



TOWN OF OLD SAYBROOK
Board of Finance

302 Main Street • Old Saybrook, Connecticut

BOARD OF FINANCE REGULAR MEETING MINUTES

December 5, 2023 6:30 P.M.

This was a hybrid meeting

BOF Attendant Members

Bruce Carlson, Chairman
George Chang, V. Chairman
John O'Brien
Paul Carver
Brad Thorpe
Eric Dussault
Meghan Brady

Absent Members

In Attendance

Carl Fortuna, First Selectman
Lee Ann Palladino, Finance Director
Barbara Labriola, Treasurer
Alfred Wilcox, Chairman Police Commission
Sgt. Ryan Walsh, President Old Saybrook Police Union
Master Sgt. Chris DeMarco, Old Saybrook Police Department
Gerri Lewis, Clerk

I. CALL TO ORDER

Chairman Carlson called the meeting to order at 6:30 p.m.

II. PLEDGE OF ALLEGIANCE

Chairman Carlson led the pledge.

III. ROLL CALL

All present

IV. PUBLIC COMMENT

At this time Sgt. Ryan Walsh, President of the Old Saybrook Police Union, IBPO Local, introduced himself and Master Sergeant DeMarco and Sgt. Walsh read a letter into the record. See separate attachment in this email.

Selectman Fortuna responded to a number of points made by Sgt. Walsh and expressed his regret about the Annual Report error. He noted that this error was addressed and resolved as soon as it was discovered.

V. MINUTES 11/21/2023

A motion to approve the minutes of November 21, 2023 was made by Mr. Carlson, seconded by Mr. Thorpe. Discussion: Mr. Dussault, with regard to the Board of Education meeting, had a procedural question. Motion passed unanimously.

VI. DISCUSSION CONCERNING THE POLICE COMMISSION'S RECOMMENDATION TO HIRE "PERF" TO PERFORM A STUDY AS PER ITS PROPOSAL

After a discussion with Mr. Wilcox, Chairman of the Police Commission and the Board of Finance regarding PERF's proposal to conduct an Organizational Review with a Focus on Recruitment and Retention for the Old Saybrook Police Department, the following motion was made:

A motion made by Mr. Carlson to hire PERF to conduct an Organizational Review with a Focus on Recruitment and Retention for the Old Saybrook Police Department, seconded by Mr. O'Brien passed with 1 opposition vote by Mr. Dussault.

Selectman Fortuna noted that this will go to Town Meeting in January, 2024.

VII. TREASURER'S REPORT

Treasurer Labriola provided the monthly Treasurer's Report. See separate attachment in this email.

VIII. FINANCE DIRECTOR'S REPORT

Ms. Pallidino provided the monthly Finance Director's Report. See separate attachment in this email.

In addition, Ms. Pallidino reviewed the current status of the Town's bonded indebtedness and presented document on a proposed Debt Management Strategy. See separate attached in this email.

IX. SELECTMAN'S REPORT

Selectman Fortuna briefly discussed the following:

- Reval
- Early Voting
- Acton Library Grant of 2M
- Blight Ordinance and enforcement

VIII. LIAISON REPORTS

Mr. Carver noted he would continue on the Police Commission. Mr. Thorpe said that he will be liaison to Department of Public Works. He noted that a Director of Public Works position was advertised. Mr. Dussault volunteered to be liaison to Parks and Recreation.

Mr. Carlson thanked the liaisons and noted that Board of Education was open.

IX. COMMENTS FROM BOARD MEMBERS – None

X. COMMENTS FROM THE CHAIR

Mr. Carlson thanked the board and suggested having the WPCA to a meeting. Mr. Carlson noted that a finance board member was requested for the Capital Planning Committee. Mr. Thorpe volunteered and he will represent the Board of Finance on this committee.

XI. PUBLIC COMMENT – None

XII. ADJOURNMENT

A motion to adjourn was made by Mr. Thorpe, seconded by Mr. Carlson and was so VOTED unanimously at 8:16 p.m.

This meeting was recorded and is on the Town of Old Saybrook video library and posted in the Town Clerk's office.

