BOARD OF SELECTMEN SPECIAL MEETING MINUTES
Thursday, September 21, 2017 7:30 p.m.

A meeting of the Board of Selectmen was held on Thursday, September 21, 2017 in the Selectmen's conference room.

Members present: First Selectman Michael Criss, Selectman Evan Brunetti, Selectwoman Nancy Schnyer, absent.

Attendees: Board of Finance Members: Peter Thierry, George Nashe, Tim Bobroske, Margaret Arigoni, Sandy Davis, Edwin "Chip" Booth

Call to Order
Mr. Thierry called the meeting to order at 7:30 pm.

Discussion of the Mill Rate:
Mr. Thierry: We are revisiting the mill rate and see if there are going to be any changes based on what the State is or isn't doing. The Tax Collector needs a revised mill rate, if we are going to do one, by the end of this week, so they can be out for October 1st.

Mr. Criss: There is plenty of stuff going around, from the Governor's original budget to the Governor's Executive Order Budget to the General Assembly's passed budget. Right now nothing is set in stone, that's the problem. If you go by the Governor's revised budget we will lose about $432,924. I wanted to make sure I got that exact, because I want to be exact. $433,248 is the difference from the Governor's compromised budget. Then, another $148,512 for Harwinton's portion of the teachers' retirement if that was to go through. Talking with Senators and everybody from everywhere down there, no one is set that that is going to happen. They are pretty sure teachers retirements are probably going to come off the table, on both sides of the isle, none of them are in favor to not have it in either of the budget. The only thing that is in the budget is the way they calculate ECS. Right now, currently the Republicans have keeps us whole. I was talking with George Raphael today from CCM, he gave us the break out and basically it will still be about $356,000 short even if the General Assembly's budget was to go through that they passed the other day; there's still an adjustment on that one. If you look at everything, we're looking at the total that we would be down is $581,760 if we used the Governor's compromised budget. If we used the General Assembly's budget we would be down about $309,372. None of them have been voted on. Many of the Senators that I've talked with, the State Representatives that I've talked with, not just our own feel that it was kind of thrown out as a scare tactic. Jodi Rell has not signed budgets in the past and they have just become law as of October 1st. But it does give him up to the last minute to veto it if it's submitted to him, if he's true to his word he will veto it, if he's not then he would just not sign it and it would automatically become law as of October 1st. So, I look at all those numbers - if you take the Governor's compromised budget and it's about a 1 mill increase that we will probably have to make up; that is not counting the flexibility we have with the school payments only right now, not on the bottom line. The bottom line will still remain the same to both communities. What they have done is because we have delayed our tax bills, is that they have lowered our payments for us and moved those to the end of the year so that we will be making both payments at the end of the year, as a compromise, until we can figure out this budget. Talking with a few of them today, the Senators and State Reps today, they are pretty confident that they can have something before October 1st because no one wants the Executive Order to go into effect and they are highly doubtful that the Executive Order would go into effect as of October 1st because it hurts both sides and nobody wants any of that type of publicity, basically. They think it was more to kind of force the hand of people to come to the table to try to figure things out. It's kind of a drastic way to do things - all that I can tell you is that my head is swimming with all the numbers that have been out there and all the different budgets I have looked at in the last couple of weeks and all the different proposals. Town aid road is the only thing that has stayed constant in all the budgets. They did do some special education grant money that they passed through us; we can't even take that into consideration. Whether they shift it from the school to us or they keep it with the schools, it doesn't matter - it doesn't really affect us at all. It will affect the school district a little bit. The school did take the first step and put $500,000 in contingency on their current budget. They have a proposed $1.5 million dollar cut that they discussed at the last Board of Education meeting that was not voted on until the very last minute that they can wait. Their estimate is that it would require 24 positions being laid off up at the school. Basically, they made it clear to us that if they have to go from a $500,000 contingency to a $1.5 million contingency, it would decimate the school district as we know it right now in our communities. It would be a detriment to our communities. I have been talking to other community leaders, and a couple of other towns to see what they are doing - because we are all set up differently, we all handle it differently - some communities are waiting to send all of their bills out with their second payment. We send the bills out with the two stubs, as you all know, payment 1 and payment 2 (second payment due in January). Other towns don't do that, they usually send out the first payment/installment, and then the next installment so that it is not due until January, so then they send everything all at once. I talked to New Hartford today, a few minutes before I came to this meeting and that's what they are planning to do; trying to hold off to the very last minute because they don't know what the budget is going to be. Their concern is that if they throw a dart on the wall, they are throwing a dart on the wall. There are a couple of ways to handle it; it's a lot of money if we take the Governor's compromised budget, even if they were to settle on that. We are looking at 1 mill; we do have money in contingency, we can offset it with some of that. Contingencies are for emergencies. We can operate for a little while with what we have right now. But, it's important to get the revenues in. The concern was to try to get the bills out before the holidays because we felt that it was going to be difficult to try to collect that money during the holiday season. Trying to be considerate of the tax payers, we've all discussed this a few times that trying to send them a big tax bill in January, after the holidays, is going to be tough to collect that money. There is no definitive answer, there is no definitive number - I wish I had one for you. A couple have advised that there is no big rush, why are you rushing to do it? The concern is that we have to somehow find a happy medium. The happy medium would be somewhere, I would guess, around the $580,000 is where we are going to end up lost. I think that would be more of a rational compromise. It's definitely not going to be the wipe out of the $2 million that we originally thought, but there is going to be a compromise in some way. I think as the years go on, it's only going to get worse. Their plan is to phase out ECS funding formula over a five year period; that is in the democratic budget. It is also in the Governor's compromised budget. He then came back to the table with ECS, the formula was to base it off of the enrollment, with that they moved flexibility with the MBR at the same time. So, we are working on that as well. That's the good, the bad, and the ugly. Really, there is no good, it's all ugly.

