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**City of Derby
BOARD OF APPORTIONMENT AND TAXATION
SPECIAL MEETING MINUTES
TUESDAY APRIL 5, 2022**

Marc J. Garofalo
MARC J. GAROFALO, MPA

6:00 PM

ZOOM MEETING

Christopher Carloni
Jennifer Desroches
Michael Gray
Kristen Mancini-Wright
Holly Oraziatti

Bhamini Patel
Rose Pertoso
Jeff Polis, Chairperson
Roberto Santos

1. Call to order & Pledge of Allegiance

Mr. Polis called the meeting to order at 6:04 PM followed by the Pledge of Allegiance.

3. Roll Call

Present: Mr. Carloni, Ms. Desroches, Mr. Gray, Ms. Mancini-Wright, Ms. Oraziatti,
Ms. Pertoso, Mr. Polis and Mr. Santos

Absent: Ms. Patel

4... Public Portion

No one spoke.

5. Questions and Discussion of Mayor's Budget

Mr. Polis said he would share the screen with the board as they discussed each question. He said that these questions were provided by the members of the board via an email, and 3 of the members compiled the list.

1. Why isn't the mayor available for us during our BOAT meetings, as written in our agenda.

Mr. Mayhew answered that the mayor is the CEO of a 48M organization and as such, he sets the goals before the organization. He did appear to the board and offered to answer and

questions sent to his representative. Mr. Carloni asked if he were here tonight, and Mr. Mayhew said No, and he is the representative for the mayor.

2. What percentage of the total budgeted revenue are you projecting as realized for 2021? What will the tax collection percentage rate be for 2021? What percentage of Grant money will we be projecting to receive for 2021 budget?

Mr. Mayhew said that he had just finished the analysis, and that year over year, the final collection was 99.6% the amount tax revenue collected is projected is 2021-2022 plus motor vehicle. Derby collects taxes with no problems historically. With people who have not paid for 18 months, they go into a hardship program and are given a chance to pay. If they exceed 2 years, then TOWER goes after them to get them into a program to pay. In addition, they are responsible for late fees and liens, etc.

Mr. Mayhew said he was looking at a training program for newly elected officials, through the CCM, which provides different services, it is not a state agency, he was asked if this was a non-profit agency, and he said he did not know this for a fact.

Mr. Gray, spoke about the motor vehicle tax. He said this is projected a record volume, there is a huge jump in used cars of which there is a great demand. New cars have gone up, but the used cars went up on the supplemental after the grand list. Connecticut can go back and add to the list, and cars purchased after the grand list has proposals from the state to reduce the payments. The legislator's want to reduce the mill rate to 29 mills, however, towns would have to make up the shortfall and funding could be cut by the legislators. We have asked them to give us a year to put this into effect, instead of being effective 7/1/22.

Grant Money, Mr. Polis said this money was never realized, we must get a firm grasp on the grant money. On the name change of the school, Pequot grant is not a guarantee.

Mr. Mayhew said that some information is provided by CCM, and the information is included in revenue projection in grants. Grants are standard, nothing new, standard grants are 15K to 20K. When the state was giving the 1M grant, they tried to do something in excess, and the legislator just cut it. There are no grants like that this year, nothing was overfunded, however there is some growth, i.e. the BOE alliance group received more money this year. Mr. Santos asked what role the treasure plays in these grants. Mr. Mayhew said the treasurer plays no role, they are proactive in municipal bonds, He said the Financial Director acts with difference agencies, and Agatha was never a board member. He said he can't remember when Mr. McLiverty left and he was involved with the procurement of municipal bond rating, after that the interim director was David Taylor, and until someone is appointed to the position, for now any questions can be directed to me.

3. The mayor's budget for the highway department offers no change from the department request. Is there strong support from the mayor regarding an additional highway department position as reflected in the maintainer II wage line 4100-110-0112? If so, why? Was this position approved by the BOA/A?

The mayor looks to the department heads to ask what is necessary to get the job done. He had no recommendation to cut funds for staff, and he wanted departments to have 100% including positions for Peyton field. Looks to you as a board to provide the funds if not, keep the money in the working balance, and leave it there, and also to put additional money in the working balance for gas. On the second part of the question, we don't fund the position, section 37 says the commissioner of public works can do this without the BOA/A

approval. It was not approved by the BOA/A. Mr. Polis asked if there is a change in the mill rate, do we go back to Mr. Mayhew. He said that he could provide the board with the sheet, and the group could play with that, taking the mayor's budget, put what you want, and change, when you make a change, this would change the mill rate. If this changes the mill rate, remember that it still requires money for insurance to come out of the fund balance. Back to the new position, the question was asked if the union has to approve the position, and the answer was that it is not a new position, it is an existing position, it is not a new job description.

