



TOWN OF LEDYARD
CONNECTICUT
TOWN COUNCIL
HYBRID FORMAT

741 Colonel Ledyard Highway
 Ledyard, CT 06339

860 464-3203
 Roxanne Maher

Chairman Kevin J. Dombrowski

MINUTES
FINANCE COMMITTEE
REGULAR MEETING

Wednesday, September 21, 2022

5:00 PM

Annex Meeting Room - Video Conference

DRAFT

- I. **CALL TO ORDER** - The Meeting was called to order by Councilor Saums at 5:06 p.m. at the Council Chambers Town Hall Annex Building.

Councilor Saums welcomed all to the Hybrid Meeting. He stated for the Town Council Finance Committee and members of the Public who were participating via video conference that remote meeting information was available on the Agenda that was posted on the Town’s Website – Granicus-Legistar Meeting Portal.

- II. **ROLL CALL**

Attendee Name	Title	Status	Location	Arrived	Departed
Andra Ingalls	Town Councilor	Present	In-Person	5:00	
Tim Ryan	Town Councilor	Present	Remote	5:00 pm	6:15 pm
Bill Saums	Town Councilor	Present	In-Person	5:00 pm	6:15 pm
Mary McGrattan	Town Councilor	Present	Remote	5:00 pm	
S. Naomi Rodriguez	Town Councilor	Present	In-Person	5:00 pm	6:15 pm
Fred Allyn, III	Mayor	Present	In-Person	5:00 pm	6:15 pm
Matthew Bonin	Finance Director	Present	In-Person	5:00 pm	6:15 pm
Steve Masalin	Director of Public Works/Town Engineer	Present	In-Person	5:15 pm	6:03 pm
Jason Hartling	Superintendent of Schools	Present	Remote	5:00 pm	5:50 p.m.
Roxanne Maher	Administrative Assistant	Present	Remote	5:00 pm	6:03 pm

- III. **RESIDENTS' COMMENTS** – None.

- IV. **INFORMATIONAL ITEMS** – None.

- V. **REVIEW AND APPROVAL OF PRIOR MEETING MINUTES** –

MOTION to approve the Regular Meeting Minutes of September 7, 2022
 Moved by Councilor Ryan, seconded by Councilor Saums

VOTE: 2 – 0 - 1 Approved and so declared (Ingalls abstained)

- VI. **FINANCE DIRECTOR'S REPORT** – None.

VII. FINANCIAL REPORTS

Finance Director Matthew Bonin reviewed the following Reports:

❖ **Revenue Report Fiscal Year Ending June 30, 2022**

Mr. Bonin noted the Revenue Report dated June 30, 2022 reflected all the revenues received for the Fiscal Year 2021/2022.

○ Original Revenue Budget:	\$60,295,917
○ <u>Actual Revenue Received:</u>	<u>\$61,112,615</u>
TOTAL:	+\$ 816,798

Mr. Bonin noted Revenues received were \$816,798 more than the amount that was budgeted.

❖ **Expenditure Report Fiscal Year Ending June 30, 2022**

Mr. Bonin stated the Expenditure Report has accounted for all Fiscal Year Purchase Orders.

• General Government

○ Original Expenditure Budget:	\$26,623,848
○ <u>Actual General Government Expenditures:</u>	<u>\$28,047,955</u>
TOTAL:	(\$ 516,886)

BOE Healthcare Over Budget (\$ 861,753)

TOTAL: (\$ 311,663)

Mr. Bonin stated the Board of Education Healthcare Account was over budget as follows:

✓ Retirees were over budgeted amount by:	\$512,000
✓ <u>Active Employees were over budget by:</u>	<u>\$350,000</u>
BOE Healthcare Over Budget	(\$861,753)

• Board of Education Expenditure Budget:

○ Original Expenditure Budget:	\$33,671,969
○ <u>Actual Expenditures:</u>	<u>\$33,466,745</u>
TOTAL:	+\$ 205,224

