

**Town of Wallingford  
Special Town Council Meeting  
Tuesday, May 19, 2020  
6:30 pm**

**Public Hearing via GoToMeeting  
FY 2020-2021 Budget**

**RECORD OF VOTES AND MINUTES**

The meeting was called to order at 6:30 P.M. Chairman Cervoni provided instructions and explained how the virtual meeting would happen.

1. Moment of Silence
2. Pledge of Allegiance and Roll Call

The following Councilors were in attendance: Craig Fishbein, Thomas Laffin, Joseph Marrone, Gina Morgenstein, Christopher Shortell, Christina Tatta, Vincent F. Testa, Jr., Jason Zandri and Chairman Vincent Cervoni. Others in attendance were: Mayor Dickenson; Jim Bowes, Comptroller and Barbara Thompson, Town Clerk.

3. Departments

**ECONOMIC DEVELOPMENT COMMISSION**

Chairman Cervoni introduced Joe Mirra, Chair and Tim Ryan, Economic Development Specialist. Mr. Ryan reported that this budget is very responsible and straight forward. The salary line was pulled back to level fund at last year's level. Operating and maintenance, marketing and promotional is the same as last year. The new total shows the same payroll number as last year.

Councilor Fishbein noted that the budget book they are looking at is different. Mr. Ryan reported that the budget book shows \$77,722 in payroll, but they reduced it to \$65,932. He explained that he will be reducing his hours and that they will be delaying the hiring of a part-time person to the 3<sup>rd</sup> or 4<sup>th</sup> quarter. This person will be at a lower salary than his which will save money. Councilor Fishbein asked why he is reducing his hours. Mr. Ryan replied that he met with the Mayor and asked to reduce his hours by 10 a week. He noted that this is not related to the budget or the COVID crisis, but that he wants more freedom.

Councilor Fishbein asked, regarding the billboard expense, if they have evidence that the billboards have brought business to Wallingford. Mr. Ryan replied that the billboards are not direct response advertising but are part of branding. He stated that they have four active billboards for only \$5,000 a year. The sites are donated by the property owners, we just have to maintain them and create the messages. He stated that he has heard positive comments about the billboards so he believes they do have an impact. Councilor Fishbein noted that the EDC subscribes to a "Healthy Downtown is a Healthy Wallingford". He asked if the passive billboards are worth the cut in the façade improvement program. Mr. Ryan replied that in his opinion the billboards are a bargain. High traffic billboards like these would cost \$1,200 a month on the market. Mayor Dickinson added that the façade program doesn't advertise Wallingford as the billboards do. He believes they have different purposes. Mr. Mirra noted that most towns don't use billboards because they can't get the deal we have. The exposure is valuable.

Councilor Tatta asked for clarification that the new Assistant Economic Development Specialist position is not happening. Mr. Ryan replied that it will happen, just later in the year. It is too disruptive a time to bring in someone new. He noted that they are currently not doing a lot of business expansion or recruitment. They are focusing on helping businesses survive. They will reevaluate in the 3<sup>rd</sup> quarter. Councilor Tatta asked if a revised budget page would be provided. Jim Bowes replied that what they have is the budget submission. Any changes are reflected in the Council column. Councilor Tatta asked if it is correct that this is about a \$12,000 savings. Mr. Ryan concurred.

Councilor Morgenstein noted that a vibrant downtown is all the more important post COVID. And the façade program is good for business people. She asked if we don't fund the billboards, would their condition be maintained in an acceptable manner. Mr. Ryan replied that it was feasible. Councilor Morgenstein stated that both the EDC and Wallingford Center, Inc. downtown projects are important to the business community.

Chairman Cervoni opened the meeting to public questions. None were submitted.

### **VETERANS CENTER**

Chairman Cervoni introduced George Messier, Veterans Service Officer. Mr. Messier directed the Council to page 45 and stated that the bane of his existence is the program paragraph which suggests that Meriden is not paying its share. He reported that they have and that the paragraph is poorly written. He apologized for over budgeting line 56100 Office Expense and Supplies. The closeout year was at \$600 and he inadvertently reflected the same for the new year. It should be \$300. He provided a letter on the operation of offices and offered to answer any questions.

Councilor Testa asked if the Veterans Center is at this meeting because there was a question on their budget. Chairman Cervoni replied that he was told at the beginning of the process that there were questions for all departments.

Councilor Tatta stated that she has been asking all departments if they have seen any savings during the pandemic and how they might cut 1% from their budgets. She noted that the Veteran's Center has indicated that they are already \$300 lower than it shows which is more than 1%. She thanked Mr. Messier for offering the budget reduction.

Councilor Shortell asked if there is any possibility of rescheduling the Memorial Day parade or if some other type of activity is planned. Mr. Messier replied that he appreciates the sentiment, but they have decided it is best to let it lie this year because so many other events are being moved to the third quarter. He stated that flags will still be placed in the cemeteries as in the past.

