

*These minutes have not yet been approved*

**BOARD OF FINANCE  
(Special Meeting with the Board of Selectmen)**

**Town of Essex  
29 West Avenue  
Essex, CT 06426  
Conference Room A**

**March 21, 2019**

**MINUTES**

In attendance: Keith Crehan, Chairman, Campbell Hudson, Vice Chairman, Mary-Louise Polo, Edward Tedeschi and Ethan Goller and Vin Pacileo, III.

Others in attendance: Norman Needleman, First Selectman  
Stacia Libby, Selectman  
Bruce Glowac, Selectman  
James Francis, Treasurer  
Kelly Sterner, Finance Director

BOF Meeting called to order at: 7:13 p.m.

BOS Meeting called to order at 7:14 p.m.

**APPROVAL OF THE AGENDA:**

***Vin Pacileo made a motion to approve the BOF agenda, seconded by Mary-Louise Polo. Passed unanimously. Motion carried.***

**APPROVAL OF THE MINUTES:**

*Campbell Hudson indicated a correction on page 1 under Approval of Minutes – 9<sup>th</sup> line down – sentence beginning with “The Central Office Building is in need of (delete “some”) replace with “a” roof and.....*

***Ethan Goller made a motion to approve the minutes (as amended) of January 17, 2019, seconded by Mary-Louise Polo. Abstained: Vin Pacileo. Passed. Motion carried.***

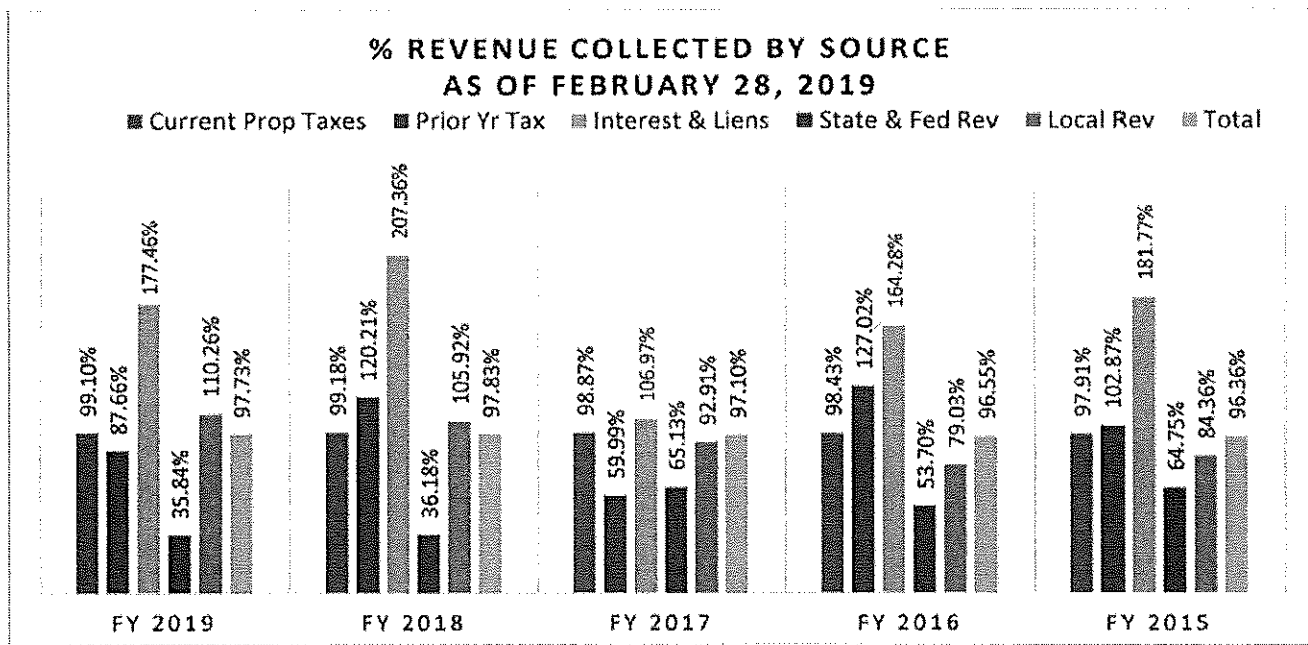
**FINANCIAL REPORT:**

**REVENUES**

For the last several months, current property taxes were lagging the prior two fiscal years, but the chart below

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shows that we are now back at traditional collection rates. Current property tax collections for February totaled \$1,435.646 or a collection rate of 99.10%.



Adding the interest and liens fees and prior year tax collections of \$18.5k for the month, we finish February 2019 with YTD total tax collections of \$22,724,671 or 99.19% compared to 99.56% for February 2018 and 98.63% for February 2017. Revenue from State sources was basically unchanged from the prior month. The revenue rate of 35.8% is in line with last fiscal year and, given the remaining state revenue sources, this is likely the pattern going forward. Total local revenue advanced to 110.26% our fiscal year budget as of the end of February. This compares to 105.92% as of February 2018 and 92.91% as of February 2017. The \$60k of local revenue consisted primarily of interest income, building permits, conveyance tax and regional recycling fees. Total revenues collected for the current year reached 97.73% of budget versus 97.83% for February 2018 and 97.10% at February 2017 month end.

