

Board of Finance
TOWN OF SIMSBURY, CONNECTICUT
REGULAR MEETING MINUTES
Tuesday, October 20, 2020 at 5:45 P.M.
Zoom Meeting/Simsbury Community Television Live Stream

PRESENT: Lisa Heavner, Arthur House, Robert Pomeroy, Linda Schofield

ALSO PRESENT: Maria Capriola, Town Manager; Tom Fitzgerald, Management Specialist; Amy Meriwether, Director of Finance/Treasurer; Eric Wellman, First Selectman

1. Call to Order - Establish Quorum

Mr. Pomeroy called the meeting to order at 5:48 P.M.

2. Pledge of Allegiance

All present stood for the Pledge of Allegiance.

3. Presentation: Lockton

Rebecca Plavcan and Tim Hasselman of Lockton introduced themselves. Mr. Hasselman shared a slide presentation entitled, "Town of Simsbury Stop Loss and Financials." He noted the presentation covers stop loss purchasing, budget, budget timing and expectations for the coming year. He began by explaining the stop loss market, noting it is a hardening market. There was brief discussion about the definition of stop loss insurance. Mr. Hasselman explained that stop loss insurance is purchased to protect risk. He added that the pandemic will create a continued hardening. He then provided a stop loss renewal summary, including current state, market responses and next steps. There was discussion about lasers and Mr. Hasselman noted there were no lasers added to the plan. Mr. Hasselman spoke about historical plan performance and provided a chart showing the last two fiscal years and projections for 2020. He spoke about Monte Carlo simulation, a tool used to run simulations to help determine pricing and risk for the appropriate buy for Simsbury.

Ms. Heavner asked about aggregate stop loss and additional reinsurance. Mr. Hasselman indicated stop loss begins at \$275,000 with no cap. Because of the number of participants in the plan and the cost of aggregate stop loss, Mr. Hasselman did not recommend aggregate stop loss or additional reinsurance. Mr. Hasselman noted that Simsbury's current stop loss has a rate cap at 40%.

Next, Mr. Hasselman spoke about cost and plan design benchmarking, pointing out that Simsbury is in line with overall expectations. He further noted Lockton's national purchasing of stop loss and clinical teams on staff that look at any large claims. There was discussion about Simsbury doing eligibility audits and the town's monitoring of change in status.

Mr. Pomeroy asked whether employees need to confirm eligibility on an annual basis at re-enrollment.

Ms. Capriola indicated that they do not. Instead, during re-enrollment employees indicate a change in status or change in plan.

Ms. Schofield noted that if an employee does nothing, they are re-enrolled as is.

Mr. Hasselman discussed the budgetary process and the setting of rates. He indicated it is a fluid process that gets finalized in May.

Ms. Heavner asked about the decision to use health fund balance to offset town and board contributions.

Mr. Hasselman indicated that some towns have an ordinance in place that when there is an excess fund balance above 25% of expected cost, towns use 1/3 of that balance to offset the town and board funding for the coming year.

Ms. Heavner requested a copy of the ordinance.

Mr. Hasselman provided a monthly cost report for medical claims, noting with COVID, towns will see a healthy reserve fund. He then provided a monthly cost report for dental claims, noting a huge drop-off in dental claims during COVID, which will result in a surplus balance. Discussion followed on other employer-sponsored insurance.

Ms. Schofield requested the Town evaluate the use of incentives to encourage employees to buy into other employer sponsored insurance, at no additional cost to the employee, and use Simsbury's plan as a secondary payer. Discussion followed.

Mr. Pomeroy thanked Ms. Plavcan and Mr. Hasselman for their presentation.

4. Approval of Minutes - September 15, 2020

The following change was made to the September 15, 2020 Regular Meeting Minutes:

- *Under Item 6, the last paragraph should read:* "Mr. Pomeroy discussed the timeline for the Board of Finance and the Board of Selectmen to consider the Meadowood Conservation Purchase, the need for public hearings, the positioning of this request versus all the needs of the Town and the Board of Education, and the desire for the request to be considered as part of the overall budget process in the spring. Other members of the Board of Finance concurred. Mr. Pomeroy thanked Ms. Lawler for her presentation."

MOTION: Ms. Schofield made a motion to approve the minutes of the September 15, 2020 Regular Meeting as amended. The motion was seconded by Ms. Heavner. All were in favor and the motion passed unanimously.