Submitted:

Gerri Lewis, Clerk



**OLD SAYBROOK POLICE UNION
IBPO LOCAL
P.O.BOX 675, OLD SAYBROOK, CT 06475**

Carl Fortuna
First Selectman
302 Main Street
Old Saybrook, CT 06475

Dec 4, 2023

First Selectman Fortuna

I am writing today to express the Old Saybrook Police Union concerns regarding the “climate study” of the Old Saybrook Department of Police Services and the overall biases shown towards the membership.

The members of the Old Saybrook Police Union serve the community of Old Saybrook twenty four hours a day, seven days a week. We feel, however, like we are not fairly treated and represented by the Boards and Commissions of Old Saybrook.

In recent months, the members of the Police Union have taken steps to better the relationship with the Town. We took the steps to decertify our past Union representative whose anger towards the Town and the Chief was not representative of the Union members. This action was delayed by the Town, when an unnecessary election was called for, the results were unanimous by the way, 14-0 in favor of new representation.

In the most recent Annual Town Report an error was made in the calculations of the Police Officers pay resulting in the amount of overtime an officer works, beyond 40 hours a week, being added twice incorrectly inflating the amount of well-earned compensation. This amounted to an average of over \$20,000 incorrectly added to each officers pay. One officer was reported to earn \$81,191.00 when he actually earned just \$38,382.29. Why was no other group of Town employees pay misrepresented? This is disrespectful and unjust to the men and women of the Department.

This week the Board of Finance will likely vote to approve the “climate study” at a cost to Tax Payers of nearly \$100,000.00. Board of Finance member, Eric Dussault, asked at the last meeting of the Board of Finance, will this study answer the question of “is 25 the right number of officers...it has been discussed for a long time.” There was no clear answer given. A response of “it looks like it’s in there” is not a justifiable reason to spend \$100,000.00. What exactly is the Town trying to generate out of this study? Why hasn’t anyone from any

Sgt. Walsh
President

Mst. Sgt. DeMarco
Vice President

Sgt. Palmieri
Secretary

Ptln. Milardo
Treasurer

of the Town's Boards and Commissions asked the current members of the Police Department what the

climate is? This questionnaire could be done without expense. Do the voices of the current members of the Department matter or just those who have already left, those that dislike Chief Spera and / or his management style.

It is well understood, at this point, that retention of Police Officers is not isolated to Old Saybrook. Rather than focus on the past turnover we need to focus on retention. Many Connecticut communities have already taken proactive measures to combat the issue by making investments in their Police Officers by increasing salaries, benefits, and post-employment benefits. The longer we delay in taking these steps, the more we tarnish the image of the Department by airing past grievances the more officers we will lose and the less marketable we become to attract long term qualified applicants.

We know that turnover is an issue in all aspects of Town government, including the Board of Education and Town hall. The Old Saybrook Police Union has complete confidence in the technical competency and leadership of Chief Spera. His commitment to the Town and this Department will never be matched.

Union members believe bringing in a third party firm to examine the Department without first meeting with employees is not a smart use of money. We welcome an open conversation with the Police Commission, the Board of Selectman, the Pension and Benefits Board and the Board of Finance. Let's share our experiences and perspectives and needs before spending tax dollars on a study.

It is time to negotiate and bring Old Saybrook up to par in relation to benefits and compensation, with other Connecticut town Police Departments.

Ryan Walsh
President
Old Saybrook Police Union / IBPO

Cc:
Chief Michael Spera
Old Saybrook Police Commission
Old Saybrook Board of Finance
Old Saybrook Board of Selectman
Pension and Benefits Board

Sgt. Walsh
President

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Secretary

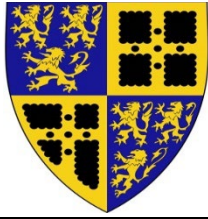
Ptln. Milardo
Treasurer

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Secretary

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Treasurer



Monthly Treasurer's Report – November 2023

(Preliminary and Unaudited)

Background **Sec. 7-80. Duties of treasurer.** (a) The town treasurer shall receive all money belonging to the town, pay it out on the order of the proper authority and keep a record of all moneys received and when received and of all moneys paid out, when, for what and upon whose authority, which record shall always be open to the inspection of any taxpayer in such town and shall be presented to each annual town meeting, being first sworn to by him and adjusted by the selectmen. The town treasurer shall be, ex officio, treasurer of the town trust funds and may appoint a deputy who shall, in the absence or disability of the town treasurer, perform all his duties.