There is a 125K stop gap, paid in the year. Based on projection, conditions, and volume of claims. Insurance went up, sent the demand up because of the COVID, normal usage will go back down as people retire. Can't say what the cost per employee would be. We have preliminary cost, Mr. Santos asked if the Corporation Counsel could give us more information.

4. The miscellaneous capital line item 3700-310-0023 does not include funds for a new police vehicle in the mayor's budget. However, the chief of police stated in our budget meeting on 3/8, we will have to expect a greater amount than what is budgeted in line item 330-0331 police vehicle maintenance. What will the funding plan be to cover this potential short fall?

There is no shortfall in connection with the police budget, we can use ARPA funds, they must lower the maintenance cost, they should get new vehicles. Mr. Polis said they are looking for 100K for new vehicles. Mr. Mayhew said that the grant of 3M has been set for Derby. Public Safety is part of the grant, and the police vehicles would fall under this category. I have checked with NVCOG and they validated that this would be okay. ARPA has no line item. There is nothing in our current budget, this is outside the mayor's budget. Ms. Desroches asked if ARPA is set up like Capital Planning. Mr. Mayhew said that most town's finance board are set up to be the arbitrators for the fund, and no discussion for Derby has been set. The mayor has supported approving 2 vehicles taken from the ARPA. The city would struggle to make repairs for the fire house, 40K replacing the roof, and this would all fall under public safety, and would fall under the ARPA. Ms. Widomski, Chairperson of the BOA/A asked to speak, and she said that any requests have to go before the BOA/A and they are the power for the Capital Planning and the ARPA requests. Capital Planning has not met for over a year, and in speaking to the mayor, we can have a look at some of these things.

The question was asked as to how does the community want to use these funds, and what do we want to accomplish with the ARPA funds? The BOA/A must approve these funds. Will the tax board be included in any decisions on how the money is being spent, as it is a lot of money. We don't want to find holes for people when the grant money runs out. The city should be very careful how the money is used. Mr. Polis said it is not in the budget, if it was then the board would have to approve.

5. Can you provide a review of the 8400-budget working balance account line items? What are the funds intended for, what are the current balances of these accounts, what are the reasons for the increases in requests for line item 390-0390 the mayor's budget compared to last year's adopted?

The working balance is an amount of money for any unanticipated expenses. As an example we were just notified the Fire Marshall is planning to retire on 11/1/22. The BOA/A agreed

to provide insurance for his wife who is not of age for social security. When he retires, he has to be paid for unused time amounting to around \$14K.

The Special Working Balance is money that is put aside for that is firmed up for a cost not approved, such as money for a new Economic Developer, the salary, also money for a new grant writer, facilitate finance software cost for cloud base, IT structure, the migration for one to another, data from the old to the new.

The guidelines from the auditors, are as in the past, if the working balance is too small, we could run into problems, this year it was depleted to \$60K, there is no money for any item moving forward. We don't have money for anything. \$200K has been put in for the balance. If we don't spend it, it will roll over to next year.

6. The mayor's proposed budget has an increase of 60K or 0.2s% from last year and 853.322 less than the BOE department request. Can you explain the reasoning behind the mayor's decision to reduce the mayor's budget compared to last year's budget?

There are a number of factors. The mayor suggested an increase in line with the 2.5%. The alignment of education and the necessary reasons to achieve these goals. The increase of medical insurance made the BOE budget valid expenses increase by almost 1M, exceeding the 2.5% increase, so as a result, they had already exceeded the 2.5%. The whole concept is that Derby get in line with standards of the rest of the state. We currently are 93 out of 123. These are taxpayer dollars, and how money is being spent to achieve these goals. They have been flat line for the past 3 or 4 years. 3% is what they want to work on improving results. BOE says the 60K, then it is a slap in the face, playing to every single taxpayer to cut the tax rate. The mayor started out doing what the city should do for the BOE.