○

❖ Other Finance Sources & Uses	\$907,220
✓ BOE Surplus from Fiscal Year 2022/2021	\$565,965
✓ ASTE Vo-Ag Science Capital	\$301,692
✓ Miscellaneous (ClearGov; Owl-HQ)	\$ 10,408
✓ Public Works Tree Removal	\$ 25,000
✓ Parks & Rec. (Food Pantry Electric)	\$ 4,155
TOTAL:	\$ 907,220

❖ **Fund Balance for Fiscal Year Ending June 30, 2022 (Unaudited) \$4,612,497**

Mr. Bonin provided an overview of the Unaudited Fund Balance stating there was a \$402,582 decrease in the Fund Balance from the previous year (FYE 6/30/2021); providing an Undesignated Fund Balance of 7.5% of the Expenditure Budget:

○ Audited Fund Balance 6/30/2021:	\$5,014,582
○ <u>Projected Fund Balance 6/30/2022:</u>	<u>\$4,612,497</u>
○ Excess Revenues/ Over Expenditures	(\$402,582)

Finance Director Matthew Bonin explained that the projected Fund Balance would be adjusted to account for the property taxes that were collected during the months of July and August (60 days after year-end), noting that they were waiting for those numbers to come in. He stated on average the swing would be between \$40,000 - \$50,000.

Mr. Bonin continued by suggesting the Finance Committee consider not moving the Board of Education’s Fiscal Year 2021/2022 Operating Budget Surplus in the amount \$205,224 to the BOE Capital Account because the Board of Education’s Healthcare Costs exceeded the budgeted amount by \$861,753.

Councilor Saums stated although he agreed that they should look at the net of the Board of Education’s \$206,223 Operating Budget Surplus and their \$861,753 shortfall in the BOE Healthcare expenditures, that changes may need to be made to the following two Resolutions, that would state the transfer of the funds would be based on the Board of Education’s Net Budget:

- “*Resolution Creating a Funding Mechanism for Making Annual Appropriations to a Capital Reserve Fund for the Board of Education*” adopted on September 28, 1988 - required the transfer of the Board of Education’s Surplus Funds at the end of each year.
- “*Resolution Regarding The Establishment of An Account for the Revenues Received From Leasing the Ledyard High School Multi-Use Facility*” adopted on April 22, 2022 - Required 15% of the Board of Education’s Surplus to be transferred to the account established for the replacement of the artificial turf field, when the surplus exceeded \$250,000.

The Finance Committee commented on the \$4,612,497 Projected Fund Balance for the Fiscal Year Ending June 30, 2022; which was 7.5% of the expenditure budget; and they noted the Bond Rating Agency (Standard & Poors) has suggested Municipalities maintain an Undesignated Fund Balance that was 10% - 12% of their Annual Expenditure Budget.

RESULT: DISCUSSED

VIII. OLD BUSINESS

1. MOTION to recommend the Town Council authorize the Permanent Municipal Building Committee (PMBC) to increase the bid amount for the Gales Ferry School and Juliet W. Long School roofing projects to \$50.00 per square foot to account for inflation.

In addition, the Permanent Municipal Building Committee may, with Town Council approval, modify the scope of the “*Various School Improvement Projects*” to include the replacement of the roofs at the Central Office, Gales Ferry School, and Juliet W. Long

School; installation of solar equipment at Gales Ferry School and Juliet W. Long School; upgrades to the building management systems at Gales Ferry School; and electrical and HVAC upgrades at Juliet W. Long School) to stay within the authorized amount \$6,725,000, as approved by the townspeople at the February 22, 2022 town-wide referendum.

Also, the Town Council acknowledges that the Town of Ledyard is aware that the State of Connecticut notified the Board of Education that the State would only provide a reimbursement rate of 75% for the cost of the Gales Ferry School roof. This reduction in State grant reimbursement was based the State's record that the school was not accepted until 2006, although the Gales Ferry School project was completed in 1999; therefore, the school did not meet the State's the 20-year criteria for full reimbursement.