Executive Summary as of November 2023

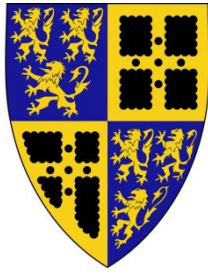
REVENUES:	Budget	Received FYTD	% Received FY24	% Received FY23
Taxes	48,176,744	28,114,825	58.4%	57.9%
State of Connecticut	500,000	358,123	71.6%	68.6%
Local Revenues	1,600,000	1,180,680	73.8%	80.7%
TOTALS:	50,276,744	29,653,628	59.0%	58.5%

Authorized Investments per Investment Policy:

Authorized Investment	Balance	Rate as of 11/30/23
STIF	\$11,196,645	5.36%
Webster Bank	\$6,015,618	5.43%
Short Term Cash Management	\$10,000,000	5.39%
ARPA Cash Management	\$1,200,000	5.43%
Total	28,412,263	5.39%

Pension Plans as of: November 2023

Description	Town Pension Plan	Fire Department Pension Plan
Beginning Balance 6/30/23	25,787,191	1,709,107
Change in Value	102,404	6,625
Ending Balance	26,198,352	1,735,934
Return FYTD (net of fees)	1.59%	1.57%
Benchmark Return	1.71%	1.71%
Assumed Rate	6.75%	6.50%
Funded Ratio	85%	52.7%



Finance Director's Report – November 2023

(Preliminary and Unaudited)

The Finance Director's report will address the present status of the Fiscal Year expenditure budget, Cash Flow trends, and the Town's long-term strategies.

Section I: Expenditure Budget for Fiscal Year 2024

EXPENDITURES:	Budget	Expended FYTD	% Expended FY24	% Expended FY23
General Government	18,375,394	8,184,045	44.5%	45.9%
Bonded Indebtedness	3,071,844	2,768,402	90.1%	88.3%
Board of Education	28,829,506	10,728,882	37.2%	39.2%
TOTALS:	50,276,744	21,681,329	43.1%	44.8%

Budget Fiscal Year 2024

The general government budget for Fiscal Year ("FY") 2024 presently stands at \$18,375,394, along with the Town's Debt Service budget of \$3,071,844, total General Government Expense equates to \$21,447,238. The Board of Education budget of \$28,829,506 brings the Town-wide budget to \$50,276,744. The budget was approved at the May 9, 2023 referendum.

ARPA Appropriations –

The BoF approved an ARPA appropriation in the amount of \$50,000 for the purpose of purchasing a humidity system for the KHCAC. Further, this was approved at the November 27, 2023 town meeting.

The BoF approved an ARPA appropriation in the amount of \$17,294 to the Old Saybrook Ambulance Association for the purpose of repairing the driveway. Further this was moved to town meeting.

The BoF approved an ARPA appropriation in the amount of \$15,000 to the Old Saybrook Little League for the purpose of purchasing equipment. Further this was moved to town meeting.

The BoF approved an ARPA appropriation in the amount of \$25,000 to the Back River Living Shoreline project. Further this was moved to town meeting.

Budget Transfers –

Capital Non-Recurring Appropriations -

The BoF approved an appropriation of \$2,500 from the Town's capital non-recurring account for the purpose of purchasing new flagpoles on the Main Street median. This appropriation was approved at the October 3rd town meeting.

The BoF approved an appropriation of \$25,000 from the Town's capital non-recurring account for the purpose of purchasing a time and attendance system. Further, this was approved at the November 27, 2023 town meeting.

The BoF approved a reimbursable grant for the purpose of purchasing radios for the Old Saybrook Fire Department in the amount of \$500,000. Further, the BoF approved an appropriation in the amount of \$84,654 from the capital non-recurring account to supplement the radio grant. Both appropriations were approved at the November 27, 2023 town meeting.

The BoF approved an appropriation in the amount of \$100,365 from the capital non-recurring account to supplement a \$500 thousand urban action grant to complete Phase II of the Main Street Connection Park. Further, this appropriation was moved to town meeting.