### Expenditures

Expenditures for the month of February totaled \$2,170,509 bringing total spending YTD to \$16,335,255 or 67.69% of budget. Selectmen's budget expenditures YTD totaled \$5,352.149 or 66.01% as of the end of February 2019 compared to 60.37% as of February 2018 and 65.61% at February 2017 month end. Selectmen's budget spending for the month totaled \$301k. Payroll expenses accounted for \$185k of the total. During February, other major expenditures were the annual contribution to the ambulance association, monthly health insurance premiums, technology expenditures for scheduled desktop computer replacements and public works expenditures of \$10k for ongoing tree work and \$6k related to winter storms. We will be looking to purchase our streetlights from Eversource. If purchased, the monthly usage rate would be lower, and the savings would finance the purchase (a no-interest loan from Eversource).

Region 4 has supplied an updated year-to-date report through February 28, 2019. Several areas are anticipating surpluses which results in a forecasted surplus of \$267k.

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***Motion made by Keith Crehan to accept the Finance Report, seconded by Vin Pacileo. Passed unanimously. Motion carried.***

**SELECTMEN'S REPORT:** - Norman Needleman deferred the Selectman's Report for review of the BOS Budget Presentation under New Business Item 7a.

**OLD BUSINESS:** None

**NEW BUSINESS:** - BOS Budget Presentation

Norman thanked Kelly for preparing the budget and he feels this is good budget with no surprises and could possibly have the effect of a flat to low mill rate for the next 5 years. The revaluations brought the grand list up a bit.

Kelly referred to the budget binder specifically under Major Budget Drivers.

**Salaries:**

We have a 2.75% overall increase with unions (Public Works and Town Hall union employees) as well with the non-union people. We have budgeted a 3% increase for the Police however, this is still under negotiation.

**Fringe Benefits:**

Health Care: With regards to Health Insurance we are currently looking at going to the Partnership Plan vs. the Project Learn program. The LEARN consortium would require all participants to move to a high deductible plan. The State plan would be a significant savings and is a similar plan design to our current plan. If we join the State plan a requirement, we must stay in it for at least 3 years or pay a penalty to exit.

Pension – not a very big increase this year as we have made several supplemental contributions and that has lowered the unfunded liability. The rate of return assumption has been reduced from 7.25% (7 1/4) to 7.125% (7 1/8).

**Outside Service Contracts:**

Resident Trooper contract was received, and we have updated the numbers on that.

Emergency 911 contract estimated at 1% and it came in exactly at 1%.

Technology - we will acquire ESO (Emergency Security Operations) for the Fire Marshal and Fire Department. Also, additional increases may be incurred due to the fact that Land Use will be moving away from their current Land Use permitting software and possibly going to another system. It would be paid either via a fee or may be built into the person pulling the permit by paying an extra fee.

**Debt Service:**

Principal payments for our newest bond will be coming on and the old one has not hit crest yet. It is \$150k more and that is because we are amortizing the premium and we used \$50k of the bond surplus. We took out

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\$6m and were very careful in the way we used it. The Walnut Street Bridge came out very well and is just about closed out now. Looks like we may have \$150k to \$170k leftover surplus that has to be used to pay down debt. We will use \$50k of it this year and then a portion over the next two years in order to soften the impact of the debt coming on. The old bond will then be decreasing substantially.

**Support to Outside Organizations:**

We sat down with the Social Services Department who provides services to our people in Town. We have added a new service organization, Friends in Service Here (FISH) and we have removed a few others; CRT (Community Renewal Team) the Rushford Center and Sexual Assault Crisis Center.

**Capital and Sinking Funds:**

Kelly indicated we continue to build the contribution to the Fire Department equipment sinking fund and slightly reduced the annual transfer amount to the P&R sinking fund. We have added Essex Ambulance, Bridge replacement sinking funds, as well as increasing our annual capital budget for road reconstruction (which has been put on the back burner for quite a while).

Kelly then reviewed the Expenditure Summary by Budget - **Attached as Appendix A**

Kelly also distributed the 5-year budget projections – FY 17-18 thru 22-23 with assumptions used listed at the bottom of the projections – **Attached as Appendix B**

Norman Needleman, First Selectman and the Board of Selectmen asked the BOF to recommend and approve the BOS government side of this budget.

Campbell Hudson requested that we hold off on the approvals until next Tuesday, March 26<sup>th</sup> after we meet with EES BOE to approve them together, and the BOF agreed.

