

SPECIAL MEETING MINUTES

TOLLAND TOWN COUNCIL HICKS MEMORIAL MUNICIPAL CENTER 6TH FLOOR COUNCIL CHAMBERS FEBRUARY 16, 2017, 6:30 PM

MEMBERS PRESENT: Rick Field, Chair; William Eccles, Vice-Chair; Robert Green; Paul Krasusky
Joseph Sce and David Skoczulek

MEMBERS ABSENT: Kristen Morgan

OTHERS PRESENT: Steven Werbner, Town Manager; Mike Wilkinson, Director of Administrative Services; Lisa Hancock, Director of Finance and Records; Sam Belsito, State Representative; Tim Ackert, State Representative; Heidi Samokar, Director of Planning and Development; Walter Willett, Superintendent; Beverly Bellody, Human Services; Scott Lappen, Public Works; John Littell, Fire Chief/Director of Public Safety

1. Discussion of Impact of Governor's Budget on the Town:

Mr. Werbner said this is a year like no other. It is a situation that we are all in, and we need to figure a way out of it. He invited the members of the community to e-mail him with their suggestions, comments, or questions. Since this is a fluid process, there will be more meetings and more information will follow.

Mr. Werbner explained that his budget cycle does not coincide with the state and local government. By Charter, he is mandated to have his budget come out the second week of March. At this point in time, he is basing his numbers off of the Governor's numbers that he has now. He gave a presentation with the use of a PowerPoint. He began by showing a slide outlining what Tolland is currently getting versus what the Governor is proposing for FY 18. Some of the biggest differences are:

ECS Grant (-46.9%): this is used as a mill rate offset. It lowers our mill rate for the cost of education.

MRSF Revenue Sharing (43.9%): Tolland gets a percentage of increase in the sales tax as a revenue sharing grant.

Special Education: this used to be combined with the ECS Grant and reimbursements that the BOE applied for to assist with excess cost grant obligations.

Teachers' Retirement Contribution: The teachers in Connecticut have a state-wide pension program. The municipalities have had nothing to do with that, nothing to do with the formation of it, and Tolland doesn't sit on any committees that determine the terms of that pension. Employees contribute 7.5-8% and the rest is paid for by the State. Over the years, the State has underfunded the pension, and now in the next 2 – 5 years significant balloon payments are due in order to bring the funding back up to where it should be. About a 30% increase over the next couple of years will be necessary in that one category. The State is now saying they want us to share in that obligation. Municipalities will be picking up the cost of the pension and whatever portion of the unfunded liability that the State didn't pay. \$1.9m assumes that there will be increases in the next valuation in terms of their pension obligations. The obligation will increase on a yearly basis.

Overall, Tolland has lost \$4m of revenue. Special Education is being counted as an offset. However, that money (\$2.5m) goes directly to the BOE as a reimbursement, and is not used towards our mill rate. So, in total, Tolland has lost \$7m towards the tax base.

The proposal would reduce municipal aid by \$363m (11.4%) versus FY 17.

Municipal Aid in Governor's Proposed FY 18 State Budget

Municipal Aid; Current Year FY 17 - \$3,193,898.555, Gov. Proposed FY 18 - \$2,830,948,336
Proposed FY 18 v. FY 17 Change: (\$362,950,219), -11.4%

A summary showing the various categories of aid that were either reduced or increased, along with an explanation of how they determined their funding levels was shown. From Mr. Werbner's understanding, they looked at several factors: fund balances, mill rates, and per pupil costs for education. If it was determined that you were a wealthy community, have a low mill rate and your per pupil spending is relatively low, then it was determined that you are in a good position to make a greater effort to pick up some of the costs on your own. So, for all the good work Tolland has done, it is being penalized.

Some of the additional items in the FY 18 budget that impact towns and cities are bond funding, motor vehicle tax cap, municipal spending cap, and the Resident State Trooper program. With regard to the Resident State Trooper program, towns would be responsible for 100% of costs associated with the Resident State Trooper program. There would be an additional \$750 surcharge for each constable supervised by a trooper.

Some other impacts are:

The change in the State imposed motor vehicle cap going from 37 mills to 32 mills is a loss to Tolland of \$200,000. We are not being reimbursed for this loss like some other Towns due to the base year the State used for the calculation. Efforts to correct this with new legislation were not successful.

The State is again considering exempting from taxation all personal property with a value under \$10,000. This would result in a loss of revenue of approximately \$43,928. That amount is not factored into our mill rate calculation.

The impact of reduced assessments associated with crumbling foundations is a loss at current count of \$95,000. Tolland has 40 homes that have applied for reduced assessments, 9 others are going to the Board of Assessment Appeals, because they filed after the deadline. After doing some estimates, in 3 – 5 years, if there is not corrective action taken, that will be close to \$800,000 of lost revenue as a result of devalued homes as a result of the crumbling foundation situation.

What does this mean for our budget?

A couple of weeks ago, Mr. Werbner's plan prior to the Governor's budget (receiving all of the normal revenues and no teacher pension obligation): Zero percent expenditure budget for Town and 2.14% increase for BOE and ECS at current amount – 0.45 mill or 1.316% increase.