Moved by Councilor Ryan, seconded by Councilor Ingalls

Discussion: Councilor Saums provided some background noting that based on the Board of Education's letter dated September 2, 2022 the Finance Committee discussed a request for the Town Council take the following actions:

- Authorize the Project Funding be increased from \$35.000 per square foot to \$50.000 per square foot for the reroofing of the Gales Ferry School and Juliet W. Long School; and
- Acknowledge that the town is aware that the State will only provide a Grant reimbursement rate of 75% of the cost of the Gales Ferry School Roof Project.

Councilor Saums stated because more information was needed the Finance Committee did not act on the Board of Education's request at their September 7, 2022 meeting. He stated during the past week that both he and Finance Director Matthew Bonin have reached out to Mr. Robert Ficeto at the State Board of Education to obtain the State's documentation that was mandating the Town Council take a formal action to increase the bid amount for the roof projects from \$38.00 to \$50.000 per square foot; and that they acknowledge the State was now only going to provide grant funding for the Gales Ferry School roof in the amount of 75% of the cost, explaining that according to the State's records, the Gales Ferry School Project was not accepted by the Board of Education until 2006; although the School was completed and opened to students in 1999. Therefore, he stated the grant funding would be reduced because the State's records indicated that the roof did not meet the 20-year replacement lifecycle requirement for the normal grant reimbursement (65% of 100% of the project cost).

Councilor Saums went on to state at the February 22, 2022 Town-wide Referendum the townspeople approved to Bond \$6,725,000 for various school improvement projects, which included the school(s) roof projects. Therefore, he stated the town believed that they would have enough money for the roof projects even with inflation.

Councilor Saums stated although a number of e-mails have been exchanged that little information by way of documentation from the State has been received. He went on to state in an e-mail received today (9/21/2022) Mr. Ficeto's noted the Town Council's action needed to include the following three things:

- (1) The name of school where the project was taking place;
- (2) The type of work (i.e.: oil tank replacement, roof replacement, asbestos abatement);
- (3) The dollar amount.

Councilor Saums stated he continued to have concerns about the need to take these actions because the town has not seen any documentation from the State in which they have mandated the Town Council take additional actions. He suggested the Finance Committee forward this action to the Town Council pending confirmation from the State that they have requested the Legislative Body take additional actions. He stated if Ledyard has not received confirmation from the State before the Town Council's September 28, 2022 meeting, then the Town Council would not act on the Motion.

Superintendent of Schools Jason Hartling stated Board of Education Director of Facilities and Grounds Wayne Donaldson was on vacation this week. He provided an overview of the preparation process to submit a proposed project to the State, noting that they meet with State Officials to discuss nuances and guidelines. He stated during a Pre-Submittal Conference Mr. Donaldson had with State Officials that the State shared the State's Mandates. Therefore, he stated it was a verbal request, and therefore, they did not have the State's required Mandates in writing. He stated that he fully supported trying to get something in writing from the State; and that he appreciated Mr. Bonin and Councilor Saums hard work to try to get documentation from the State.

Councilor Ryan requested clarification on the grant reimbursement for the school(s) roof projects.

Superintendent Hartling explained Ledyard's State Grant Reimbursement Rate for the School Roof Projects was 65% of the total project cost, which was based on the *State's Needs Profile for Ledyard*. However, he explained, what the State was now saying, was because the records show that the Ledyard Board of Education did not accept the Gales Ferry School Project until 2006; even though it was completed and opened to students in 1999; that Gales Ferry School roof did not meet the 20-year replacement lifecycle requirement for the normal 65% grant reimbursement of the full 100% project cost. Therefore, the grant reimbursement rate for the Gale Ferry School roof was now going to be 65% on 75% of the total project cost. He stated all the other roof projects would receive a grant reimbursement rate of 65% of the total 100% cost of the project.

Councilor Ryan expressed concern that the Ledyard Board of Education did not accept the Gales Ferry School Project until 2006 when it was completed in 1999. Mr. Hartling noted that he was not with Ledyard 20-years ago; therefore, he could not speak to what occurred. However, he stated the only rationale he could apply to the delay in the Board of Education formally accepting the completion of the Gales Ferry School project was that in 2006 Ledyard must have gone back to the State for another Grant Program and the State told them that they could not apply for another grant until they closed out the open project that was still on the State's Books.

