on the state of COVID-19 regulations and any news coming out of the governor's office regarding new regulations. S. Pierog mentioned that not much has occurred over the course of the past week with regard to executive orders that would affect Bolton. S. Pierog mentioned that the Bond Commission has approved the \$200,000 bond for the Town Aid Road grant and additional aid such as Municipal In-Aid and LOCIP. K. Heckt gave an update concerning executive order 7R, concerning payment of bus companies, and mentioned that the school had been part of a Q&A to explain this. The schools are closed until at least the 20th of May under current executive orders.

Ross Lally arrived at 7:22.

3. Approval of Minutes: E. Bradley stated that, in the interest of time, it may behoove the Board to table the approval of the minutes from the past 5 meetings in order to save time at this meeting.

Motion made by R. DePietro, seconded by R. Munroe, to table approval of the minutes until the next meeting.

Voting for: Chairman Emily Bradley, Richard Tuthill, Vice-Chair Robert Munroe, Charles Danna Jr., Ross Lally, Kristen Gourley, and Robert DePietro

Voting against: None

Motion carries, 7-0.

4. Elected Official and Town Staff Reports:

- a. Tax Collection Summary: J. Collins presented the tax collector's report, stating that the current yearly levy is at 101.85%, compared to the 99.97% of the previous year. This change comes from the fact that adjustments have not yet been completed. R. Munroe asked if there was any change from last month. J. Collins stated that there has been no change since the information given at the previous meeting, but that the numbers presented at this meeting were good as of the March 31st. R. Munroe asked again if the net collection of \$17,495,086 had changed since the previous meeting. J. Collins clarified that numbers presented here were for the end of the prior month, and this was clarified as the point of confusion.

J. Collins then presented the March Revenue statement, stating that income had slowed as a result of the COVID-19 pandemic. J. Collins stated that further information concerning the town's income would be forthcoming to help the BOF decide on the mil rate for the upcoming fiscal year. E. Bradley noted that, due to COVID-19, revenues that the town expected to be lower included: interest income, building use fees, library fees, town clerk fees, and municipal center rent. S. Pierog

noted that \$24,859 in Municipal projects had been approved by the bonds commission. Town Aid Road grant has also been approved but is not part of the general fund revenue.

- b. Town Update: J. Kelly presented the 2020 expenditures as of March 31. J. Kelly indicated 3 lines of spending that are currently trending higher than in previous years - these were Data Processing, Fire Commission, and Conservation. Data Processing fees have been higher than normal because of a large number of long term contracts that had been paid in the past month. Conservation is trending high, but is expected to balance due to reduced clerk fees over the next month. Fire Commission fees have historically been high. J. Kelly next presented the Town Budget transfers from April, the majority of which were used to cover payroll lines due to changes in staffing. Additional transfers were made to rent temporary housing for first responders to the COVID-19 crisis who may need to quarantine and cannot return home during the pandemic.
- c. Board of Education Update: K. Heckt spoke first to the memo, received by the BOF, regarding the transfer of \$22,000 in funds from Electricity to Supplies and Repairs and Maintenance in an effort to address unexpected operations emerging from COVID-19. K. Heckt next spoke to school budget expenditures as of March 31 - the school's budget is currently 68% expended for the 2019-2020 fiscal year. K. Heckt was asked by R. Tuthill if the school was reporting transfers within CHOICE Monies according to the spending plan. K. Heckt stated that such reporting has not historically been done, and that the choice to do so would be up to the BOE. R. Lally asked for clarification concerning what percentage of the BOE budget was made up of the CHOICE monies and was this not currently being reported on. E. Bradley clarified that the % of the budget was small, though did not know the exact number off the top of her head. R. Munroe stated that ~\$400,000 of grant money was anticipated this year. R. Tuthill expressed his concerns about CHOICE monies because they directly affect the BOE's expenditures, but E. Bradley mentioned that the CHOICE funds are used as an expense offset, and that although education costs have been rising, the grants offset that rising cost. K. Heckt confirmed E. Bradley's statements, and also spoke more about how CHOICE funds are acquired and spent.