Fiscal Year 24 Budget Performance

Through November 2023, 42% of the general government budget equates to \$7,657,027. Actual expenditures of \$8,184,045 are \$527 thousand above a straight-lined budget. Capital transfers, quarterly payment, and other one-time annual payments were made near the start of the fiscal year. Attached is the detailed list of budget line items.

Section II: Cash Flow Summary

As of November 30, 2023, the Town's cash balance was as follows:

Fund	Total	Monthly Activity
General Fund	8,022,292	-2,615,919
Capital Funds	5,352,631	-180,891
Reserve Funds	5,319,809	-17,333
Non-major Funds	3,849,402	-162,077
Total	22,544,134	-2,976,220

The Town's total cash decreased by \$3 million of which \$2.6 million was due to activities in the General Fund. The GF received \$300 thousand in revenues which were offset by \$3.0 million in expenditure.

Section III. Long Term Strategies

1. Capital Outlays FY24

The Municipal Reserve Fund, which includes capital non-recurring, fire apparatus, public work/transfer station, and Board of Education sinking funds, totals \$3,756,679 as of November 2023.

Municipal Reserve Fund	FY 2024 Transfers	Balance
Capital Non- Recurring Budget 3350	-\$46,654	2,221,020
Fire Apparatus -3351	176,800	139,894
Public Works – 3353	75,000	395,765
Board of Education – 3354	0	1,000,000
Catastrophic Illness – 7219	70,000	221,589
Post-employment Payout – 7220	40,000	47,567
Revaluation – 7222	50,000	142,951
Contingency – 7224	30,000	77,253
Roof Repair – 3020	25,000	55,174
DPW Two heavy duty dumpsters– 3059	22,100	1,008
Town Hall – HVAC system - 3000	245,000	245,000
P&R painting of gym ceiling - 3060	4,850	4,850
P&R wind screen	3,404	0
P&R Awning Harvey beach	4,975	0
P&R resurface basketball court at Trask	14,445	0
P&R tennis court repair	5,880	0
Paving Budget	25,000	0
Hazard Mitigation Plan	21,000	21,000
Total	741,800	4,573,071

Capital Expenditures FY 2024 budgeted amount as noted below.

Department	Amount Budgeted/Transferred	Amount Used
Fire Department (4203)	60,000	0
Police Department (4201)	99,804	89,804
IT – Town (4143)	13,500	283
Highway & Streets (4303)	475,000	464,833
Library Heat Pumps (4501)	16,700	0
Total	665,004	554,920

2. Pension Plan

Description	Town Pension Plan	Fire Department Pension Plan
Actuarial Defined Contribution (ADC) FY24:	\$844,066	\$175,829
Paid to date by the Town & BoE	\$851,000	\$180,000
ADC budget amount	\$673k (town) \$178k (BoE) = \$851k	\$180,000
Pension Reserve Amount:	\$312,000	