Councilor Ryan questioned the reason the State would require the Town to take a formal action stating that they would increase the bid amount from \$34.00 to \$50.00 per square foot for the roof replacement projects. Mr. Hartling explained that the State does not want the School District to present a project, only to come back and say that they needed more money for the project. He noted the State was looking to make sure the project cost was a realistic, accurate placeholder number. He stated before the Board of Education could solicit bids for the School Roof Projects that they had to have the State's approval.

Councilor Saums stated because the Gales Ferry School actually met the 20-year lifecycle replacement, noting that the roof has been leaking for some time and it needed to be replaced, that the thought was that they would move forward with the project and continue to work with our State Legislators to obtain the 65% grant reimbursement on the full 100% cost of the roof replacement project.

Councilor Ingalls addressed closing out the Gales Ferry School Project when it was completed in 1999 and she questioned whether the Board of Education needed to received something from the State before the Board of Education could vote to close the project. Mr. Hartling explained there were multiple stages in closing out a school construction project. He stated the marker the State used was for Boards of Education to vote to accept and close out the project. He noted as an example of the process that the Board of Education has voted to accept and close out the Middle School and Gallup Hill School(s) Consolidation/Improvement Projects. He stated once the Ledyard Board of Education forwarded their action to the State, there were a number of steps the State would take to close out the project for grant reimbursement, which included many years of waiting for the State to conduct their Audit of the project.

Councilor Ingalls questioned how the town received the grant funding for the Gales Ferry School Project if the project was not closed out at the time it was completed in 1999. Mr. Hartling provided an overview of how construction projects receive the State Grant Funding. He explained that the State provides some grant funding as they worked through the construction process. However, he stated the State holds back a certain percentage of the grant funding until the State has completed their Audit of the project. He noted as an example for the Middle School and Gallup Hill School(s) Consolidation/Improvement Projects the State would be holding back 11% of the grant funding, noting that this funding would not be released to the Town until the State has completed their Project Audit. He concluded by stating that the date the State was using for Gales Ferry School Project Completion was the date the Board of Education accepted the project, which was in 2006.

The Finance Committee agreed to forward this action to the Town Council pending confirmation from the State that they have requested the Legislative Body take these actions.

VOTE: 3 – 0 Approved and so declared

<p>RESULT: RECOMMEND TO APPROVE 3 – 0 MOVER: Tim Ryan, Town Councilor SECONDER: Andra Ingalls Town Councilor AYES: Ingalls, Ryan, Saums</p>

2. No discussion regarding the Capital Improvement Plan (CIP) and Capital Non-Recurring (CNR) Fund based on the American Rescue Act Funding (ARPA) and the process to approve ARPA Projects and expend ARPA Funding.

Councilor Saums suggested the Committee deferred discussion regarding the ARPA Funded projects to their September 21, 2022 meeting, noting that he would like Mayor Allyn, III to be present for their discussion.

- 3. Any Old Business proper to come before the Committee.- None.

IX. NEW BUSINESS

- 1. MOTION to recommend the Town Council approve an additional appropriation in the amount of \$4,477.79 to Account #10110311-56135 (Town Clerk - Recording/Licensing Supplies), upon receipt of the Secretary of State Grant Funding.

Moved by Councilor Ingalls, seconded by Councilor Ryan

Discussion: Councilor Saums stated because a high number of absentee ballots were expected to be returned for the upcoming 2022 Mid-Term General Election, the Secretary of State would be providing grant funding to help offset these costs, via funding provided by the federal government. The amount of grant funding allocated to the Town of Ledyard for this purpose was \$4,477.79.

Finance Director Matthew Bonin stated the Town has already received the grant funding from the State. He noted this motion would appropriate the funds to the Town Clerk’s Budget.

VOTE: 3 – 0 Approved and so declared

RESULT: RECOMMEND TO APPROVE 3 – 0

MOVER: Andra Ingalls, Town Councilor

SECONDER: Tim Ryan, Town Councilor

AYES: Ingalls, Ryan, Saums

- 2. MOTION to recommend the Town Council appropriate \$3,000 to Account 21040113-56315 (Transfer Station Improvements) from Account 21090305-58915 (Undesignated) to fund purchase of a weather-tight container for oversized televisions and other electronics at the Transfer Station.