Chairman Cervoni opened the meeting to public questions. None were submitted.

### **ANIMAL CONTROL**

Chairman Cervoni introduced Katie Ehlers, Animal Control Officer. Ms. Ehlers reported that the only change to their budget is the \$2,000 increase in outside veterinarian services and that this line increases every year.

Councilor Tatta stated that she is asking all departments if its possible to save 1% and if the pandemic has affected spending. Mr. Ehlers replied that there have been no changes in operations, the budget is very lean and she has seen no savings during the pandemic.

## **HUMAN RESOURCES**

Chairman Cervoni introduced Jim Hutt, Director. Mr. Hutt directed the Council to page 26 and noted that this department represents about 3% of the total budget. Of that 3%, wages, office supplies, and training of office staff. The rest of the budget is contractual benefits such as health insurance, sick leaves, townwide training and Workers' Compensation administration. He pointed out that 97% of the budget supports the entire town workforce. Mr. Hutt noted that one of the questions submitted by the public was how the pandemic has affected the HR budget. He reported that they are going to need additional funding for the unemployment compensation line. They are anticipating future charges of more than \$63,000. They only requested \$15,000 in the budget. This impact was not anticipated. They will be requesting approximately \$50,000 additional, even though they don't expect that to be sufficient. He noted that if some of the Park & Recreation programs come back that figure may be less, but it will still be a significant increase.

Councilor Shortell referred to the health insurance item in the monthly report. Does the budget amount pay into the fund and the claims get paid out of the fund? Mr. Hutt confirmed. Councilor Shortell asked where he would look to get a sense of how the Town is doing in terms of health claims. He noted that the line in the monthly report doesn't include the Board of Ed. His question was what happens to funds left unspent in the line at the end of the year. Does it go to the general fund or the health fund? Jim Bowes replied that it gets closed out in the general fund. However he noted that he might be advising that they take a different approach this year. In the past we only pay into the Fund based on employees generating premium costs. Councilor Shortell asked for verification that to see how much in health fund he'd look at the most recent CAFER. Mr. Bowes confirmed. Councilor Shortell continued that the 2019 CAFER shows a little over \$2million as of 30, 2019 in the Health Fund. Mr. Bowes confirmed that it is \$2,625,000, which can be seen on page 112, the Statement of Net Position (a.k.a. balance sheet). Councilor Shortell noted the ordinance that 20% of expected claims in the health fund. This represents the Town's maximum liability. He commented that it appears we are not following that ordinance based on that dollar amount. He referenced the data from Anthem which shows they are projecting just under \$25million in expected claims. This means we need \$4.9 million in the health fund. Councilor Shortell asked if there a plan to get us there. Mr. Bowes responded that the ordinance calls for a corridor of 20% of anticipated claims per the renewal, which would be about \$5million. The reason we are below is that we had a loss over two consecutive years of approx. \$1.7million. Our claims exceeded revenues. The projection for the upcoming claim year assumes a number of claims that will hit our individual stop loss. Each year our plan is expected to have 8 or 9 claims that meet the \$200,000 stop loss. During each of the last two fiscal years, we have actually had 16 and 17 cases that meet the stop loss. Mr. Bowes continued, regarding the plan to get us to \$5million, yes, we do have one. We decided that since it is a hard budget, we are projecting, based on what consultants laid out, to put some money of the increase to reestablish 50% of the corridor. We expect in two years back to the 20% aggregate stop loss figure. Councilor Shortell asked for verification that once the money is put in the health fund it can't come out except to pay claims. Mr. Bowes added that administrative expenses come out as well. Councilor Shortell asked if another plan could be to transfer the unassigned balance of the general fund. Mr. Bowes replied that that would need an appropriation from the general fund to move the funds as we are closing the books. He will advise the Council if they decide to go that way, as it would take some pressure off the 21/22 budget. If things go according to what the consultants have laid out that will put a dent in the remaining 50% that we

would have to fund in 21/22 to bring the corridor up to the 20% of the aggregate stop loss. Councilor Shortell asked if we can't take and do it all at once, i.e. shift \$3million from unassigned fund balance to health fund. Mr. Bowes replied need an appropriation, probably add \$3million to the HR line item. And then transfer that over. That would reduce the general fund unassigned fund balance that we could use to offset any spending increases or tax increases in a future year. Councilor Shortell asked for confirmation that we are increasing stop loss threshold to \$250,000 but should save on the premium side as well. Mr. Hutt replied that will have to get that specific amount from Seigel and report back. But he agreed that there is a savings. Councilor Shortell stated that he doesn't need the dollar amount and thanked the presenters for the information. Jim Bowes added that the increase in the individual stop loss and any proportional change in the administrative fee is already included in the numbers that Mr. Hutt has included in the budget.