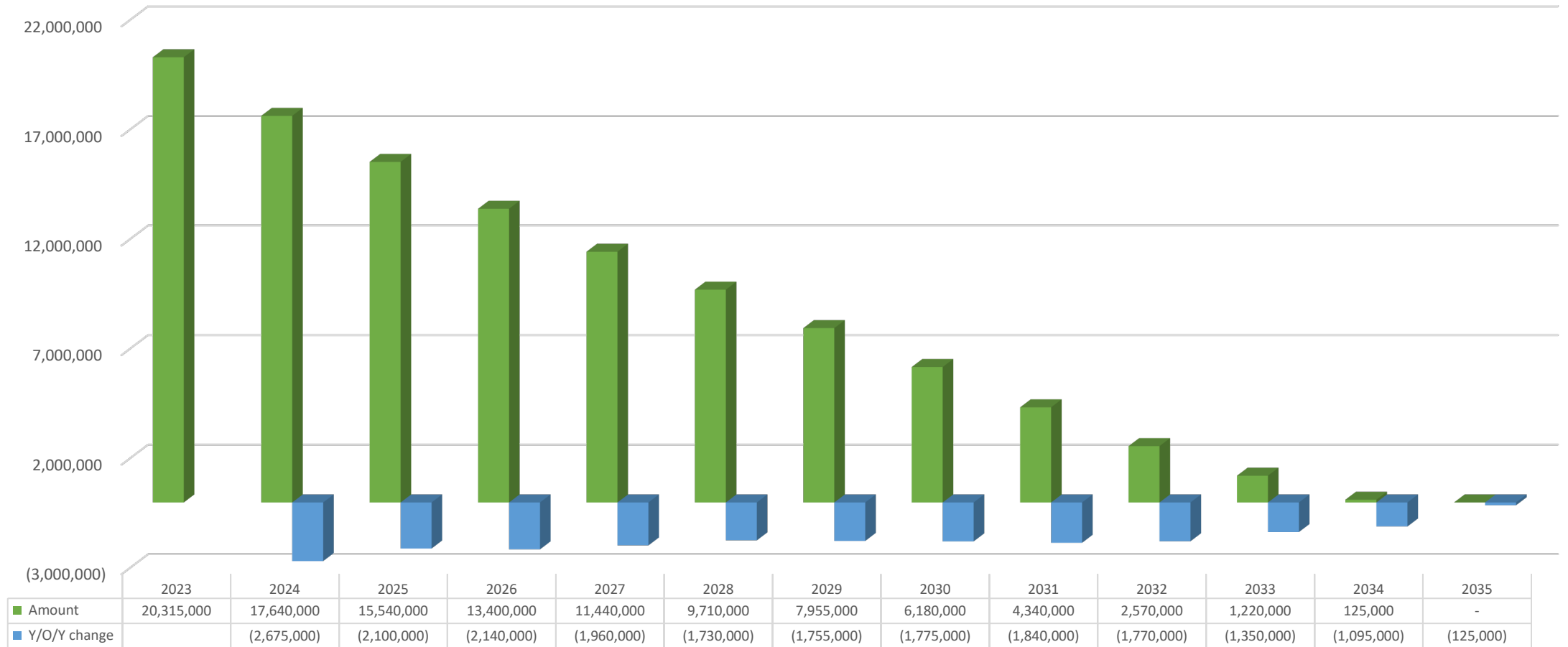
3. Debt Service

Outstanding June 30, 2023: \$20,315,000
Debt Service budget FY24: \$ 3,071,844



DEBT MANAGEMENT STRATEGY

Town of Old Saybrook Outstanding Debt by Fiscal Year




DEBT SERVICE STRATEGY

During the historically low interest rates environment the Town refinanced all of its outstanding debt



In 2019, the Town conducted a large refinancing. There were 3 primary outcomes of that refinancing

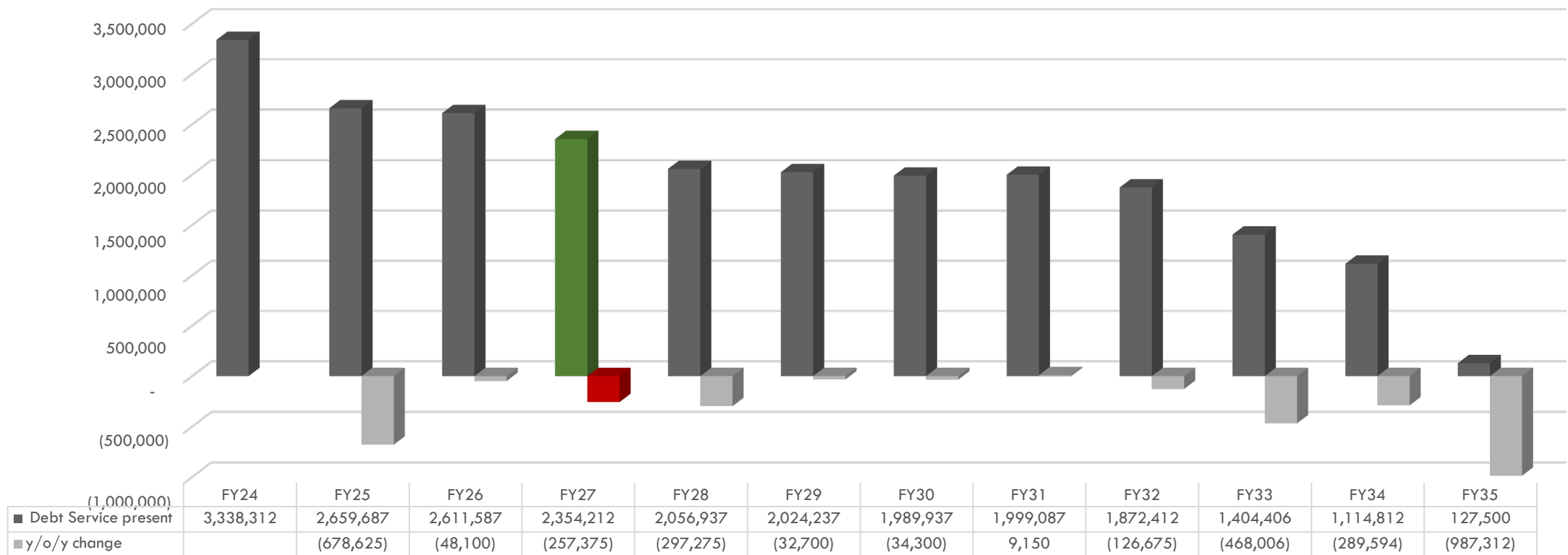
1. Debt service schedule was revised to avoid budgetary spikes
 2. The cost of financing was reduced overall by 30 bps saving \$419 thousand over the life of the bonds
 3. Cash flows from the benefit assessment bonds are used to offset the town's debt service payments.
- 