5. Discussion Re: FY 2021 Budgets (Revenues & Expenditures): E. Bradley spoke to the progress that the Board of Finance has made over the past few meeting – starting with the budget gap of \$704,124 at the April 2 meeting, the board had managed to reduce that gap in the following meeting to only \$19,575 via revised revenues, givebacks from the BOS, BOE, unspent contingency funds and the temporary loan and expenses that were not needed because we adopted a budget by July 1. R. Tuthill asked for clarification on the where the \$1,280,488 of Cash Surplus available for Appropriation came from. He knows that part of it was from the town and BOE under expending but is uncertain about the remainder. S. Pierog noted that the value arises from the most recent audit, where revenues were higher and expenses were less than expected. R. Tuthill noted that if they reduced the contingency budget for the following year the projected budget gap would be closed.

E. Bradley turned the discussion to just this topic - what should the contingency value be for the coming fiscal year? E. Bradley referenced points raised by R. Lally and K. Heckt in previous meetings, concerning the uncertainty of the world at the moment due to COVID-19 and the importance of having sufficient contingency should expected revenues fall through or expenses rise.

J. Kelly offered a sampling of contingency values and bond ratings from surrounding communities for comparison purposes. Bolton's most recent budget featured a contingency fund that was .41% of the total budget, which was similar to the neighboring towns of Columbia and Marlborough (both having a .38% contingency).

E. Bradley spoke to a situation that arose in Bolton several years ago wherein the town chose to increase the

contingency fund in the budget due to inherent uncertainties in state economics. This ended positively for the town, as the action was viewed as being fiscally responsible and improved the town's Bond rating.

K. Gourley mentioned that she had heard of a time when the contingency fund was at \$250,000, and E. Bradley confirmed that this was the situation that she had been referring to. R. Munroe mentioned, however, that historically the contingency fund had often been much lower than this - totaling only \$25,000 for many years.

R. Lally suggested that looking at the extremes was unlikely to be beneficial, as such extremes were unlikely to happen. Despite this, he surmised that there would be many rising expenses in the COVID influenced economy and reduced income for the town and potential cash flow problems. R. Lally suggested that going up to 2% of expenditures is likely unnecessary, but it might be prudent to increase the contingency above the currently discussed \$91,000.

J. Collins shared with the board in addition to the concerns of R. Lally, a large number of unemployment claims have been coming through lately, and there could be a rise in individuals coming onto the Town/BOE's insurance plan due to loss of coverage on their spouse's insurance because of unemployment.

R. Tuthill asked for clarification on what 2% of expenditure would look like for a contingency fund - E. Bradley stated that the value would be \$454,271. To achieve that value of contingency in the budget, it would translate to a mil rate of 39.80. Conversely, raising the contingency to \$250,000 would translate to a mil rate of 39.34 if taxes were used to finance the increased contingency budget, or \$180,000 in cuts to hold mil rate constant at 39.00.

Motion made by R. Lally, seconded by R. DePietro, to set the contingency for the 2020-2021 fiscal year at \$250,000.

R. Tuthill voiced his agreement for this value, and mentioned the existence of the town's rainy day fund of \$1,600,000 should the contingency fund not be sufficient to cover the unknowns in the coming year. R. Munroe expressed his support for a higher contingency value, but indicated concerns about the cost to the taxpayer in these hard economic times and advocated aiming for a contingency value of \$180,000 and a 0% increase in taxes. R. Lally concurred about the issues R. Munroe felt that raising taxes under the present circumstances would be the inappropriate thing to do if it is at all avoidable.

While K. Gourley agreed that it would be ideal to avoid raising taxes at this time, adequate spending is important to prevent the issues caused by COVID-19, and preparatory spending is worth more than reactionary spending when it comes to preventing damage to the community. E. Bradley mentioned that costs are going to rise due to higher medical insurance and unemployment claims, and the town needs to be prepared for them.

