



**TOWN OF WINDSOR
FINANCE COMMITTEE
JANUARY 27, 2025
SPECIAL HYBRID MEETING**

APPROVED MINUTES

1. CALL TO ORDER

Councilor Ojala Naeem called the meeting to order at 7:00 p.m. with Councilor Ronald Eleveld and present.

Staff Present: Peter Souza, Town Manager; Jim Bourke, Finance Director; Linda Collins, Assistant Finance Director; Scott Colby, Assistant Town Manager, Laura Casey, Child Development Director; Enita Jubrey, Assistant to the Town Manager; Mark Goossens, Director of Public Works

Absent: Councilor Leroy Smith

2. PUBLIC COMMENT - None

3. DISCUSSION OF FISCAL YEAR 2025 MID-YEAR FINANCIALS

General Fund and Mid-Year Budget report

Jim Bourke, Finance Director, said revenues are 87% collected as compared to 90% for the same time period last year. Notable changes in revenues received between the two fiscal years are as follows:

- Licenses and Permits is 64% collected as compared to 143% for the same period last year. The main driver in this category is building permit revenue, which was higher last year mostly due to permit revenue received for the building project at 205 Baker Hollow Road, the Founders Square project, and the Target facility on Groton Road.
- Fines and Penalties is 69% collected as compared to 52% for the same period last year. This difference is an increase in parking fines revenue and revenues from moving violations that is a result of increased police enforcement and ticketing.
- Revenues from Use of Assets is 53% collected as compared to 92% for the same period last year. Interest income makes up most of this category. This variance is due to lower interest rates being realized in the current reporting period as compared to what was budgeted.
- State Grants in Lieu is 29% collected as compared to 49% for the same period last year. A revenue sharing grant was received from the State of Connecticut in FY 24 that was not budgeted for. This is mainly due to timing of the grant.

- Charges for Current Services is 58% collected as compared to 138% for the same period last year. This is mainly due to stronger conveyance fee revenue received in FY 24. Land conveyance fees were higher due to several large industrial property sales including the facility on Old Iron Ore Road that Amazon leases.
- Other Revenues is 12% collected as compared to 105% for the same time period last year. A recovery of unclaimed property funds was submitted for and received in FY 24. Funds of this type are posted to Other Revenues, as they are not applicable to any other revenue category.

Expenditures are 50% spent half way through FY 25, and were 51% expended at this same time period last year. Most of the service unit differences relate to the timing of when purchase orders are opened in the accounting system, and when certain expenditures occur. Notable changes in expenditures between the two fiscal years are as follows:

- Community Development reflects 35% expended this year as compared to 87% for the same time period last year. This is due to the timing of FY 24 budgeted expenditures and transfers related to the housing rehabilitation program and the Senior & Workforce Housing planning initiative.

There have been five appropriations from the General Fund Unassigned Fund balance as of December 31, 2024. \$379,579 for the property tax appeal settlement for 184 Windsor Avenue LLC, \$130,00 for consultant services for the 2015 Plan of Conservation and Development update, \$95,000 for a planning study for the Day Hill Road corporate area, and \$40,000 for the Windsor Senior Center lunch program.

LANDFILL ENTERPRISE FUND

Residential Transfer Station

Mark Goossens, Solid Waste Manager, stated for Total Revenue, the Transfer Station Enterprise Fund received \$199,402 during the first half of fiscal year 2025. These revenues were generated primarily from fees for bulky waste materials, yard wastes, and residential permit fees. These and other revenues for the fiscal year are shown in the column entitled: "YTD Results."

Year-to-date Total Expenses of \$156,898 are shown in the same column. The largest budgeted expenses are for the transfer and disposal of wastes delivered to the Transfer Station by residents.

The most notable variances on the attached report are explained as follows:

- C&D Revenues: Revenues are under target by \$9,829 – due to tonnage intake levels that were lower than budgeted, likely due to the unusually wet weather we experienced during part of last Fall.

The Annual Operating Income earned by the Transfer Station Enterprise Fund was \$42,504 for the first half of fiscal year 2025. Adding this to the retained earnings at the start of the fiscal year, yields a total of \$583,069 in retained earnings at the midpoint of FY 2025.