Clean Water Funds

- ~The town utilized State of CT issued Clean Water Funds for its septic system program. For every septic system, the town paid 25%, the State paid 25% and the resident paid 50%.
- ~The rate was a “discounted” 2% interest rate with a 20-year maturity. Principal and interest amortized similar to a typical loan
- ~The Town no longer has clean water funds outstanding as it was able to refinance at a rate below 2%.

CONTRACTUAL DEBT SERVICE

Contractual **Gross** Debt Service



BENEFIT ASSESSMENT CASH FLOW STATUS



Strong local real estate markets have caused prepayment of outstanding benefit assessment obligation.



The town currently has \$750 thousand in benefit assessment cash



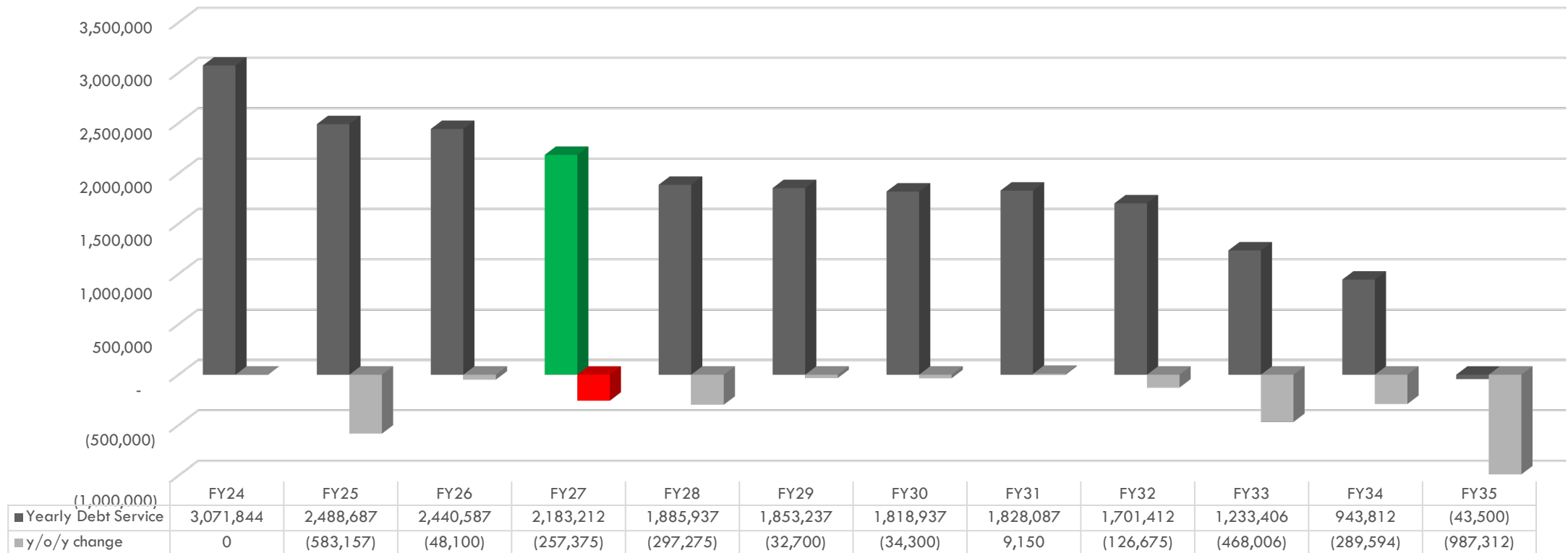
An estimated \$1.8 mm of remaining payments to be collected through FY40.



