

Beacon Falls Board of Selectmen
Beacon Falls Board of Finance
10 Maple Avenue
Beacon Falls, CT 06403



BEACON FALLS BOARD OF SELECTMAN
BEACON FALLS BOARD OF FINANCE
Joint Budget Workshop
May 31, 2022 MINUTES (Subject to Revision)

1. **Call to Order / Pledge of Allegiance:** First Selectman G. Smith called the BOS meeting to order at 6:31 PM and led the assembled in the Pledge of Allegiance.
2. **Members Present:** G. Smith, P. Betkoski, M. Krenesky, W. Hopkinson, K. Brennan, S. West, D. Fennell, K. Brennan (7:00 PM)

Members Absent: T. Pratt

Others Present: Finance Manager N. Nau, Andreas from Republican-American, approximately 7 members of the public

3. **Public Input - Webform:** The Finance Office received 1 new public input webform from Glenn Stevens of 2 Bayberry Court, regarding the Planning & Zoning revenue and ZEO expenses and oversight for projects (attached). The input was read, and the Finance Office will provide a response by email.

M. Carroll, 90 Burton Road, asked if the Boards or Finance Department have reached out to the Public Works employees to determine what they want or need and if they are in support of the new Assistant Director position. G. Smith has spoken with them; some employees are for the position; some are against it.

D. Bousquet, 29 Cedar Circle, asked if the Assistant Director of Public Works would be able to jump into a plow truck or excavator to help out the maintainers if the need arises. G. Smith noted that this is bargaining unit work and the union will not allow non-union employees to do union work. The union will not allow outside contractors to run a weedwhacker or plant flowers because it is union work. The Assistant Director would be administrative and oversight work only.

4. **Budget Discussion:**
 - a. G. Smith has some suggestions to make for changes to the budget which he plans to present for discussion. The First Selectman's proposal is as follows:
 - **Revenue: Increase** Building Permits revenue from \$170,000 - \$200,000
 - **Expenditures: EDC** Consultant – Remove this \$41,000 line
 - Fire Dept Fuel – Reduce this line to \$14,200
 - Fire Marshal Expenses- Reduce this line to \$4,500
 - Police Wages PT Patrol – Reduce this line to \$150,000
 - Police Vehicle Maintenance – Reduce this line to \$6,500

- Public Works Assistant Director – Eliminate the position and the benefits associated with the position. With regret, he is eliminating this position which he believes is one of the more important items in the budget.
 - Snow Removal – Reduce this line to \$70,000
 - Highway & Park Equipment – Reduce this line to \$10,000
 - Highway Fuel – Reduce this line to \$15,000
 - Pavement Maintenance – Reduce this line to \$75,000
 - WWTP Plant Operations – Reduce this line by \$14,570 to \$50,000
 - Nitrogen Credits – Reduce this line to \$55,000
 - Benefits Adjustments – The Finance Department will reduce the Department 13 lines – Medical, Life & Dental insurance due to the elimination of the Assistant PW Director, equally about \$20,000.
- b. This represents a total of \$280,000 in expense cuts and with the revenue adjustment the impact is \$310,000 to the total budget. The impact should represent about ½ mill change.
- c. G. Smith is requesting that the Boards do not use Fund balance to balance the budget and reduce taxes. On the advice of Bond Counsel, fund balance keeps our credit rating in a positive place for future bonding.
- d. G. Smith is recommending the following cuts from the **Capital Projects**:
- i. Fire Cutter, Spreader/Rams– The Town will only provide their 5% match if the AFG grant is funded.
 - ii. Remove Painting of Firehouse
 - iii. Do not move forward with funding the Vehicle Replacement Fund – \$185,000
 - iv. Fire UTV, Skid Pumps, & Trailer – Remove these from the budget.
 - v. Ambulance Replacement – Remove the \$50,000 contribution to Vehicle Replacement
 - vi. Plow Truck – Remove \$50,000 Vehicle Replacement fund
 - vii. Remove residing of the Town Garage.
 - viii. Remove Public Work UTV.
 - ix. Playscape - This project will only move forward if the K. Matthies Grant is awarded.
 - x. With the Town Garage improvements removed from the budget, we can use LOCIP monies for the Senior Center windows and ramp replacement.
 - xi. Remove Senior Center pavilion, as the AARP grant was not received.
- e. G. Smith asked for the opinion of the other members of the BOS. P. Betkoski noted this was a good start. If grants are received, the projects will not move forward. M. Krenesky added that he is in full agreement, based on the outcome of the vote, that this is the across-the-board approach that is needed. P. Betkoski asked about pay raise increases; particularly the Library and Fire Marshal increases. M. Krenesky would like to stay away from personnel wage cuts and the proposal does not cut any salaries.
- f. Turning to the Board of Finance, J. Carroll asked where the Fund Balance will be if we remove all of these capital projects. The minimum threshold is 12%, so with these capital cuts what will the fund balance percentage be? G Smith added that the rating agencies tell us not to use fund balance to offset taxes, but instead to use it for capital expenses. G. Smith thought that we had presented a responsible budget which continued to move the town forward down the road, and the cuts are responding to the taxpayers' wishes. This is the ultimate kicking the can down the road, and raiding the fund balance, there is no way to stave off tax increases for future capital projects.
- g. D. Fennell agrees with the proposal of the First Selectman. He would like to hear P. Betkoski's thoughts. D. Fennell asked about the history of the Public Works lines from 59.1785-59.1793. N. Nau explained that these are the Parks Department lines, formerly

Department 71, which were moved to Department 59. The historic spending for these lines is in Department 71.