Landfill

For Total Revenue, the Landfill Enterprise Fund has received \$425,517 at the midpoint of the fiscal year. This revenue is comprised mostly of interest income. A portion of these revenues (\$49,000) are related to the receipt of clay soils from the Town of Bloomfield. The Town expects to submit reimbursement request(s) to the DEEP for much of the remaining grant balance during the remainder of this fiscal year as presented in the approved FY25 budget.

Total Operating Expenses of \$405,471 were primarily related to closure and capping of the landfill. The two largest components of these expenses are Personnel Services (\$184,350) and Contractual Services expenses (\$99,216).

As shown in the row entitled: Annual Operating Income, the Landfill Enterprise Fund received \$20,046 more than it expended during the first half of fiscal year 2025.

Some of the notable variances on the attached report are as follows:

- Interest Income – was over budget again for the 2nd quarter, as interest earnings continue to be higher than budgeted.
- Contractual Services – were under budget due largely to the timing of the work related to the project to improve the aesthetic issues within the wetlands. This work is expected to take place during the spring/summer timeframe of 2025. Because of this schedule, much more of the contractual expenses will be realized during the second half of FY25.
- Supplies – were under budget due to lower than anticipated heavy equipment rental expenses, and costs for additional materials including topsoil, stone, and road materials.

The Retained Earnings of the Landfill Enterprise Fund at the beginning of FY25 was \$18,916,774 as shown on the bottom, left side of the report. With a net operating gain of \$20,046 during the

first half of FY25, the balance of the Retained Earnings of the enterprise fund at the end of the year becomes \$18,936,820 at the end of the 2nd quarter, as shown at the bottom, right side of the report. This amount will continue to be used for landfill closure and capping expenses, as well as on-going post-closure expenses at the site.

Caring Connection

Enita Jubrey, Assistant to the Town Manager, stated the Caring Connection's average daily census has surpassed where those numbers were pre-COVID. We continue to receive inquiries from both within and outside our catchment area. These inquiries are followed up with meet and greets, trial days and partnering with the senior transportation division to support efforts to increase our census.

The first six months of FY 25 revenues were \$232,640. Revenues are trending approximately \$48,600 higher than the same time period last year. Total revenues for FY 25 are projected to come in at \$500,350, which is \$8,550 less than the FY 25 budgeted revenues.

The Caring Connection expenditures for the first six months of FY 25 are \$298,340 which are increased due to the increase in programming and market adjustments to salaries. Current projections for overall FY 25 expenditures are expected to come in \$47,830 over budget.

2nd quarter census continues to remain healthy as a result of our outreach efforts combined with our online presence and digital media advertising efforts. As of mid-January, our average daily census was 19.5.

We project an end of fiscal year operating loss of \$121,250, which is \$55,930 more than the \$65,320 loss projected in the FY 25 adopted budget. The use of DSS Covid Relief Funds are projected to be \$39,180, which will help to offset this operating loss. An increase of \$17,930 is projected for the Unrestricted Net Position at the end of FY 25.

Child Care/Montessori School

Laura Casey, Early Childhood Manager, During the first six months of fiscal year 2025, total revenues equaled \$738,290, \$26,270 higher than the same time period last year. We anticipate at this point to be under our budgeted revenue projections by \$82,270. This loss is due to the inability to accommodate longer schedules (full-day vs half-day) in the primary program due to staffing challenges as well as a loss of 6 students as families relocated during the first and second quarter. We are optimistic we will be able to reduce the vacancies before third-quarter end.

In regards to staffing, as you know, seasoned and highly qualified staff has always been a trademark of the Discovery Center. Attracting qualified part-time staff continues to be a challenge and will come at a higher cost due to the increase in minimum wage and competition with other centers in the region, as well as a shrinking pool of qualified applicants.

The Child Development Enterprise Fund operating expenditures are \$717,050 for the first six months of FY 25. This is 8.8% higher than the same time period last year due largely to personnel costs.