Mr. Thierry: So I think where we stand is, the worst case scenario we have would be the Governors edict which would leave us about $2.7million short, which is over 5 mills. The best case scenario sounds like it will leave us about 1 mill short, $455,000. I guess the question is, as Mike would say, where are we throwing the dart; because we don't know exactly where it's going to wind up. But our problem is, right now is, we are $2.4million short in income because the personal property and the motor vehicle bills have not gone out yet. So, we could experience cash flow problems if we wait too long to get those numbers in, those are monies we would normally receive in the month of July.

Mr. Criss: We stretched it. Even with our calculations right now, we could get to the month of December before we started to experience some real problems.

Mr. Thierry: I don't think I would want to take it up to that point. I think we should set the number before then that we are going to go with and then if we have to, we can take the excess money that we need out of surplus. But, I think we have to make a reasonable adjustment to what we had. It doesn't appear that the number we set is going to be good enough for this year, with the uncertainty that we have.

Mr. Nashe: And if it is a worst case scenario then we do have to issue a supplemental tax bill, eventually.

Mr. Thierry: Well, it depends if we change the current number to a different number, it depends where we change it to. If it went up 2 mills and brought in an extra $1million or almost $1.1million and the Governors numbers came up and its $2.7million, we could conceivably take $1.5 out of surplus and cover it. But, then, we would have to make up for it next year. You wouldn't have to do another supplemental during the year if you do an adjustment now.

Mr. Criss: The only way we are going to save any type of big money like we just talked about, is kicking the ball down the road for us, we end up becoming the State in effect because then what happens is we start saying, well, for right now we are going to try to absorb the $700,000 or whatever, do we not pave any roads from now until July? Do we not buy the capital equipment? What do you postpone? Do you get rid of seasonal, part time staff? Do you start doing those kinds of things? Those are things that all come into play because you are trying to absorb that difference.

Mr. Thierry: I don't think that what they are talking about is going to be the new norm, or are they going to start cutting us back - then you can't just delay. You cut it out or we're going to have to figure out how to fund it differently because you are not going to be able to delay things out five years.

Mr. Criss: You are going to plug the hole then you find out down the road that you have all this broken down equipment.

Mr. Thierry: We don't want to do that, we have got too good of a system going right now, and we do too good a job keeping everything up both the roads and the equipment. That's a very important part of the Town as well as the education. We all have to figure where we would like to go, what we would like to do if we want to make a change in the mill rate. And probably whatever change we make now will be the last one for the year and then if we have to adjust next year, next fiscal year, then hopefully the State will have a budget by then.

Mr. Criss: We did okay this year?

Mr. Thierry: We did. We appeared to have, between underspending and more income brought in, $315,000 more than we had. So right, now I'm estimating that our undesignated surplus should be around $2.9million, maybe even a little over. So if we do have to take a 1.5million hit, if it does go worst case, and if we did bump it 2 mills then we're covered. If you have to take the whole 2.7mills out of there, that would be a problem. Not only would the tax be the problem, but we wouldn't have any reserve at all. You would have only $200,000 left in reserve.

Mr. Criss: Then we run into some ongoing projects that have already been approved. We have the Shingle Mill Road Bridge coming up. Bogue Road is luckily pushed out another three or four years at least, we may have another set of problems at that time. It looks like it will be patched for quite a few years. Shingle Mill is the bigger project, really the bigger problem for us. We are at the final two stages with the State on the final approval and then bring the design to the public.

