

Board of Finance
Special Meeting Minutes
Budget Hearing

Monday, March 2, 2020

Present: Chairman Ronald R. Fedor, Mark Geer, John Sheehan, Kevin Petchark, Kevin Reardon. Glenn Patterson.

Absent: Tali Maidelis

Elected: Robert J. Brule, First Selectman

RTM: Thomas Dembek, RTM Moderator; Rich Muckle, Majority Leader; Susan Driscoll, Minority Leader.

Staff: Donald Gray, Interim Finance Director, Chief Brett Mahoney, Marlena Montgomery, Lt. Marc Balestracci, Officer Nicole VanOverloop, Abbas Danesh, Treasurer, Maryellen McConnell, Secretary.

RECEIVED HDG RECORDS
2020 MAR -3 PM 2:16

1. Establishment of a quorum and call to order:
A quorum was established and a call to order was established at 7:00 pm, March 2, 2020.
2. Public comment: no public comment
3. Kevin Reardon offered opening remarks, please see attached.
4. **Standing Motion:** was made by Glenn Patterson and seconded by Kevin Petchark to tentatively approve the below budget requests for FY20/21.

Vote: 6-0

Motion: Passed

5. **Police Department Budget:**

Motion by Glenn Patterson and **seconded** by Kevin Petchark to approve the Police Department budget request for FY20/21 in the total amount of \$6,450,741.

Vote: 5-1 (No-Kevin Reardon)

Motion: Passed

6. **Emergency Management Budget:**

Motion by Glenn Patterson and **seconded** by Kevin Petchark to approve the Emergency Management budget request for FY20/21 in the total amount of \$1,087,258.

Vote: 6-0

Motion: Passed

7. **Information Technology Budget:**

Motion by Glenn Patterson and **seconded** by Kevin Petchark to approve the Information Technology budget request for FY20/21 in the total amount of \$824,968.

Vote: 5-1 (No-Kevin Reardon)

Motion: Passed

First Selectman Robert Brule took a moment to thank Chief Brett Mahoney for taking on the responsibility to bring the IT budget and the other budgets to the board and to acknowledge his hard work.

8. **Contingency Budget:**

Motion by Glenn Patterson and **seconded** by Kevin Petchark to approve the Information Technology budget request for FY20/21 in the total amount of \$265,000.

Vote: 5-1 (No-Kevin Reardon)

Motion: Passed

9. **Adjournment:**

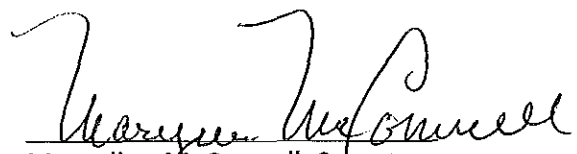
Motion by Bill Sheehan and **seconded** by Glenn Patterson to adjourn the Budget Meeting of the Board of Finance at 8:39 p.m.

Vote: 6-0

Motion: Passed

Respectfully submitted,


Mark Geer, Jr., Clerk


Maryellen McConnell, Secretary

WATERFORD 2020/2021

NOTES

OPENING REMARKS

KEVIN REARDON

- OF THE TOP TEN TAXPAYERS:

- 3 ARE DOMINION AT A TOTAL CURRENT ASSESSMENT OF \$1,095,966,840 OR 33% OF OUR GRAND LIST
- 4 ARE RETAIL ADDING ANOTHER \$97,661,394 OR another 2.95 % OF OUR GRAND LIST (CRYSTAL MALL ALONE IS \$42,255,410 OR 1.28%)

THE TOTAL OF DOMINION AND RETAIL IS \$1,193,628,234 OR APRX 36%.

IN TEN YEARS THE NRC LICENSE EXTENSION RUNS OUT AT MILLSTONE AND THEY WILL BEGIN DECOMMISSIONING. IT IS UNLIKELY THAT WE WILL IMMEDIATELY LOSE ALL OF THE ASSESSMENT AT MILLSTONE BUT I BELIEVE THAT IT IS NOT UNREALISTIC TO EXPECT THAT WE WILL LOSE AS MUCH AS 80% WHICH WILL REMOVE \$877,000,000 FROM CURRENT GL OR 27%. ADD IN ANOTHER PERCENTAGE POINT OR TWO FOR THE LOSS OF RETAIL DUE TO THE EFFECTS OF ON-LINE SHOPPING AND YOU ARE AT 30%. I ACTUALLY EXPECT OUR REVENUE FROM RETAIL OPERATIONS WILL GO DOWN MUCH FASTER AND SOONER THAN TEN YEARS FROM NOW AS MALLS AND RETAIL STORES CLOSE.