After the Governor's budget came out, and as a result of the reductions, Mr. Werbner put together some hypothetical situations based on the Governor's budget:

- A. Zero percent expenditure budget, except for new cost of Teacher Pension and reduced ECS – 6.10 mills or 17.84% increase
- B. Zero percent expenditure budget with no Teacher Pension cost and reduced ECS – 4.38 mills or 12.81% increase
- C. Expenditure increase at 2.14% for BOE and .66% for the Town with Teacher Pension cost and reduced ECS – 7.00 mills or 20.47% increase
- D. Expenditure increase for Town and BOE as shown in (C) above with no Teacher Pension cost and reduced ECS – 5.28 mills or 15.44% increase

The current budget recommendations based on the Governor's budget:

- A. Expenditure reductions of -.91% or 1.2 million dollars for BOE and -2.89% for the Town with Teacher Pension Cost and reduced ECS – 5.56 mills or 16.26% increase
- B. Expenditure reductions of -.91% for BOE and -2.89% for the Town without Teacher Pension Cost and reduced ECS – 3.84 mills or 11.23% increase
The reduction in the Board of Education is offset by a change in Special Education funding in an amount equal to the 1.2 million dollar reduction.

Mr. Werbner pointed out that if you add up the last nine fiscal years that is what he is recommending for this year. This is an unusual year, and he is asking for the community's assistance in off-setting what is happening at the State level. This will be a budget significantly different than any other budget that Tolland has seen.

In order to get to the budget levels that Mr. Werbner has outlined, he recommends the following budget reductions:

- Reduce the request of the Board of Education by \$842,012 or a 0% increase. The budget submitted by the Board of Education for a 2.14% increase does not take into consideration the need to possibly budget for Teachers' pensions in the amount of 1.9 million dollars or the substantial loss in ECS funds. ***Should at some point in the future the State Legislature reverse to some extent the reductions in education revenue recommended by the Governor, I would recommend that the Town Council and Board of Education meet to best determine how any additional funds could be reallocated to possibly reinstate lost programs or positions.***
- Adjust the current weekly collection of recyclables from every week to every other week offering residents either an upgrade to a 95 gallon container or a second 95 gallon container for recyclables. The savings is \$104,832 spread over two fiscal years or a yearly impact of \$52,416. In addition I am recommending we eliminate the two Town sponsored bulky waste pickups at a savings of \$49,000.
- Reduce by two our current compliment of Resident Troopers from 4 to 2. The Governor's recommended budget places 100% of the cost for Resident Troopers on the Town whereas in previous years the State assumed some of the cost recognizing that at times the Troopers assigned to Tolland are required to perform non-Tolland functions or be available to Tolland due to State mandated training requirements. The additional cost to assume 100% of salary would be \$62,000. Currently, we pay between \$155,398 to \$207,683 for a Resident Trooper. The savings is \$256,956. I am recommending that \$35,000 be used to hire, from current year available funds, a consulting firm specializing in police services to work with a Study Committee appointed by the Town Council to consider future options for providing police services to the Town. While I am a strong supporter of the Resident Trooper Program, the costs which the State is requiring Towns to assume such as a portion of the State Police pension that was underfunded for years makes this program financially not sustainable in the future.
- Eliminate the currently vacant position of Assistant Director of Public Safety at a savings of \$73,392 and an additional savings of \$70,000 in the Capital Budget as a result of the elimination of a vehicle and associated equipment for the position. A portion of the savings has been set aside in this year's budget for administrative changes which will be made in the department following completion of union negotiations.
- Eliminate secretarial assistance for the following Commissions at a savings of \$3,300:
 - Blight Review Committee
 - Conservation Commission
 - Design Advisory Board
 - Economic Development Commission

- Tolland Green Historic District Commission
- Eliminate video streaming of Town Council meetings at a savings of \$1,251. Currently less than an average of 20 people per meeting take advantage of this service.
- Eliminate funds for Celebrate Tolland at a savings of \$6,000. It may be possible to seek corporate funding to allow this program to continue.
- Perform the State mandated revaluation required in 2019 in-house which will save the Town between \$60,000 to \$125,000 depending on final consultant figures. The money we have already budgeted is sufficient to cover the Town's estimated expense of \$132,000. For this work, therefore, allows me to eliminate a phased in payment of \$41,000. The ability to perform an in-house revaluation as we did several years ago and are proposing for the next one is based on the knowledge and experience of our current Assessor and his willingness to dedicate the time to perform this function in addition to his normal requirements.

Some additions to the budget include:

- \$20,000 for Economic Development consulting services
- \$20,000 to increase the stipend for volunteer firefighters which has not been increased for over six years
- \$19,000 to begin the Plan of Conservation and Development

Mr. Werbner advised that he has received a number of comments from the community, which he summarized and shared in his presentation. He closed by saying this is not a support the BOE, or support the Town issue. This is how do we work our way out of this particular financial dilemma that we are in, in the best interests of Tolland.

A budget schedule was shown. This presentation will be on the town's website for the community to see. Mr. Werbner would like as much feedback as possible from the community.

Sam Belsito commented that they can't determine yet in the State house where they are going. They basically just started looking at this budget two weeks ago. He doesn't believe they are going to drop the funding for the teacher's pensions. He thinks that is coming, and will only get worse. He believes the rest may be tampered down.

Tim Ackert praised Mr. Werbner for working with the information that is available to him. He advised that the Governor proposes a budget, but the Legislature makes the budget. The Governor has submitted his wish list. He believes they will hold off on the teachers' pensions, but he does not know this for sure. He said Tolland is not alone in the pain that it feels. The good stewards are the ones paying the price. He doesn't believe this is the budget they are going to see, but he doesn't know for sure.

2. Adjournment: Paul Krasusky moved to adjourn the meeting; Seconded by David Skoczulek at 7:35 p.m. All were in favor.

Richard J. Field, Council Chair

Michelle A. Finnegan
Town Council Clerk