Mr. Broboske: Why did you throw out 2 mills?

Mr. Thierry: If the total with the Governor was almost $2.7million, or actually more than $3million with the full $400,000 in for the teachers. I was figuring the 2 mills, we raise about $1.1million. So if you are looking at a $2.7million deficit, you're leaving about $1.6million that we have to use surplus to cover if it went totally the wrong way. If it didn't then I definitely don't want to go 5 mills or 4 mills. I think that you don't want to go on the high side, but you don't want to sit here and not increase it at all, knowing that even the best case scenario is 1 mill. The best case scenario is a 1 mill increase. Then I was thinking, maybe, give yourself a little cushion, go to 1.5 mills or 2 mills and then if everything pans out better than that, then next year we'll be half way onto other decreases the State will be hitting us with if they are phasing us out of our 5 years, we might be in a decent position there. But, that was just for discussion.

Mr. Broboske: We'll figure for $500,000.

Mr. Criss: That's the Governor's compromised budget that you brought out. The proposed from the Legislature, the one that just passed, the Governor has to sign it. If he doesn't sign it and October 1st hits it automatically becomes law because he didn't veto it and it was already approved by the Legislatures. So that will become law and his Executive Order cannot take effect as of October 1st. And Rell has done that in the past, other Governors have done that in the past.

Mr. Thierry: So what you are saying, is that pretty much any budget out there right now is going to cost us at least $400,000.

Mr. Criss: I would say between $300,000 - $500,000 is right now the low number. I think it is probably the most appropriate because when I was talking with them all today, and everything else, teachers pensions is definitely one of the things that they are struggling with, to try to figure out if the State is going to make them whole and they are going to hold towns accountable moving forward for the pay in for it. Obviously, we all know that the reason why they that is; to shift some liability to the municipalities to give them better bond ratings, freeze up some money, gives them a better credit rating and it gives them a better interest rate. It allows them to save some money and use that money to reinvest it. They are not going to put it toward the deficit. We are going to end up with 7 new programs and 5 new taxes probably. But that's just me being facetious.

Mr. Thierry: Or correct.

Mr. Criss: But I think that, quite honestly, 1 mill, I think, is probably the most the Selectmen talked about. It is the most we would want to see it go up if there is going to be an adjustment in the mill rate, because we feel we have enough in reserves that we can ride out the rest of the year. If we have to make some changes we will make some changes. If we need to run a little leaner we will, without falling apart. The taxpayers are getting hit pretty hard regardless. We want to try to be as conservative as possible but as realistic as possible too, and it's tough to do that with the State because they are neither realistic nor conservative.

Mr. Broboske: I have two questions: In the worst case scenario, Mike and Evan, how much could you cut out of the Town budget if this is what we have to do?

Mr. Criss: The worst case scenario we could come up with about $427,000 is what we came up with.

Mr. Broboske: That would hurt. You're cutting bone, but you can survive. But that's your number? My other thought, today is September 21st - October 1st, it seems to me that's where the Governor is going to do one thing or the other. October 3rd is the next Selectmen's meeting, which we, if I understand it correctly, Atty. Rybak, that we have to be with the Selectmen to set our mill rate, correct?

Atty. Rybak: There are two steps. One allows you to set it; one allows them to set it. It's an old statute that predates Boards of Finance. My advice is that you both join setting the same mill rate, cover it both ways.

Mr. Broboske: Cover it both ways. So if we don't do it tonight, then they still would have to set it with us, correct?

Atty. Rybak: Correct.

BOF: Then the bills would go out November 1st, correct?

Mr. Criss: Correct. That is the earliest drop dead date for us and you can't get next day turn around, it takes at least 5 - 7 days for them to process and get things going, minimum. So, you would have to set November 1st the deadline date because you want it to fall within a calendar and not make it a nightmare for the tax collector.

Mr. Broboske: Well, it's going to be a nightmare, unfortunately, Beth, no matter what we do.

Ms. Hamel: I would just ask that you keep it to the 1st of the month instead of the middle of the month or a weekend or a week from the end because it makes it very difficult interest rate wise on the collection; on the back end of it. So you kind of have to work with the first of the month.

Mr. Nashe: So if you have a mill rate now and the Selectmen have a Special Meeting or whatever, to ratify it?

Mr. Criss: This is our Special Meeting.

Mr. Nash: This is yours too? I see. So you can get the bills out that are due October 1st right, with the grace period till November 1st? Is that what you are looking at doing now?