ASSUMING NO CHANGE IN THE OTHER GRAND LIST EVALUATIONS (WHICH WILL INEVITABLY CHANGE IF AND WHEN REMAINING RETAIL STARTS APPEALING ASSESSMENTS), AND ASSUMING ABSOLUTELY NO CHANGE IN SPENDING EITHER UP OR DOWN, VERY SIMPLY STATED THE TOWN WILL NEED TO RAISE TAXES BY NO LESS THAN 30% JUST TO STAY EVEN. AND THAT'S ASSUMING ALL CURRENT BUDGETS ARE IMMEDIATELY FROZEN AT ZERO CHANGE.

IF WATERFORD KEEPS SPENDING AT THE CURRENT RATE, EVERY TAX PAYER WILL SEE AT LEAST A 30% INCREASE IN THEIR TAX BILL. IT IS UNLIKELY THAT THIS COULD OR WOULD BE TOLERATED BY OUR RESIDENTS. WITH A 30% INCREASE IN TAXES OUR RESIDENTS WILL BE PAYING TAXES COMPARABLY TO NEW LONDON. THIS WILL HAVE A DISTINCT IMPACT ON EVERY WATERFORD HOMEOWNER'S REAL ESTATE MARKET VALUE WHICH, IN TURN, WILL NEGATIVELY IMPACT THEIR TAX ASSESSMENT (WHICH AS WE KNOW IS BASED ON MARKET VALUE) WHICH, IN TURN, WILL FURTHER NEGATIVELY IMPACT OUR GRAND LIST AND TAX REVENUE WHICH WILL CAUSE A FURTHER INCREASE IN THE MILL RATE. SERVICES WILL HAVE TO BE CUT; POLICE OFFICERS LAID OFF; POTENTIALLY SCHOOLS CLOSED AND TEACHERS FIRED; MUNICIPAL SERVICES SIGNIFICANTLY REDUCED OR ELIMINATED. THIS WILL THEN EVEN FURTHER NEGATIVELY IMPACT THE MARKET VALUE OF OUR RESIDENT'S HOMES AS POTENTIAL BUYERS WILL LOOK TO OTHER TOWNS TO RESIDE IN. LACKING BUYERS FOR NEW PURCHASES WILL INEVITABLY LEAD TO A FURTHER REDUCTION IN MARKET VALUES WHICH WILL THEN SUBSEQUENTLY REDUCE THE GRAND LIST, AND THEN TAX REVENUE. AND SO ON, AND SO ON. THE MILL RATE MUST AND WILL GO UP.

THE ONLY ALTERNATIVE IS TO CONTROL TOWN SPENDING NOW – NOT IN FIVE OR TEN YEARS. WE MUST REIGN IN OUR OPERATIONAL COSTS. WE MUST REDUCE OUR COSTS. THIS SHOULD BE DONE CONSISTENTLY EACH AND EVERY YEAR MOVING FORWARD.

EVEN WITH A REDUCTION IN OUR SPENDING OVER THE NEXT TEN YEARS THERE WILL STILL BE AN IMPACT WHEN WE LOSE THE REVENUE FROM DOMINION BUT, HOPEFULLY, AT THAT POINT WE WILL HAVE STREAMLINED OUR OPERATIONS AND THE INEVITABLE INCREASE IN TAXES WILL BE OFFSET BY A MORE EFFICIENT AND LEANER TOWN OPERATIONS.

THE QUESTION IS IF YOU KNEW THAT TEN YEARS FROM NOW YOU WERE GOING TO LOSE 30% OF YOUR INCOME WOULD YOU TAKE STEPS NOW TO PREPARE FOR IT OR WOULD YOU PUT BLINDERS ON, MAKE BELIEVE THAT IT IS NOT COMING, AND HOPE FOR THE BEST.