R. Tuthill stated that the country will almost certainly experience a second and potentially a third wave of COVID outbreaks, and that the town should be very cautious about having sufficient contingency. R. Tuthill also thinks that the majority of the \$180,000 needed to finance a \$250,000 contingency should come in the form of cuts to and givebacks from various town boards.

Voting for: Chairman Emily Bradley, Richard Tuthill, Ross Lally, Kristen Gourley, and Robert DePietro

Voting against: Vice-Chair Robert Munroe, Charles Danna Jr.

Motion carries, 5-2.

Having affirmed to set the contingency fund at \$250,000 E. Bradley posed the question of funding this line item to the BOF.

Motion made by R. Tuthill, seconded by R. DePietro, to raise the mil rate by an estimated value of .13 to 39.13 (with the intent of generating \$90,000 in tax revenue), and to cut the BOS budget by \$30,000 and the BoE budget by \$60,000.

R. Tuthill argued that the BOE and BOS have traditionally underrun their budgets by far more than \$90,000 together, and that this request would not be too difficult on either body. R. Lally, C. Danna, K. Gourley, and R. DePietro agreed, and echoed the sentiment that everyone has to sacrifice in order to pull together through the COVID-19 crisis, and the town boards will tighten their belts alongside the taxpayers through this situation.

Voting for: Chairman Emily Bradley, Richard Tuthill, Ross Lally, Kristen Gourley, and Robert DePietro, Charles Danna Jr.

Voting against: Vice-Chair Robert Munroe

Motion carries, 6-1.

6. Consider and Act on: FY 2021 Proposed Budget for Public Hearing (Possible Action): E. Bradley asked J. Collins if it was appropriate to make a motion to go to public hearing with a specific value, to which J. Collins replied in the affirmative.

Motion made by R. Tuthill, seconded by K. Gourley, to go to public hearing with a proposed budget of \$22,873,544

Voting for: Chairman Emily Bradley, Richard Tuthill, Ross Lally, Kristen Gourley, and Robert DePietro, Charles Danna Jr.

Voting against: Vice-Chair Robert Munroe

Motion carries, 6-1.

E. Bradley thanked everyone involved in this process for their hard work, especially during this difficult time in which meetings had to be held remotely.

7. Review of Budget Calendar: E. Bradley examined the budget calendar and determined that the budget needed to be filed with the Town Clerk by Wednesday, 4/22/20. This will set the public hearing for **Tuesday, 4/28/20 at 7:00 PM** - it will be a meeting via zoom, open to the public, and comments and questions from the public will be encouraged. After the public hearing, the BOF will convene for a special meeting to discuss the public hearing.

The BOF has a scheduled special meeting on **Thursday, 4/30/20 at 7:15 PM**, to discuss any changes in the COVID situation and to finalize the budget if needed.

R. Tuthill asked whether or not a referendum was needed at this point. S. Pierog stated that the BOS has authorized the BOF to make final decisions regarding the budget for the 2020-2021 fiscal year due to the COVID-19 crisis. Should large public gatherings no longer be prohibited by the 12th of May, the public referendum on the budget will be held on May 26th. Should it not be, the BOF will make and approve the final budget per the authorization of the BOS.

Next Meetings:

- April 28, 2020 Public Hearing/Board of Finance Special Meeting (if Necessary) **7:00 PM (THIS IS A TUESDAY)**
- April 30, 2020 Special Meeting

8. Adjournment: E. Bradley adjourned the special meeting at 9:27 p.m.

Respectfully submitted by

Michael James Stankov

A handwritten signature in black ink, appearing to read "M. Stankov", with a long horizontal flourish extending to the right.

PLEASE SEE THE MINUTES OF SUBSEQUENT MEETINGS FOR THE APPROVAL OF THESE MINUTES AND ANY CORRECTIONS HERETO.