15 more years remain, which equates to about \$170 thousand per year to offset the Town's debt service

BUDGETED DEBT SERVICE

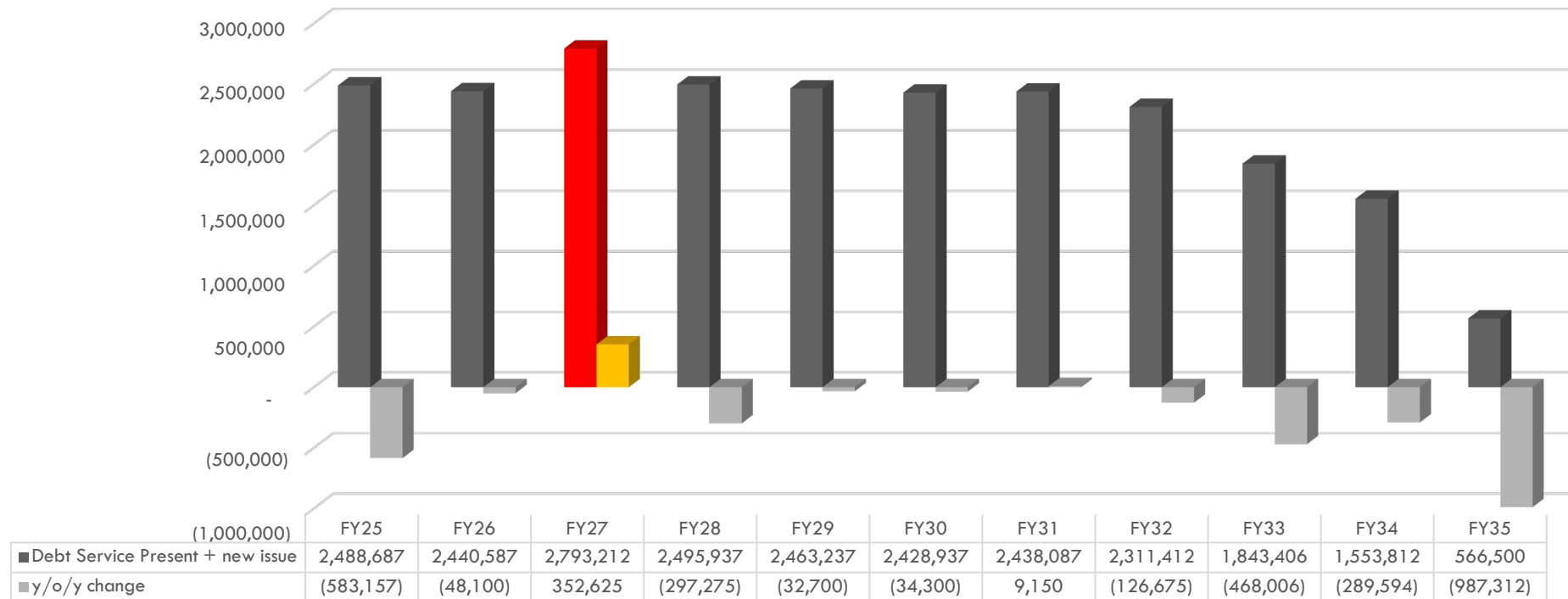
Current **Net** Debt Service Strategy



FY25 Contractual debt service of \$2,659,687 less \$171k = \$2,488,687

PROJECTED DEBT SERVICE WITH \$10MM ISSUANCE IN FY27

Current Strategy with \$10 mm debt issuance FY27



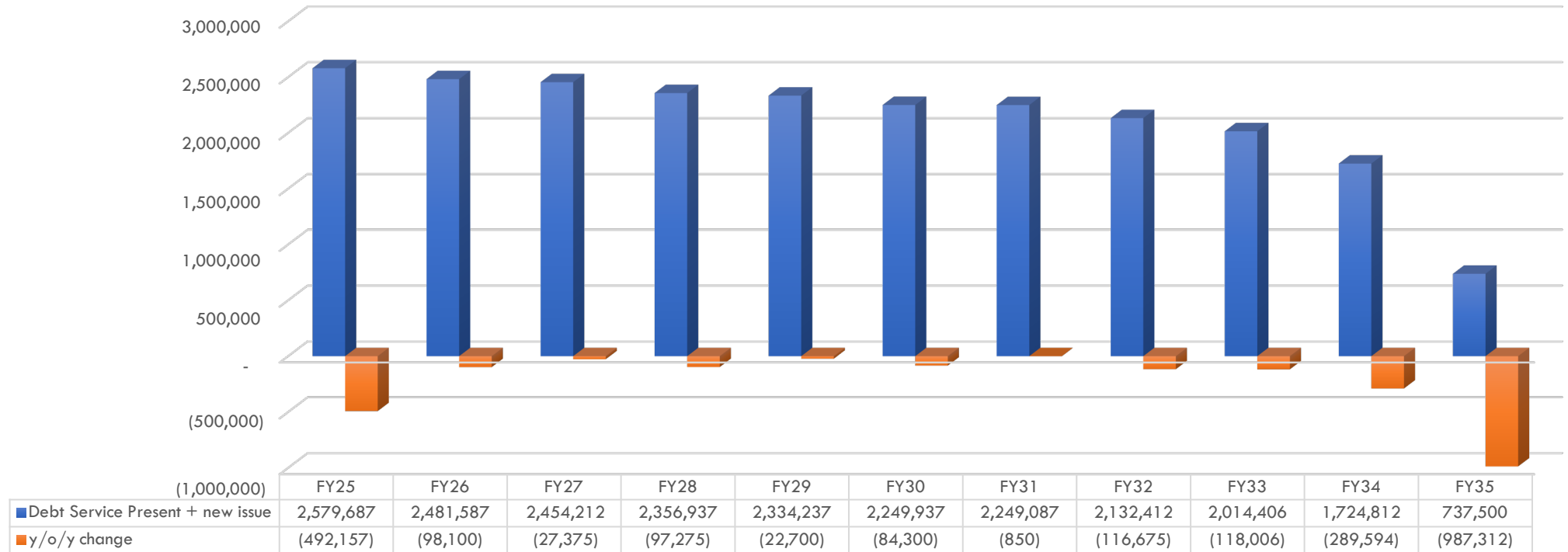
PROPOSED DEBT STRATEGY

- ❖ Customize benefit Assessment cash flows vs. straight line of \$171k per year
- ❖ Benefit Assessment use totals \$2.390m vs. \$2.581m expected

	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33-40
Benefit Assessment (BA) Use	(80,000)	(130,000)	(510,000)	(310,000)	(300,000)	(350,000)	(360,000)	(350,000)		
Yearly BA payment	146,000	146,000	146,000	146,000	146,000	146,000	146,000	146,000	146,000	656,310
Beginning Cash	751,000									
Net BAAvailable Balance	897,000	963,000	979,000	615,000	451,000	297,000	93,000	(121,000)	(325,000)	331,310

Proposed Debt Strategy

- ❖ Debt service for FY25 would be \$2,579,687 vs. \$2,488,687 under current strategy
- ❖ \$80 thousand vs. \$171 thousand in BA cash flows would be used in FY25
- ❖ Manages debt issuance in FY27 to reduce Y/o/Y slightly vs. increase of \$352k



Three key outcomes to the proposed debt service strategy:

- ❖ Benefit Assessment Cash Flows are utilized to pro-actively manage debt service
- ❖ The Town is prudently planning for future debt issuance
- ❖ The mill rate will not be negatively impacted by our debt service and budget management practices

CONCLUSION