5. Finance Director's Report

Ms. Meriwether referenced the listing of grants and donations and the COVID-10 update. On the town side, she noted COVID-19 expenditures for FY 2021 are about \$55,000. She noted a \$10,000 increase in three areas, Resident Assistance, Additional Staff/Overtime and Election

Supplies. She noted Resident Assistance is the food program and gift cards for those affected by the pandemic. The Additional Staff/Overtime relates to election workers. She noted there are significant savings in line items from last year. The current year loss is being covered at this point. The State of CT has allotted the Town \$55,800 for COVID relief and staff is applying for that now. The Town is also granted \$13,738 for election funding and received another election grant in the amount of \$8600. The total amount of funding as of now is about \$78,220, which covers anticipated loss as of now. She also noted staff applied for FEMA funding for some expenditures. This has been difficult as guidance keeps changing. However, gift cards for food purchases will be covered. She noted PPE reimbursement will only be approved for fire and police personnel, not other municipal personnel because they are not emergency related.

On the Board of Education side, Ms. Meriwether reported for FY21 to date, there is about \$800,000 in expenditures. She noted this is a \$20,000 reduction since last reporting and is due to the filling of some vacant positions at lower rates. Those savings offset the new positions created during the year for the five additional teachers for distance learning. Three additional custodians were also hired to keep up with increased cleaning. Between state funding and the non-lapsing available, COVID expenditures are covered as of now, with about \$280,000 left in the non-lapsing account.

Ms. Heavner noted an additional appropriation for COVID-19 expenditures will be needed in November and requested the Town evaluate whether a special revenue fund should be created for state and federal grants received, similar to what the Town did in 2011 during the October Storm.

Ms. Meriwether confirmed that will be on the November agenda.

Mr. Pomeroy requested an update on the Board of Education October count for students for the November meeting. Mr. Pomeroy noted there was a smaller-than-expected enrollment number with a good portion of the decrease from entering kindergarteners.

Ms. Meriwether confirmed that will be added to the November agenda.

Ms. Meriwether next spoke about the pension record keeping request from Mr. Prell regarding whether employees could automatically be enrolled in the voluntary 457 plan. She referenced a letter in the meeting packet from the Town Human Resources Coordinator, who consulted with the Town's labor attorney on this. All employees will be set up with an ICMA account. The Town cannot mandate employee contributions. If any employees do not want to contribute to the plan, they will need to opt out of the plan.

Ms. Schofield noted approval, adding this is good for the employees.

Ms. Meriwether next provided an update on the potential Meadowood acquisition. She noted staff continues to gather research and data. She further noted the Board of Finance requested that this be included in the normal budget process. She referenced preliminary data which is included in the meeting packet.

Ms. Heavner inquired if a motion would be needed to appropriate money for an independent appraisal.

Ms. Capriola noted that Bob Decrescenzo was consulted on this matter and noted the Town has not typically done separate appraisals in the past. She added that TPL is a nonprofit agency working on the Town's behalf and they hired a very reputable appraiser. Mr. Decrescenzo suggested that an appraiser could be hired to conduct a peer review of the methodology that was used, as opposed to starting from scratch. This would be much less costly.

Ms. Heavner suggested looking at this in November and noted the Board would like to understand what the land would be worth without the zoning appraisals. She also asked for clarification on the partial, (versus full), appraisal done.

Ms. Capriola noted that staff can have Ms. Lawler clarify that, adding that having an executive session on this may be appropriate, as well as a joint meeting with the Board of Selectmen and the Board of Finance on this topic.

Lastly, Ms. Meriwether spoke about amendments to the Tax Abatement for Volunteer Firefighter and Ambulance Personnel Ordinance. She noted state legislation changed and allows for increases in tax abatements for volunteer firefighters and ambulance personnel. This has been reviewed by the Board of Selectmen and the Town ordinance has been updated. Due to this update there will be an unbudgeted revenue loss of about \$33,000 in the current fiscal year.

Mr. Pomeroy addressed the topic of abatements in general, noting there needs to be transparency about the taxes that would have been paid and the fact that this is an offset against that. He also spoke about whether this should impact the Fire District tax or the Town tax. Mr. Pomeroy indicated that we should show the taxes that would have been paid gross and the abatements as a line item. He recommended further discussion on this during the budget process.