At this time, we project an end of fiscal year loss of \$39,570 for FY 25 versus a budgeted loss of \$6,360. The projected loss would leave the Child Development Enterprise Fund with a positive Unrestricted Net Position of \$444,439 at the end of FY 25. The additional loss is due to the Primary (ages 3-5) vacancies in the new classroom.

Councilor Naeem inquired as to how many staff members she is looking for. Ms. Casey indicated that as of right now just two staff members. The challenge has been the limited applicant pool.

4. DISCUSSION OF FIRST RESPONDER LINE OF DUTY DEATH TAX ABATEMENT

Scott Colby, Assistant Town Manager, said the purpose of this agenda item is to allow the Committee to continue discussions of potentially advancing a proposed ordinance to the Town Council for consideration.

CGS Sec. 12-81x enables the legislative body of a municipality to establish, by local ordinance, a program to abate all or a portion of the property taxes due with respect to real estate that is owned by the surviving spouse of a police officer, firefighter or emergency medical technician who has died during the course of the performance of such officer's, firefighter's or technician's duties, so long as it is also occupied as their principal residence.

The statute provides no further guidelines regarding the amount of the abatement. The Town Council could decide to establish an abatement program for a flat dollar tax benefit, or for a fixed percentage tax benefit. Several towns have adopted this local option including Southington, Berlin, and Groton (see attached).

Staff has researched municipalities in Connecticut who have adopted this local option and developed a preliminary draft ordinance for review and discussion. Below are some highlights of the draft ordinance that is attached.

- Exemption provides an abatement of 100% of municipal real residential property taxes
- Remains in effect so long as the surviving spouse occupies the residence as their primary residence.
- Exemption continues if the surviving spouse remarries.
- If the spouse subsequently purchases another residence in the town, and all qualifying criteria remain, then the tax abatement shall apply to the new residence.
- If the property is a multiple family or multiple use dwelling, such relief be prorated to reflect the fractional portion of such property occupied by the qualifying spouse.
- Establishes an annual application process for the abatement

Some key elements in other community's adopted ordinance that vary from municipality to municipality include:

- *Remarrying* – Some municipalities allow for the surviving spouse to remarry and continue to receive the abatement while others upon remarrying the abatement ends.
- *Multi-Family dwelling* – The entire dwelling may be abated or the dwelling is prorated to reflect just a portion of the property occupied by the surviving spouse.
- *Establishing a new residence* – Some municipalities do not allow for the surviving spouse to purchase a different primary residence in the town and continue to receive the abatement.

Councilor Naeem asked how primary residence is defined. Town Manager Souza stated that this would be the address where they are registered to vote or have listed as their mailing address.

Discussion ensued regarding the component of a surviving spouse remarrying.

Councilor Naeem asked staff to continue to research other communities in regards to some component of the ordinance to ensure they have enough information to help the committee make a recommendation.

5. DISCUSSION OF FY 24 AUDIT

Jim Bourke, Finance Director, stated representatives from CliftonLarsonAllen LLP (CLA) will present the results of the town's FY 2024 audit to the Finance Committee at tonight's meeting.

Jessica Aniskoff, from Clifton Larson Allen LLP, gave an overview of the presentation.

Revenues on a budgetary basis exceeded the budget by \$4.8 million, mostly due to interest income, building permit revenues, property tax collections, and state grants. Expenditures came in under budget by \$1.6 million mostly due to savings from position vacancies, employees on workers compensation and disability leave, and storm control savings. During the course of the year, the Town Council approved appropriations from the General Fund unassigned fund balance totaling approximately \$4.4 million. These items consisted of \$63,000 for the L.P. Wilson Community Center Generator repair, \$750,000 for Oliver Ellsworth School HVAC Improvements, \$380,000 for Welch Pool Improvements, \$107,500 to reimburse BOE costs for Oliver Ellsworth School humidity mitigation, \$350,000 for the Stormwater Management program, \$19,000 for Wilson Park Referendum expenses, \$1,390,000 for Clover Street School Restroom & ADA Improvements, \$695,000 for Clover Street Athletic Field Improvements and \$655,000 for L.P. Wilson Community Center HVAC Improvements. The combined revenue surplus, expenditure savings and use of fund balance resulted in a total budgetary surplus of \$2.0 million.