Moved by Councilor Ryan, seconded by Councilor Ingalls

Discussion: Public Works Director/Town Engineer Steve Masalin explained the Department of Energy and Environmental Protection (DEEP) guidelines require covering electronics staged for disposal at transfer stations. He provided some background noting initially they used cardboard boxes for disposal of televisions and other electronics at the Transfer Station; and that they were now using a large tent style tarp to cover televisions and other electronics at the Transfer Station. He stated although the tarp style tent worked better than the cardboard boxes the average lifecycle of the tarp has been no more than two-years, noting that it gets blown apart, etc. He stated rather than replace the electronic protection staging area with the same type of material (tarp) that they would like to purchase a weather-tight export type of container which would last much longer and would be a savings long-term because they would not have to replace the tarp every two-years.

Mr. Masalin went on to explain that the Transfer Station and other recycling revenues were appropriated to the Undesignated Fund. He stated over the last five years these revenues have totaled about \$75,000 per year. Therefore, he stated because the Public Works Budget did not have adequate funding to purchase the weather-tight export type container, he was requesting a transfer/appropriation from the Undesignated Fund in the amount \$3,000 to Account 21040113-56315 (Transfer Station Improvements) from Account 21090305-58915 (Undesignated) to purchase the weather-tight container for the oversized televisions and other electronics at the Transfer Station.

Councilor Ingalls questioned the reason the State required electronics, that were being discarded, to be stored in a weather tight container. Councilor Ryan stated he would assume the Department of Energy and Environmental Protection (DEEP) required storing the electronics in a weather tight container was because of corrosion and potential seepage of chemicals and other toxic materials that were in the electronics.

Councilor Saums questioned the Mayor's comment on LF# 22-446 regarding possible savings by purchasing a *used* export box for electronics from an on-line auction site such as *E-Bay*. Mr. Masalin stated he and the Mayor discussed options to purchase the export box. He stated Building & Grounds Forman Sean Ruszyk investigated options to purchase a *used* export box, including purchasing a *used* export box from the supplier they would like to purchase the new export box from. He explained although the pricing was less expensive, that the supplier did not have any used export boxes available. He stated they were keeping purchasing a *used* export box from the Supplier as an option, should the Supplier have a used export box come in before the town moved forward with the purchase of the export box. He also addressed the weather tight warrantee on a *used* export box, noting the lifecycle of a new export box would go beyond five-years before they would need to replace the box.

VOTE:

3 – 0 Approved and so declared

RESULT: RECOMMEND TO APPROVE 3 – 0

MOVER: Tim Ryan, Town Councilor

SECONDER: Andra Ingalls, Town Councilor

AYES: Ingalls, Ryan, Saums

Councilor Saums thanked Superintendent of Schools Mr. Hartling for attending tonight's meeting to help the Finance Committee understand the State's requirements regarding the School Roof Projects (Old Business Item #1)

Superintendent of Schools Mr. Hartling left the meeting at 5:51 p.m.

3. Appropriation of Transfer Station and other Recycling Revenues to a reserve fund for Transfer Station capital needs.

Public Works Director/Town Engineer Steve Masalin thanked the Finance Committee for the opportunity to discuss a proposal to set aside revenue generated from the Transfer Station Fees and Recycling Revenues in a sperate account for Public Works

initiatives. He explained that currently the revenue generated from the Transfer Station Fees and Recycling Revenues were being appropriated to the Undesignated Capital Fund. He stated once the revenues were deposited to the Undesignated Capital Fund the only way to access those funds was thru a special request for the Town Council to approve an appropriation from the Undesignated Capital Fund. He noted that the Public Works Department has stood in-line along with other Departments to request the Town Council approve the use of the Undesignated Capital Funds for various Public Works initiatives including road work, drainage work, and transfer station work, etc.