Mr. Thierry: They will go out October 1st. Due November 1st. Late December 1st.

Ms. Hamel: Late on the 2nd of November. It would be a normal 30 days, it's just moved from July to October to November. I don't set the due dates. The statute I just gave you is how the due dates are set. That's determined outside of my discretion. That's just my recommendation that you stick to the 1st of a month because the interest would be a nightmare to calculate if you're on the 8th, or one bill is on the 1st and one bill is on the 8th. It would make it very difficult.

Mr. Criss: We are not the only town in this boat. Like I've said, many municipalities I have talk to over the last few weeks; they're all in similar boats. Some sent them all out at 1 mill rate all at the same time and said we'll just set this up now. Some sent only one. Some said we'll send only one now and the rest of them in January because that's the way their payment structure is set up. Some said, we are just going to wait to the very last minute and we're just going to send them out during the holidays and if that happens that is just too bad, it's not our fault it's the State. At the end of the day, we all realize that it's the State's fault, it's not our fault. We did very well as the Board of Finance and the Board of Selectmen and as a Town of doing our funding. The problem is that we just can't get our arms around what they are going to settle on. They did just meet today. They are meeting again tomorrow with the Governor and hopefully they will come up with something. I'm sure there is some arm twisting and compromising going on.

Mr. Thierry: That's what they have been saying the last two and half months, and you've seen how much it's produced. I wouldn't hold your breath that they will have anything done by October 1st.

Ms. Hamel: Peter, just another consideration. It is also in that statute is that the installments, so the Board of Finance typically dictates the number of installments when you sign - when we fill out the rate bill and the tax for it. Typically personal property is 2 installments, we're going to push it off to November 1st, and then the second installment is January 1st. I don't know how that's going to go over, unless maybe you need to make it all one installment. I don't know what the answer is to that, it's all uncharted territory.

Mr. Thierry: Would they rather have one installment, or would they rather have it separated by two or three months? If you make it one installment then when you send it out it's due then.

Ms. Davis: They might want to separate the payments for tax purposes, being it will be in two different fiscal years. It would be another year if it goes calendar year.

Ms. Hamel: It's just different nuances that are going to come up.

Mr. Thierry: But I think it will be better for most people if they had received the two. So if we do one in October and then we do one?

Ms. Hamel: Well, October is definitely ideal at this point. I wouldn't like to see it in November, but again that's not my call. I don't know what we have for funds to operate the Town.

Mr. Thierry: We want to listen to what you have to say too because this has to do with you.

Ms. Davis: But they do know that it's coming?

Ms. Hamel: They know.

Mr. Thierry: Same way with motor vehicle. Most people are happy that they haven't received a motor vehicle bill yet.

Ms. Hamel: Lots of phone calls.

Mr. Thierry: It's going to be arriving. But our question is where to go with it and what to do with it?

Mr. Nash: A motion was made to increase the mill rate to 1.

Ms. Davis: I'll second.

Mr. Thierry: Any discussion on the motion? Questions? Comments?

Mr. Booth: How would you fund it? Are we going to take anything out of surplus? Are we going to ask for cuts from the Town?

Mr. Thierry: This is just 1 mill. This is just to set the mill rate there not knowing what our expenses are. You know what the Region's expenses are. Actually, the Region's been good about trying to cut expenses but the budget was voted on referendum it is the number we have to pay. If the Region says that's it.

Mr. Criss: The Region has been good about working with us right now.

Mr. Thierry: The legal end of it is the Town approved that Region 10 number. So we are responsible for that number unless the Region lets us off the hook and allows us to pay less. The Town can do something on its end to reduce cost, but the Region doesn't have to. That could be quite a bill out there because most of the money we are losing is the ECS money. That's a big problem. We have Town Aid Roads; $228,000 is probably the other biggest bill we get from the State.

Mr. Booth: And we will be facing individual accounts as they run out of money if they run out of money, right?

Mr. Thierry: No. It's the cash that we have in the bank that runs out not the individual line items.

Mr. Criss: It's the money to operate. But right now we are on a strict budget freeze. We've been on it since just before the end of last year and going into this year because we don't have a State budget, so there are a lot of things that we have not been buying, things that were approved in budgets. People are yelling and screaming at me daily almost because they can't buy things. They can't buy then, because we don't have the budget and they are not going to buy them until we have a budget, until we know what the number is. If the number is more then we may not be buying it at all this year. The money can only go so far, so if the money is not there and we have to come up with another $500,000, we're going to be looking at surplus, we're going to be looking at those types of cuts.