Will there be more discussion with the BOE? The mayor is looking to have a conversation with the Superintendent of Schools and the BOE to improve test scores, which is a driving factor in selling home in the area. This year we had the grand list to grow by 2.5%. The department heads recognized this in relation to the grand list growth. Looking for shared services, i.e. Human Resources, entire finance department, these are examples of what needs to explored, so to cut costs to the taxpayer. Mr. Santos stated that the realignment does not happen overnight, how long has the mayor been looking at this. Mr. Mayhew said that the until this year, the city did not have the opportunity. The mayor is looking to get into conversation regarding the latest figures, per pupil spending numbers, and the next latest published figures from the state. Mr. Santos asked if the revaluation of property is this year's figures. He was told it was reflected in last year's numbers, and the next revaluation will be in ten years. Supplemental motor vehicle if part of the revenue figures. The grand list went up with the motor vehicles, it is reflected in the tax base, which consists of real estate, and motor vehicles.

7. The Parking Division Department total expenditures totals \$116,718 dollars, Can you review the corresponding revenue line items this department generates?

Most revenue is from the finance department based on the conversion with appropriate personnel that generate revenue. Grants are provided for, and for cameras under the direction of the director. There is monthly parking, and the top floor is not used in the winter months. The garage is running at 80% capacity, the monthly parking rate is \$50/month and this is based on the apartment buildings in the area, some of the local

businesses. It also included meter parking collections, tickets given for illegal parking, but I cannot give you the exact dollar amount. TEAM pays for parking for 8 vehicles. There is a line item for wages for the parking attendant, who also does the meters etc. Ms. Desroches commented that $\frac{3}{4}$ of the meters don't even work.

8. 690-6918 appropriate from fund balance was amended 455,387, the actual is 0, and the 2023 proposed is 947,492. Does this mean we are starting the new fiscal year in the hole?

The budget is in balance. The transfer from the fund balance, the amount in the shortfall was related to Medical. The city had to come up with 50K. We took nothing out to cover the 1.2M. We had 5M in the fund balance, and we will find out by the end of the year, the number of grants which exceeded our expectations. It is recommended we should have 10% in the fund balance according to Standard and Poors. If this number goes down, this is considered in our rating. The end of year figures they like to see are not allocated. This does not include the Special Working balance. Mr. Santos asked about paying for operating expenses, and Mr. Mayhew said this is not a good financial practice. We are covered by the insurance carrier, that this was a unique 1-time situation, and should not occur again, the same as the ARPA fund. Mr. Santos said that the insurance needs \$947,942. Mr. Mayhew said this income comes in from city employees, this is the actual expense by the insurance company.

9. 660-6632 Pequot Fund- the name change? I understand there was a proclamation applied for 3/15/2022. We will not have an answer by 4/30/2022.

How certain are we that these funds of 200K is the funding needed? This applies to next fiscal year. To be proactive, the chief who has an office in Derby, agreed to sign he provision that the Indian Head on the gym floor be removed, and that we have curriculum teaching more American Indian history. Mr. Polis will check with the Superintendent of Schools that we follow the law. He will confirm this. If we are unable to secure permission from the chief, I doubt that we have signed the petition. Ms. Desroches said she had asked for a copy of the proclamation, and Mr. Polis told her to send him a text, and he will check with Dr. Conway.

10. 610-6100 Property Taxes- What is the percentage collected in fiscal 2020,2021,2022. What % are you basing revenue on? 610-6120 Prior taxes collected- actual 3,296, propose 200,000? 620-6101 Supplemental Motor Vehicle taxes- why such a jump. What is the percentage collected in fiscal 2020, 2021,2022?

With the COVID, 90% property taxes were collected. We are exceeding 100%, doing very well. Ms. Desroches asked how much did we give back on appeals. Mr. Mayhew said it around 10K, but he will get back to her if it was under 10K.

11. 690-7015 parking garage daily receipts- Actual was 52,890 now it is 24,004. Why increase to 60,000. What are the actual numbers? Parking tickets?

The projection is based on reasonable collections, we lose 28K in revenue. I will check with the finance department and get back to the board.

12. 650-6503 Distressed Municipality – Actual 17,652? This is a tax reimbursement; it should not be here. Does it need a budget?

This is received from the state. It is put in as a revenue item. It is not the PILOT grant, and not a reimbursement i.e Griffin Hospital as they are tax exempt. The property has been removed from the tax rolls. The state reimburses the city; however it has never been 100%. It is nowhere near what we lose. It is not based upon the taxes. Mr. Carloni asked if we could get any taxes from the houses they buy for the Doctors? His answer was that we lose a significant amount. Does the grant money go up, and do we get the amount we are entitled to? The answer was, if the state has a good year, we get more money, but if they have a bad year, we get less. We are designated as a “Distressed Municipality”.