Mr. Maslin went on to note as he mentioned in New Business Item #2 (above), that he has been tracking the revenues received from Transfer Station Fees and Recycling Revenues and they have generated over \$1.5 million over a 21-year period, averaging about \$75,000 per year during the last five years. He stated the reason he has requested discussing these revenues this evening was to appeal to the Town Council to consider drafting a mechanism similar to Ordinance #200-009 *“An Ordinance Providing the Transfer of Certain Revenues from the Real Estate Conveyance Tax to Specific Town of Ledyard Funds”* He explained per the Ordinance: *“ A sum equal to forty percent (40%) of the money thus received shall be deposited to Fund 8, the Parks and Recreation Capital and Non-Recurring Expense Fund; an additional forty percent (40%) of said money shall be deposited to Fund 6, Capital and Non-Recurring Funds, to be used only for capital/infrastructure expenses; and the remaining twenty percent (20%) of said money shall be deposited to Fund 6, Capital and Non-Recurring Funds, with an Acquisition of Open Space Allocation”*.

Mr. Masalin stated before he took the time to prepared a proposed measurement in terms of specifics, he wanted to find out whether the Finance Committee was interested in his concept to set aside a portion of the Transfer Station Fees and Recycling Revenues to specifically be used for Public Works initiatives. He noted putting something aside would be of value because it would eliminate him having to come to the Town Council for appropriations from the Undesignated Capital Fund things such as Transfer Station Improvements for lifecycle and compliance requirements.

The Finance Committee and Mr. Masalin continued by discussing the revenues generated by the Transfer Station Fees and the Recycling Revenues relative to the following:

- Recycling revenues were declining because the town was now being charged per ton for things such as glass.
- Single Stream Recycling has not worked as well as initially expected, because of glass contamination. The glass containers were breaking and mixing with paper.
- Southeastern Connecticut Regional Resource Recycling Authority (SCRRA) has asked towns to continue to include glass in the Single Stream recycling because it was cheaper to put the glass in the Stream Recycling than it was to pay for the weight of the glass in the household trash that goes to the incinerator.
- Looking at alternative ways to remove glass completely out of the waste stream.
- Currently there was no market for the recycling of glass. Some markets were using crushed glass as an aggregate for this such as asphalt and other products.

- Cost to pick-up recyclables every week, alternating between paper one week and glass the other week.
- *Pay as you Throw* programs were not popular and did not produce a correlating decrease in taxes for residents.

Mr. Masalin stated he was looking for a consensus from the Finance Committee as to whether he should take the next step to prepare a proposal with numbers and with some specifics to allocate a fixed percentage of the Transfer Station Fees and Recycling Revenues to an Account to be used for periodic Public Works initiatives. He stated to spend the funds from this Account that he could prepare a Plan, as he currently does for the Building Improvement Needs, to be presented during the Annual Budget approval process.

Councilor Ingalls questioned whether there were any Departments that currently request appropriations from the Undesignated Capital Fund but do not generate any revenues. She also questioned how those Departments would be impacted if a portion of the Transfer Station Fees and Recycling Revenues were redirected to an Account other than the Undesignated Capital Account. Mr. Masalin stated there were Departments that do not generate revenue and do request funding from the Undesignated Capital Fund. He stated some research would be required to determine the portion of the Transfer Station Fees and Recycling Revenues that the Public Works Department has used in past years to help determine the correct fixed percentage that would be allocated to the new Account for the Public Works Department; explaining that the Undesignated Capital Fund grows independent of any annual budgeting for it.

The Finance Committee agreed by consensus for Mr. Masalin to prepare for discussion a proposal to allocate/redirected a fixed percentage of the Transfer Station Fees and Recycling Revenues to a new Account to be used for periodic Public Works initiatives. Mr. Masalin stated he would talk with the Mayor and work with Finance Director Matthew Bonin and others to draft a proposal.

RESULT: DISCUSSED

Next Meeting: 09/21/2022 5:00 p.m.

4. Any other New Business proper to come before the Committee - None.

IX. ADJOURNMENT

Councilor Ryan moved the meeting be adjourned, seconded by Councilor Saums.

VOTE: 3 - 0 Approved and so declared, the meeting was adjourned at 6:15 p.m.

Respectfully submitted,

William D. Saums
Committee Chairman
Finance Committee