Mr. Booth: But you have a budget. You have a Town Budget.

Mr. Thierry: Right.

Mr. Nashe: You have line items that say you can spend so much money in each account. But if you don't have the money, you will come to the Board of Finance and say, 'how do we get the money/"

Mr. Criss: No. You will not see me here asking for money for lines that ran out of money because we ran out of money. Because if we run out of money, I'll be here well before we run out of money trying to come up with something.

Mr. Thierry: The money isn't specifically set aside for any of those lines. It's in one account. So, he's authorized to spend up to that amount on any line. But, we are supposed to make sure that the money is in the bank to take care of the expenditures. That's why we have a surplus and that's why we lay the taxes down and that is why at the beginning of the year we figure out what our expenses are and what our income is going to be. The only problem we have this year is that we don't know what the income is going to be or what the State's done. That's a big chunk of what we had anticipated when we were making up the budget. We were anticipating at $2.7million at ECS. So we've heard where getting anywhere from $0 - $2.7million. So that's the unknown. It's not that we give up authorization to spend the money, it's just the money might not be there to spend.

Mr. Criss: Right now we are only spending on contractual obligations and obviously to keep the doors open and lights on. But we are not spending on frivolous things. There is no fluff in the budget. The things we can cut and hold on, we are cutting and holding on. It's painful for some departments but we're working around it, making it work. Can we do it forever? No; absolutely not, we can't do it forever. Can we do it until we set the next budget? Yeah, we will. The staff has already been prepped and talked to and it's been explained too that we will have to make that sacrifice because we are willing to make that sacrifice for the tax payers, we have to.

Mr. Booth: I have a question for Mike? Do we need to specify whether this mill rate is prospective or retroactive to the payment that already went out?

Atty. Rybak: Prospective. So, you need to set a specific mill rate not just an increase. And you need to set which tax bills that it applies to. Is it second installment real estate? Personal property? Motor vehicle? Is that everything?

Ms. Hamel: That's not how it works. The mill rate will be applied to everything. For example, someone receives their real estate bill, they pay based on 27.8 in July, and so any shortage to that bill, that adjustment will be met in the second half along with the second installment.

Mr. Booth: Alright, so it's one rate for the whole year.

Mr. Thierry: So the installment will not just reflect an extra mill, it reflects the extra mill and the adjustments for the real estate.

Atty. Rybak: So you are going to go back on the first installment then and apply the 1 mill increase?

Ms. Hamel: Yes, because it's an adjustment.

Atty. Rybak: But nobody was delinquent.

Ms. Hamel: No one is delinquent, no.

Atty. Rybak: Until thirty days from November 2nd.

Ms. Hamel: No, not for real estate.

Atty. Rybak: Just as long as that is clear in your motion.

Ms. Hamel: Unless its motor vehicle, but we are not at that point with motor vehicle.

Atty. Rybak: the 1 mill will apply to the installment that already went out.

Mr. Thierry: So for the year you will be at 28.8 from the beginning of the year through because you want everything to be charged at the same rate.

Mr. Thierry: Any other discussion on the motion? A motion to adjust the mill rate to 28.8 according to statute 7-57. Any more discussion on the motion?

Mr, Booth: I didn't realize it was retro-active.

Mr. Thierry: Yeah, you have to make it fair.

Mr. Criss: You can't work under two separate mill rates that's the problem.

Mr. Boothe: If that's the case I'll go with the 1 mill increase. I was going to suggest 1.2 to make an even 29 but seeing that it is retro-active just go with the 1 mill.

Mr. Thierry: Okay, so it should raise a full $563, 074. Any other questions, comments concerns? Hearing none, all in favor?

Ms. Arigoni, Ms. Davis, Mr. Booth, Mr. Nashe: Member: I

Mr. Thierry: Opposed?

Mr Broboske: Opposed.

Mr. Thierry: Motion passes.

Mr. Criss: I need a motion for the Board of Selectmen.

Mr. Brunetti: I make a motion to consider the recommendation from the Board of Finance to adjust the mill rate at 28.8. That is under section 12-123.

Mr. Criss: I seconded it. All in favor.

Mr, Brunette, Mr, Criss: I

Mr. Criss: Opposed? So moved.

Mr. Criss: I need a motion to end the Board of Selectman's meeting.

Mr. Brunetti: So moved.

Mr Criss: All in favor?

Mr. Brunetti, Mr. Criss: I.

Mr. Criss: Opposed? Our meeting is done at 8:08 p.m.

Minutes submitted by ____________________________

Jen Minery