13. 610-6000 What accounts compose the Miscellaneous Revenue?

Miscellaneous revenue is what is taken and received. All is booked against this account. In the city, this included dog licenses, copy fees, they are not large numbers, but they all go into that account.

14. 6000- the total for the proposed budget is 48,385,129 this includes COVID relief, and distressed municipality money. What numbers were used to base the 2.5% on?

No COVID money is in the budget, the money had to be used by the end of the year, The money is gone. 2.5% is the grand list cap, and we do not want to go over. The balance of the revenue is the best we can anticipate, any and all expenses that may come up.

15. 650-6500 Who is managing LOCIP? Capital Planning has not had a meeting.

Who manages LOCIP, the state never made available to the city, Income and expenses are a wash? There is no impact on the budget. Made available along with Capital Planning for lease payments, tying up the money for the length of the lease. We are obligated for more than a year, as an example a fire truck would cost up to 1M, lease is capital assets, then they have very little money year to year. Any new monies cannot use LOCIP, and it must be used in that year. The Capital Planning board is comprised of different people. Mr. McLiverty was appointed, and this information is in the charter, and that is where we get it. LOCIP has specific criteria, the money used for capital purchases, and they decide how the money is spent. LOCIP money has not been expended this year. The operating budget in Capital Planning, and why didn't the mayor call for a meeting. Mr. Mayhew said he has no answer for this.

16. Where are we taking the money out of for the police body cameras 119,291?

Mr. Mayhew said he has no knowledge as to where the money is coming from. The board needs to account in the current budget where she got the money. This was not answered in February, the working balance is down to 20K, and he doesn't know where they are going to get the money. The question was asked, isn't there a matching grant for this, and the answer was that it is not anticipated by the end of the year. The current line items, the % expended, where expenses are under, depending on what is anticipated, end of the year purchase will make up the difference. Ms. Desroches asked if the BOA/A have any COVID or ARPA funds. Mr. Mayhew said the COVID grant, there is no money, and approval for

ARPA funds, will be drawn out of the city account. Have to check the budget, with money comes from the general fund, amount of expenses has not been realized yet. Hopefully we can plan on unanticipated revenue. The board approved this, and it was to come from the fund balance, the transfer was to come from the fund balance. Mr. Mayhew said not until after the board does the budget. Mr. Santos asked if it were possible to do this.

17. 600-1460 What is the Operating transfer in account?

This is not part of this year's budget. There is no transfer money in the actuals this year. Surplus in the previous year was not accounted for, in the past, expenses didn't, but they revert to the fund balance and must be reallocated. If we have a surplus, we will put it into the fund balance. Met with the Elderly Commission, 20K was held in a separate account, which was closed and put into the city's general fund. It was not determined what had happened, and when it will be coming out and would go back to the Senior Commissioner Elderly. The original amount was 25K, then a purchase of \$4999 for a used VT bus through the Valley Transit. We do not have the time frame when this was approved. We will go back through the books to see where the money came from and establish what account the money will go back to. Everything should be coming thru the Finance department. Ms. Desroches said the check # was 722721. Mr. Mayhew asked her to send him an email with this information, so he could get the date of the transaction. Ms. Desroches said her FOI request for all the information regarding the checkbook, etc has never been done. Mr. Mayhew said it was referred to the Corporation Counsel. He said the information would be very large, and she asked if could be send in a PDF. He thought this would be quite a task.

Mr. Mayhew said he would be happy to come back and answer any further questions. Mr. Polis said they have 3 meetings left before the budget has to be adopted. Mr. Santos asked if the board could get an updated Revenue and Expenses report. Mr. Mayhew said the list the board has is 4 weeks old, and the actuals stopped in December. We have to adjust for a full year request. We should be in decent shape with the Jan/Feb figures. If there is a potential change thru February, we an adjust as we look at the budget requests.

8. Adjournment

Mr. Polis asked for a motion to adjourn, and a motion to adjourn was made by Mr. Santos and seconded by Ms. Desroches. The meeting was adjourned at 8:19PM. Motion Carried.

Respectively Submitted

Louise Pitney

***** These minutes are subject to the approval by the Board of Apportionment & Taxation at their next regular meeting.**