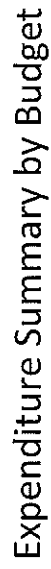
**COMMUNICATIONS AND CORRESPONDENCE:** None

**PUBLIC COMMENT:** None

**ADJOURNMENT:**

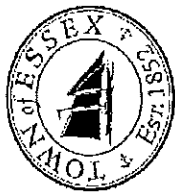
***Keith Crehan made a motion to adjourn at 8:30 p.m., seconded by Vin Pacileo. Passed unanimously. Motion carried.***

Respectfully submitted,  
Yvonne Roziak  
Recording Secretary



*(pro forma with \$125k budgeted deficit for illustration)*

2017 Grand List	1,050,312,030	reduction needed to achieve flat mill rate	\$ (276,629,30)
2018 Grand List	1,065,137,920		



# Expenditure Summary by Budget

as of March 20, 2019

BUDGET	FY 2018-2019 Request	Essex Share %	Essex FY 2018- 2019 budget	FY 2019-2020 Request	Essex Share %	Essex FY 2019-2020 budget	Budget Increase / (Decrease)	% Change
R4 Budget -net billing	19,803,194	43.68%	\$ 8,650,035	20,324,619	41.01%	\$ 8,335,126	(314,909)	-3.64%
EES Budget	7,372,220	100.0%	7,372,220	7,463,976	100.0%	7,463,976	91,756	1.24%
Debt Service	1,060,151	100.0%	1,060,151	1,211,612	100.0%	1,211,612	151,461	14.29%
Town Government Budget	7,015,852	100.0%	7,015,852	7,185,022	100.0%	7,185,022	169,170	2.41%
<b>Total</b>			<b>\$ 24,098,258</b>			<b>\$ 24,195,736</b>	<b>\$ 97,478</b>	<b>0.40%</b>

Budgeted Deficit	109,838	Budgeted Deficit	-
State & Local Revenue	1,079,102	State & Local Revenue	1,099,102
Funded by Property Taxes	22,909,318	Funded by Property Taxes	23,096,634
Mill Rate	21.85	Breakeven Mill Rate	21.71

2017 Grand List 1,050,312,030  
2018 Grand List 1,065,137,920

reduction needed to achieve flat mill rate \$ (151,629.30)

187,316  
-0.65%

# APPENDIX B

## Budget Projections - FY 17-18 thru 22-23

	<u>FY 2017-2018</u>	<u>FY 2018-2019</u>	<u>FY 2019-2020</u>	<u>FY 2020-2021</u>	<u>FY 2021-2022</u>	<u>FY 2022-2023</u>
	<u>Approved Budget</u>	<u>Approved Budget</u>	<u>Budget Request</u>	<u>Projection</u>	<u>Projection</u>	<u>Projection</u>
Selectmen's Budget (excl. debt service)	6,849,353	7,015,852	7,185,022	7,364,648	7,548,764	7,737,483
Debt Service						
2007 General Obligation Bond	935,006	908,031	892,281	861,456	834,481	768,256
2017 General Obligation Bond	86,250	152,120	319,331	407,422	409,183	450,943
BAN	25,000	-	-	-	-	-
Essex BOE Budget	7,461,594	7,372,220	7,463,976	7,575,936	7,727,454	7,882,003
R4 Budget	8,721,064	8,650,035	8,335,126	8,148,648	8,490,478	8,549,607
<b>Total</b>	<b>24,078,267</b>	<b>24,098,258</b>	<b>24,195,736</b>	<b>24,358,109</b>	<b>25,010,361</b>	<b>25,388,292</b>
ADM Share	44.58%	43.68%	41.01%	39.50%	40.35%	39.64%
R4 Budget- net billings	19,562,728	19,803,194	20,324,619	20,629,488	21,042,078	21,568,130
Grand List	1,044,700,428	1,050,312,030	1,065,137,920	1,069,398,472	1,071,537,269	1,073,680,343
Est. State & Local Revenue	978,617	1,039,102	1,099,102	1,099,102	1,099,102	1,099,102
Am't to be funded by Current Taxes	23,099,650	23,059,156	23,096,634	23,259,007	23,911,259	24,289,190
Breakeven Mill Rate	22.11	21.95	21.71	21.77	22.34	22.65
Budgeted Deficit	173,814	109,838				
Actual Mill Rate	21.96	21.85				

### Assumptions:

- \* 2.5% growth in Selectmens budget year-over-year
- \* debt service is actual per amortization schedules (net of premium amortization; fy 19-20 thru 21-22 include use of bond surplus)
- \* Essex BOE budget assumes 1.5% increase year-over-year for FY 2021, and 2% increase for FY 2022 and FY 2022
- \* R4 budget assumes 1.5% increase for FY 2021, 2% increase for FY 2022 and 2.5% increase for FY 2023
- \* ADM Share based on most recent school enrollment study (2018)
- \* Grand List assumes a .4% growth FY 20-21, and a .2% growth in FY 21-22 and FY 22-23
- \* Est State & Local assumed to be flat (growth from FY 17-18 thru FY 19-20 represents improved interest income)

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03/27/2019 at 9:35 AM  
James M. Foglietta  
ESSEX, CT - ASSIST. TOWN CLERK