

Board of Finance
TOWN OF SIMSBURY, CONNECTICUT REGULAR MEETING MINUTES
Tuesday, December 19, 2023, at 6:00 P.M.
In Person Meeting /Simsbury Community Media Live Stream

BOARD OF FINANCE MEMBERS PRESENT:

Lisa Heavner, Robert Helfand, Mike Doyle, Todd Burrick, Art Wallace, and Arthur House

ALSO PRESENT:

Amy Meriwether, Director of Finance; Lee Erdmann, Interim Town Manager; Marc Nelson, Incoming Town Manager; Melissa Appleby, Budget Director; Tom Fitzgerald, Acting Deputy Town Manager; Wendy Mackstutis, First Selectman; Steven Antonio, Deputy First Selectman; Kevin Beal, Selectman; Heather Goetz, Selectman; Curtis Looney, Selectman; Diana Yeisley Selectman; Matthew Curtis, Superintendent of Schools; Jeff Tindall, Board of Education Chair; Jennifer Batchelar, Board of Education; Sharon Thomas, Board of Education; Jessica Parise, Board of Education.

1. Call to Order - Establish Quorum

Ms. Heavner called the meeting to order at 6:00 P.M.

2. Pledge of Allegiance

All present stood for the Pledge of Allegiance.

3. Fiscal Year 2024/2025 Budget Discussion with the Board of Selectmen and Board of Education

Ms. Heavner offered initial remarks and introductions. Ms. Heavner presented a PowerPoint on the fiscal position of the town and challenges for the upcoming budget. She noted that Simsbury recently was awarded a AAA bond rating from S&P, the highest rating a town can receive. Ms. Heavner highlighted that debt service will increase by \$1.1M, the town is projected to have a below average grand list, and Simsbury is losing non-tax revenue of about \$1M. Ms. Heavner noted that the Board of Finance has consistently kept taxes at or below the Social Security Cost of Living (COLA) adjustment and noted that this year the COLA is 3.2%.

Ms. Meriwether walked the boards through the fixed costs estimates, highlighting salary and benefits, contingency, health costs, pensions, utilities, LAP insurance.

Comments ensued. Mr. Tindall noted the town has a grand list challenge. Mr. Curtis noted that the town is facing increased school enrollment and growth in special services. Mr. Wallace noted that education salary growth is over 4%. Mr. House noted last year's tax increase was difficult for some.

Mr. Erdmann discussed his Capital Improvement Plan (CIP). Town staff developed ranking criteria for first year projects and provided an expanded plan. Mr. Erdmann highlighted recent information the town received on the Simsbury Performing Arts Center (PAC). Ms. Mackstutis noted that town was awarded about \$900,000 in state bonding for the PAC. Mr. Roy discussed what the money will be used for and the additional funding necessary to complete the project.

Mr. Curtis noted that the Board of Education is just beginning capital discussions. He noted the challenge of funding Squadron Line in the outyears.

Mr. Erdmann's proposed CIP plan projects debt service at 9.1%, which is not within the Board of Finance policy and will require further work. Mr. Erdmann and Ms. Meriwether discussed ways to increase revenues for capital. Ms. Meriwether suggested increasing Capital Non-Recurring (CNR) by \$1M.

Ms. Mackstutis inquired as to the amount in Capital Reserves. She noted that last year the town used Capital Reserves and ARPA to reduce borrowing and debt service. Ms. Meriwether noted there is about \$4.7M in capital reserves.

Mr. Nelson asked if the Board of Finance would consider using capital reserves to mitigate or smooth tax increases. Discussion ensued.

Ms. Mackstutis inquired about the potential of using 30 year bonding for intergenerational equity. Mr. Erdmann noted a longer term would result in the town paying more interest, costing more and reducing the number of projects the town can do. Mr. Erdmann noted there's tremendous value in maintaining our AAA bond rating as it results in more favorable bond rates.

Ms. Mackstutis mentioned the recent zoning commission meeting on the Hartford South development proposal. Mr. Erdmann noted the Town Planner has requested the developer provide a fiscal impact analysis showing the full costs to the town and schools and the tax revenue to the town. Mr. Beal noted the importance of the town doing its own independent analysis.

Ms. Heavner closed the Tri-Board discussion and the board took a brief recess.

3. Election of Chair, Vice Chair

MOTION: Mr. Helfand made a motion, effective December 19, 2023, to nominate Ms. Heavner as Chair of the Board of Finance. Mr. House seconded the motion. There were no further nominations and no discussion. All were in favor and the motion passed unanimously.

MOTION: Mr. Helfand made a motion, effective December 19, 2023, to nominate Mr. House as Vice Chair of the Board of Finance. Ms. Heavner seconded the motion. There were no further nominations and no discussion. All were in favor and the motion passed unanimously.

4. Fiscal Year 2024/2025 Budget Discussion

Ms. Meriwether provided an overview of the numbers in the levy calculator worksheet.