I AM PERSONJALLY PUZZLED WHEN I COMPARE OUR TOWN BUDGET TO OUR NEIGHBOR EAST LYME.

AND I WILL PREFACE THAT I GATHERED MUCH OF THIS INFORMAITON FROM THE ANNUAL REPORTS BY THE CONNECTICUT RESOURCE CENTER.

EAST LYME IS SLIGHTLY LARGER IN AREA THAN WATERFORD: WATERFORD IS 33 SQUARE MILES, WHEREAS EAST LYME IS 34 SQUARE MILES.

EAST LYME'S AND WATERFORD'S YEAR-ROUND POPULTION IS ALMOST EXACTLY THE SAME AT APPROXIMATELY 19,000. THAT SAID, EAST LYME'S POPULATION SPIKES IN THE SUMMER.

EAST LYME'S HOUSEHOLD INCOME IS SLIGHTLY HIGHER THAN WATERFORD BUT BY LESS THAN \$4000 PER HOUSEHOLD.

BOTH EAST LYME AND WATERFORD HAVE ALMOST EXACTLY THE SAME STUDENT POPULATION AND THE SAME NUMBER OF SCHOOLS. ALMOST EXACTLY THE SAME NUMBER OF HOUSING UNITS.

BUT, EAST LYME'S GRAND LIST IS OVER \$1 BILLION DOLLARS LESS THAN WATERFORD; 33% LESS. (COINCIDENTALLY, THAT IS ALMOST EXACTLY THE ASSESSMENT OF DOMINION). YET THEIR MILL RATE IS ONLY LESS THAN 1 MILL HIGHER THAN WATERFORD.

EAST LYME'S PER CAPITA TAXES ARE \$2,875.00 WHEREAS WATERFORD'S IS \$4,505.00

- EAST LYME'S GENERAL GOVERNMENT BUDGET IS JUST UNDER \$15,000,000 LESS THAN WATERFORD'S. - 44% LESS.
- EAST LYME'S CAPITAL & DEBT BUDGET (IN 2019/2020) IS APPROXIMATELY \$5,400,000 LESS THAN WATERFORD - 45% LESS.
- OF THE GENERAL GOVERNMENT BUDGET, EAST LYME'S POLICE BUDGET IS \$3.6 MILLION DOLLARS LESS THAN WATERFORD'S - 58% LESS.
- IN TOTAL EAST LYME IS SPENDING IN THEIR 2019/2020 BUDGET \$21 MILLION LESS THAN WATERFORD OR 22% LESS.

THE ONLY BUDGET WHERE EAST LYME OUTSPENDS WATERFORD IS EDUCATION BUT ONLY SLIGHTLY AT 2.4% MORE; JUST \$1 MILLION.

SO, HOW COULD THIS BE? THE ANSWER IS OBVIOUS. IT IS SIMPLY BECAUSE EAST LYME SPENDS LESS MONEY THAN WATERFORD BECAUSE THEY HAVE LESS TO SPEND. WHEREAS WATERFORD HAS IT SO WE SPEND IT.

I DOUBT I WILL BE ON THE BOARD OF FINACE TEN YEARS FROM NOW IF I AM EVEN AROUND THEN. BUT I AM VERY WORRIED ABOUT THE GENERATIONS TO FOLLOW AND WHAT WILL BECOME OF OUR TOWN WHEN THE 'DOMINION WELL' RUNS DRY, THE MILL RATE DOUBLES, RESALE VALUES OF HOMES PLUMET AND PUBLIC SERVICES ARE CUT.

TO PROTECT OUR TAX PAYERS AND THE TOWN I INTEND TO CRITICALLY ANALYZE EACH AND EVERY BUDGET AS BEST I CAN. MY MISSION WILL BE TO VOTE AGAINST BUDGET INCREASE REGARDLESS OF CAUSE. THIS INCLUDES CONTRACTURAL OBLIGATIONS. BETTER TO CUT STAFF BY ONE OR TWO PEOPLE NOW THEN TWENTY TEN YEARS FROM NOW. THERE MAY BE SOME EXCEPTIONS TO MY POSITION BUT PROBABLY FEW.

I CAN CLEARLY SEE THE TRAIN COMING AND I WANT TO BE PART OF PREPARATIONS, NOT THE REACTION.

THANK YOU.