Councilor Tatta asked about line 56812. It is tracking below budget. Is that a place we can save 1%? Mr. Hutt replied that historically this line item had been under the Town Attorney's office. It was moved to HR about 10 years go and has been maintained at \$10,000. It is used for labor matters that come up, such as binding arbitration, filing fees, etc. He needs the ability to react to changing circumstances that are time-bound. Though it appears it is not used, there is a case right now that could move to AAA tomorrow. They need the funds to have the flexibility to respond to labor matters. He noted that they do work to get settlements that avoid the costly process. Councilor Tatta asked for confirmation that if it's reduced, we might not have time to ask for an appropriation of funds from Council. Mr. Hutt stated that that is correct. This allows him to respond to changing circumstances. Councilor Tatta asked if there is anywhere in the budget where 1% could be saved. Mr. Hutt noted that the operational budget has already been cut, for example the budget for microfilm. He also reiterated that he's concerned about the cost of unemployment going up even more than predicted. He concluded that they do not have 1% to cut.

Chairman Cervoni opened the meeting to public questions. None were submitted.

### **RISK MANAGEMENT**

Chairman Cervoni introduced Kurt Treiber, Risk Manager. Mr. Treiber noted that this budget runs under the Human Resource Department, so he has nothing to add to Mr. Hutt's comments.

Chairman Cervoni opened the meeting to public questions. None were submitted.

### **PROPERTY & CASUALTY INSURANCE**

Chairman Cervoni introduced Kurt Treiber, Risk Manager.

Councilor Tatta asked why the deductible went up significantly in line #55915. Mr. Treiber replied that the appropriation for this year was \$62,000 and what shows as actual is not up to date. He will be asking Council to request a transfer of funds to cover additional expenditures in that line. It is an increase from \$62,000 to \$65,000. That line is made up of the deductible portions of insurance policies purchased where we have a claim and are responsible for a deductible. This year, we had two larger claims so had to pay \$25,000 deductible for each. It's not reflected yet. He currently \$60,000 of deductibles to be paid and will be asking for an additional \$25,000 to close this year. He noted that he does have funds in other accounts that can transfer. So while it looks like a significant increase, the current expenditure is not showing.

Chairman Cervoni opened the meeting to public questions. None were submitted.

## PENSION FUND

Jim Hutt, Director of Human Resources and Jim Bowes, Comptroller offered to answer questions. Paul Ciardullo of Bayberry Drive, Wallingford, asked for an explanation of the service cost in the 2019 audit report and how the interest is calculated. Mr. Bowes replied that service cost is the current year accruals of the benefits to the employees and is calculated by the actuaries, as is the interest. Mr. Ciardullo noted that our net pension liability keeps growing and he questioned the assumptions such as inflation and salary increases. Mr. Hutt offered to send the actuarial valuation report to Mr. Ciardullo as it explains the assumptions and why they were used. He will also send it to Council. Mr. Ciardullo asked why the investment rate of return actual performance for the last 5 years has averaged 6.1%, which is substantially below the 7.3% used to calculate the rate of return. Mr. Bowes replied that there are two rates of return. The actuaries smooth out the gains and losses over a period of time. This will be explained in the material Mr. Hutt is providing. He also asked why the town is paying 75% of the contributions to the pension plan. Why has the town's portion increased? Mr. Bowes replied that the employee contributions are fixed by contract. Part of that is to make up the liability gap. He agrees that people living longer doesn't have a drastic effect. He noted that the bigger effect is people working longer which increases their benefits. Mr. Bowes also noted that the actuarial standards changed in the last 10 years and imposed increased costs. Mr. Ciardullo suggested that changing the inflation assumption in salaries and the salary increase assumption could help reduce the liability. He stated that the pension system is failing and the liability keeps getting bigger. He recommended moving away from a defined benefit plan and explore funds designed for pension plans or move employees to a 401k. Chairman Cervoni suggested Mr. Ciardullo give this advice to the Pension Commission and noted that some of this is part of collective bargaining. Mr. Bowes noted that they have transferred some of the bargaining units to a cash balance type of plan though it will take a while to see the newer folks affect the system. He also reported that they do look for cost savings in the pension plan such as lower fees, efficiencies, etc.

Mayor Dickinson reminded the Council of the \$12,000 reduction in the EDC budget as well as the concern about the additional \$56,000 for HR. He noted that the Police are looking for a transfer to allow the purchase of electronic switching gear that will eliminate \$28,000 capital line in their proposed budget. The Engineering Department has been informed by Utilities that due to new rate application for street lights will reduce the Utility line by \$23,000. Mr. Bowes noted that the Mayor's office will document these changes to the Council in a memo.

## ADJOURNMENT

Chairman Cervoni adjourned the meeting at 8:03 pm.

Respectfully submitted  
Cheryl-Ann Tubby  
Recording Secretary

RECEIVED FOR RECORD 5-22-2020  
AT 2:00 AND RECEIVED BY  
Debra Thompson TOWN CLERK