Mr. Helfand noted the revenue challenge and commented that the town needed to cut to the bone. Other board members provided input. Ms. Meriwether shared the Health Insurance fund reserve balance was projected to be at 26%. Ms. Heavner noted the Board will be asked whether the town may use some of these reserves to offset the healthcare costs to create more capacity in the operating budgets. A lengthy discussion followed, and the members provided input and feedback.

MOTION: Mr. Helfand made a motion, effective December 19, 2023, whereas, the budget development process for FY 2024/2025 is in its initial stage; and whereas budgets have not been finalized, discussed, or approved by the Boards of Selectmen and Education; and notwithstanding that information and updated

estimates may be presented to all boards in the next few months and such information and estimates may result in the Board of Finance's changing the initial guidance given in December;

Move effective December 19, 2023, to approve the following initial guidance to the Boards of Selectmen and Education for FY 2024/2025 budget development:

1. FY 2025 Budget Policies Consistent with guidance in prior years, bonding rating agency recommendations, professional advisors, and municipal budgeting best practices, the Board of Finance adopts the following FY2024/2025 budgetary policies to be incorporated into the FY 2024/2025 budget and to ensure the long-term fiscal health of the town.

FY 2025 Budget Policies	
General Fund unassigned reserves	15.50%
Debt service	Target 7% or below, not to exceed 8% of the operating budget
Pension/OPEB Investment assumption	6.50%
Health reserves	20-25% health reserves. May use 1/3 of excess reserves over 25% to reduce FY 2025 health costs
Tax collection assumption rate	98.50% (conservative budgeting)
Bonding term	10 year bonds for FY 2025 projects, not to exceed life of the project
Operating & Capital budgets	Objective budgeting for operating and capital budgets, with any contingency clearly identified. Objective budgeting forecasts expenditures as accurately as possible, with the goal of making optimal use of all available resources.
Revenue budgets	<p><u>Variable and volatile revenues:</u> Conservative budgeting for variable and volatile revenues. A conservative revenue forecast systematically and reasonably underestimates revenues in order to reduce the danger of budgeting more spending than actual revenues prove able to support. In addition, there is a policy preference for end-of-year revenue surpluses that may be put towards building reserves, paying for future capital projects or other pressing needs.</p> <p>Assumptions and methodology to be clearly stated for public transparency.</p> <p><u>Known and reliable revenues:</u> Objective budgeting to be used for known and reliable revenues (i.e. state municipal aid)</p>
Balanced budget	Budget to be structurally balanced without using onetime revenue sources for ongoing operating costs.
Governor's budget	The Governor's municipal aid budget to be budgeted as proposed.
Capital Reserve Fund	Minimum reserve balance of \$500,000 (<i>0.41% of the Operating Budget</i>) to be available for supplemental appropriations for emergencies, cost overages, or unplanned town matches for grants.
Gross Expenditures	Expenditures shown in gross terms
Best Practices	Compliance with all Town of Simsbury Financial policies, municipal financial best practices and rating agency recommendations.

2. FY 2025 December Target Tax Increase guidance is tax increase at or below 3.2% with Ms. Meriwether to provide budget targets to the Board of Selectman and the Board of Education and copy the Board of Finance, with the understanding that the following non-exhaustive list on contingencies may result in adjusted guidance at a later date;

The following non-exhaustive list of contingencies may result in adjusted guidance at a later date:

- Revenues or expenditures are better/worse than initially projected
- Unfunded state mandates require towns to spend more
- An urgent health or safety need has been identified that cannot reasonably be offset by reductions elsewhere
- Changes in the economic or social condition of the town
- Policy boards' priorities
- Public input

Mr. House seconded the motion. All were in favor and the motion passed unanimously.

5. Board of Finance Rules of Procedures

Ms. Heavner reviewed the rules of procedure and recommended adding a consent calendar as an option, and public audience for three minutes as this is what has traditionally been offered.

MOTION: Mr. Burrick made a motion, effective December 19, 2023, to adjust the Board of Finance Rules of Procedure as presented. Mr. Doyle seconded the motion. All were in favor and the motion passed unanimously.

6. Proposed 2024 Meeting Dates

MOTION: Mr. Burrick made a motion, effective December 19, 2023, to adopt the 2024 regular meeting schedule as presented. Mr. Doyle seconded the motion. All were in favor and the motion passed unanimously.

7. Approval of Minutes

- November 14, 2023

MOTION: Mr. Helfand made a motion, effective December 19, 2023, to approve the minutes of the November 14, 2023 meeting as presented. Mr. Doyle seconded the motion. All were in favor and the motion passed unanimously.

8. Finance Director's Report

Ms. Heavner asked if they were on target for about \$2M in excess revenue projections. Ms. Meriwether confirmed there were no material changes in revenue or expenditures at this time, other than those noted in the report.

8. Adjourn

MOTION: Mr. House made a motion, effective October 17, 2023, to adjourn the meeting at 9:00 pm Mr. Helfand seconded the motion. All were in favor and the motion passed unanimously.

Respectfully submitted, Marion Lynott Commission Clerk