Ms. Heavner concurred. She noted abatements are often not transparent. She requested a summary of the current abatements, including state mandated abatements, where the Town is forgoing revenue.

6. Proposed General Fund Balance Transfer

Ms. Meriwether noted she spoke with the Town Attorney on this as requested. The regular budget process would follow, the Board of Selectmen would recommend projects and then the Board of Finance would decide how to pay for them, (i.e. tax revenue, General Fund reserves, Capital reserves, etc.). Ms. Meriwether confirmed that Board of Finance appropriations made during the budget making process do not require Board of Selectmen approvals. She prepared scenarios on how much a transfer would equate to at various levels of General Fund reserve balances from a 15% reserve to a 17% reserve. These were included in the meeting packet for review. Questions and discussion followed.

MOTION: Ms. Schofield made a motion to approve the General Fund balance transfer from the General Fund to the Capital Reserve Fund in the amount of \$2M. Discussion followed. Mr. House seconded the motion. All were in favor except Ms. Heavner, who was opposed. The motion passed.

7. Proposed Police Private Duty Fund Transfer

Ms. Meriwether noted the Police Private Duty Fund had a balance of about \$151,000 at the end of FY20. Mr. DeCrescenzo was consulted on whether the Board of Finance could authorize this transfer or if a second approval would be needed by the Board of Selectmen. He noted this does need to go through a formal transfer process in order to be in compliance with General Statutes. Discussion followed. It was agreed that the Board would like to discuss this further with Mr. DeCrescenzo and this item will be on the November agenda.

8. Food Services Discussion

Ms. Meriwether provided a financial statement on the Board of Education's Food Services Fund from FY16 to the end of FY20. She noted this fund has been steady during fiscal years 2015/2016 through 2018/2019 and she reported a significant loss during COVID. There was a fund transfer of \$100,000 from the Board of Education General Fund into the Food Services Fund to make this fund end in a positive position. Because there was such a large loss in FY20, without the help from the Board of Education General Fund, this fund is no longer solvent. She noted this is something to keep an eye on going forward. She also noted the two factors that contributed to the loss in this fund were COVID and the increase in minimum wage. She added there are currently not as many meals being administered by the program, which has impacted the fund. She noted this will be further discussed during the budget season. Discussion followed about the fund balance, food purchasing and federal mandates.

Ms. Schofield requested staff look at contracting out food services.

Ms. Meriwether indicated they would evaluate that during budget season.

Mr. Pomeroy noted the line item, Advanced Meal Pay, at \$403,000 and asked whether the Town is at risk for having to pay that back to people who paid for meals and didn't take them or do they get carry over credit.

Ms. Meriwether confirmed carry over credit, but families can request reimbursements, so there is potential liability there.

9. Town Savings Initiatives

Ms. Meriwether noted the Board of Finance requested a listing of savings initiatives in which the Town has taken part. She referenced a spreadsheet compiled from department heads in the meeting packet.

Mr. Pomeroy asked that board members review these and submit questions for the next meeting.

10. FY22 Budget Policy Discussion

Mr. Pomeroy noted this is an effort to quantify the important aspects the Board of Finance will present at the Tri-Board meeting and the structure around which a budget will be made. He asked that members be prepared to discuss this at the November meeting in order to give policy or guidelines to the Board of Education and the Board of Selectmen before the Tri-Board meeting. Mr. Pomeroy indicated he felt this might be better as a guidance document or framework instead of a policy. Mr. Pomeroy emphasized the goal is for the boards to come up

with expense budgets to help us get to our target. The mill rate is a product or result of balancing expenses, forecasted revenues through taxes and the decision of where we need the fund balance to be, based on a target basis. Mr. Pomeroy suggested the boards look at expense budgets holistically to get to the most efficient way to spend money. He noted the Board of Finance has many decisions to make during the budget process including pension investment assumptions, mortality adjustments and debt service numbers.

Ms. Heavner added that benchmarking with other towns should be looked at. She also encouraged Board of Education and Board of Selectmen members to let the Board of Finance know if there are any factors not being considered which should be, as this is a collaborative effort.

11. Adjourn

MOTION: Ms. Heavner made a motion to adjourn at 7:32 P.M. Mr. House seconded the motion. All were in favor and the motion passed unanimously.

Respectfully submitted,

Karen Haberlin
Commission Clerk