The General Fund Unassigned Fund balance as of June 30, 2024 was \$39,036,737, which is a decrease of \$1,125,840. The town's General Fund Unassigned Fund balance policy requires an unassigned fund balance of between 15% and 20% of the following year's adopted budgeted expenditures. \$39.0 million in Unassigned Fund Balance is 27.2% of the FY 25 adopted budgeted expenditures of \$143,315,840.

The town recognized approximately \$14.0 million in new capital asset investments in FY 24. These consisted of \$130,000 for building improvements, \$6.9 million for new machinery and equipment, and \$6.9 million in infrastructure additions. Major additions during the year included the Great Pond and Poquonock Commons infrastructure acceptance, fire apparatus and Wilson Firehouse generator replacement, Sage Park Middle School athletic field renovation, Goslee Pool house improvements, pickleball court improvements at L.P. Wilson Community Center, park equipment at Washington and Deerfield parks, and other vehicle and equipment replacements.

The town's total bonded debt increased by \$2.0 million during FY 24 and stands at \$71.3 million as of June 30, 2024. Debt service payments made in FY 24 totaled \$8,847,686, which is 6.4% of FY 24 budgeted operating expenditures, and is within the town's policy guidelines of 6.0% to 8.0%.

During the FY 24 audit, there were no significant deficiencies identified by the audit firm, however, material weaknesses in internal controls over financial reporting were identified. These were due to a restatement for improper revenue recognition, and the allocation of the net pension and OPEB liability to the enterprise funds. More information can be found on these adjustments under Note 15 in the audit report. Town staff has already initiated, with CLA's guidance, steps to strengthen existing internal controls and implement new controls where needed.

6. DISCUSSION OF HOMESTEAD EXEMPTION

Scott Colby, Assistant Town Manager, stated this item was preliminarily discussed by the Finance Committee in November 2024 and the consensus at that time was to continue the discussion in the first quarter of the new year as well as to provide information on how a homestead exemption may affect different types of non-residential properties. Attached are sample properties showing hypothetical mill rates and changes in tax impact based on a homestead exemption levels of 5% and 10%.

Under a new law (PA 24-151 sec. 71), municipalities may exempt between 5% and 35% of the assessed value of owner-occupied single-family homes and duplexes. This also includes condominiums and common interest community units.

Unlike most exemptions, abatement or tax credit programs, which have either an age, disability, income, or military or civil service component (or some combination of these requirements), the homestead exemption is limited only by the fact that the property needs to be the primary residence of the owner, and that it does not consist of more than two units.

Implementing the homestead exemption, even in its smallest degree of 5% is estimated to reduce the Grand List by approximately \$113 million in net assessed value, with as much as approximately \$791 million reduction if the full 35% exemption were to be adopted. By reducing the Grand List through a homestead exemption, the mill rate would need to increase (absent growth in non-tax revenue or similar new economic growth) to continue to raise the needed revenue to maintain service levels and meet inflationary budget increases. \$113 M in residential assessed value at a tax rate of 29 mills equals \$3.2M in tax revenue. This dollar amount would shift to non-eligible residential and commercial properties, as well as motor vehicles, and personnel property.

Councilor Eleveld asked what other municipalities in CT are exploring this. Town Manager Souza stated that to his knowledge known in the greater Hartford area are exploring this.

Councilor Eleveld asked if staff could provide examples of some of the other apartments in town as a follow up.

7. UPDATE ON 10/1/24 GRAND LIST

Peter Souza, Town Manager, gave an overview of the 10/1/24 grand list. This item will be included on the next Town Council Meeting Agenda.

8. STAFF REPORTS - None

9. APPROVAL OF MINUTES

MOVED by Councilor Eleveld, seconded by Councilor Naeem, to approve the unapproved minutes of the December 9, 2024 meeting as presented.



Finance Committee Meeting Minutes
January 27, 2025

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Motion Passed 2-0-0

10. ADJOURNMENT

MOVED by Councilor Eleveld, seconded by Councilor Naeem, to adjourn the meeting at 8:46 p.m.

Motion Passed 2-0-0

Respectfully submitted by,

Scott Colby
Recording Secretary