- h. W. Hopkinson would like to address any non-contractual wage increases. She is curious if the union had any feedback. The library increases and longer hours, increase for minibus, finance assistant and assessor clerk. There is a new position added as the Land Use liaison to clerk and do clerical work for the Land Use office. The Fire Marshal increases are also open. W. Hopkinson suggested increasing the number of hours as proposed but holding off on the rate increases until the contract is renewed. These are all open for discussion.
- i. S. West asked if the town is on the low end of wages. G. Smith added that with the job market where it is, it is tough market to hire, when we are not competitive with wages. G. Smith noted the union is okay with the increases. J. Carroll also has concerns about opening the contract, bringing wages over 2.5%. He shared the First Selectman's concern about keeping good people.
- j. J. Carroll asked, with legal fees going up by \$100,000, will we need the \$100,000. G. Smith stated that the increase is for the Data Center, and we do not want to jeopardize that project by not funding the legal costs. Attorneys with the skill set for that work are very expensive. If the approval process moves quickly, then we may need more than the \$100,000. WH noted that these are frontloaded costs, with revenue coming later when they break ground.
- k. WH noted that the vote came out very loudly that costs need to come down. Non-contractual wage increases will be reviewed further by the Boards. JC asked if we drop the operating budget by \$290,000, does this move the operating budget percentage under 10%? With regard to the operating budget, there are unavoidable increases of 5% in debt service and 2.5% are contractual wage increases, which must be funded. The changes now result in approximately 8.5% increase in the operating budget and ½ mill decrease.

K. Brennan entered the meeting at 7:01 PM.

- l. DF asked if we could move the legal fees for the data center to capital projects and out of operating. The proposed changes were reviewed and tallied. N. Nau totaled capital cuts are \$442,000 and the operating cuts are approximately \$300,000. The total capital budget is now \$276,942.
- m. G. Smith added that not everyone was going to see a tax increase with this budget. He believes that the budget was in the best interest of the town and putting off capital is history repeating itself. If you want the town to progress, we need to pay for it, or we kick it down the road. We have taken steps forward with the bond package and we want to take the next step, but we are not taking them. PB noted it is unfortunately not the right time. WH added that we decreased the taxes by a mill last year, from COVID savings surplus and the Boards made the decision to give it back to the taxpayers. We should look at FY2021 for comparison, rather than a year where we reduced taxes. She agreed that the Vehicle Replacement Fund was a great idea for planning purposes, and we should continue to try to make these changes, but we are struggling to make it happen this year.
- n. K. Brennan asked to look at a few things on the revenue side. He proposed increasing Town Clerk Conveyance revenue to \$125,000 and with Interest rates going up, increasing interest to \$10,000. He also asked if the surplus monies are beyond the 12% minimum, can we skim the undesignated fund balance to get closer to 12%. The First Selectman's proposals addressed his expenditure suggestions. He asked if the Town Clerk position cost the Town more than it has in the past. Town Clerk revenue offsets the increased salary figures.
- o. KB felt we were moving in the right direction. We all agree that this is a tough time with inflation. We need to communicate that these items will need to be put back in the budget at some point. Otherwise, it will add up in bonds later and we need to strike a balance.

- p. DF agreed and asked if P. Betkoski had additional thoughts/proposal to contribute. P. Betkoski agreed with the First Selectman's cuts. The discussion escalated and was halted.
 - q. N. Nau noted that the cuts to operating and capital total \$732,507. There is a ½ mill decrease in operating costs. KB- if we are cutting \$450,000 from capital, then why aren't we using those monies from fund balance. G. Smith is a proponent of keeping those funds for a later date when we can move forward with the projects.
 - r. MK noted that this is where we stand, and we did our job. We had a responsible budget and now we are at an 8% increase, and we are bringing it back to the public.
 - s. JC noted that we need to take a look at the use of fund balance, based on the economic times we are in, as we need to bring the mill rate down. KB stated that we might as well not cut from cap, if we are not going to use fund balance to offset the budget. G. Smith is apprehensive about using fund balance 2 years in a row. What percentage of minimum undesignated fund balance is the recommended amount? N. Nau noted that the industry standard is 3 months of expenses, and we currently have 1.5 months of expenses.
 - t. To conclude the meeting, for discussion to resume tomorrow night, the Boards want to look at the following figures:
 - i. Revised budget with the proposed changes
 - ii. Wage numbers to potentially take out all wage increases that are non-contractual. We want to keep the increased hours for the Deputy FM and the Library and look at the raises.
 - iii. Fund balance remaining with the revised budget figures and what percentage the town is projected to have.
5. **Adjournment: PB made a motion to adjourn the Board of Selectmen at 7:35 PM. MK seconded the motion. All ayes. WH made a motion to adjourn the Board of Finance at 7:35 PM. KB seconded the motion. All ayes.**

Respectfully Submitted,

Erin A. Schwarz

Finance Office