

TOWN OF BERLIN  
REGULAR BOARD OF FINANCE MEETING  
MARCH 9, 2021  
TOWN COUNCIL CHAMBERS (Board of Finance Only)  
REMOTE MEETING (Non-BOF Participants)  
7:00 P.M.

[Join meeting](#)

Password: Mar9RegBOFMtg

Call-in Option: 1-408-418-9388 United States Toll  
Access Code: 132 663 8015  
Passcode: 62797342

A. CALL TO ORDER

B. ROLL CALL

C. PUBLIC COMMENTS

D. APPROVAL OF PRIOR MINUTES

February 9, 2021 Regular Meeting

E. NEW BUSINESS

1. Move to appropriate \$15,400 from the State/Federal Grants revenue account to the Regional Health Services expenditure account to remit a portion of Coronavirus Relief Funds the Town received in December 2020 in accordance with the State of CT Office of Policy and Management direction
2. Discuss fiscal year 2021-22 budget.
3. Discuss and agree on method of Annual Budget Hearing – virtual or in-person?
4. Finance Director update.

F. ADJOURNMENT

**TOWN OF BERLIN  
REGULAR BOARD OF FINANCE MEETING  
FEBRUARY 9, 2021  
REMOTE MEETING  
7:00 P.M.**

**A. CALL TO ORDER**

Chairman Lomaglio called the meeting to order at 7:00 p.m.

**B. ROLL CALL**

ATTENDANCE:

Members Present: Sal Bordonaro, Raul Fernandes, Tim Grady, Mark Holmes, Sam Lomaglio, Gerald Paradis

Staff Present:

Kevin Delaney – Finance Director  
Arosha Jayawickrema – Town Manager

**C. PUBLIC COMMENTS**

None.

**D. APPROVAL OF PRIOR MINUTES**

January 12, 2021 Regular Meeting

Mr. Paradis moved to approve the January 12, 2021 Regular Meeting minutes.

Seconded by Mr. Bordonaro.

Vote being (6-0). MOTION CARRIED.

**E. NEW BUSINESS**

**1. Discuss the Town of Berlin Tax Abatement Policy & approval process. – Economic Development**

Economic Development Director Chris Edge described the process of considering a Tax Abatement application. By State statute, only new property to tax rolls may be considered for abatement, which includes improvements to existing structures that add to the property's value - in which case the difference between the previous value and the newly increased value may be considered for abatement. Mr. Edge considers whether a project applying for tax abatement creates jobs and tax revenue for the Town. If the application meets the first set of criteria, it is presented to the Economic Development Commission for consideration. If approved by Economic Development Commission, the application is presented to Town Council with the project's approximate tax assessment and pro forma.

Berlin's tax abatement program serves to attract quality developers and businesses to Town. In the case of two current projects (Orsini and Newport developments), both mixed-use developments that

bring new residential and commercial business to town. (By State statute, municipalities must offer 10% Affordable Housing and those that do not meet the threshold are subject to the State bypassing local Zoning regulations and deciding where projects are built. Berlin is at approximately 9%+ Affordable Housing.)

Berlin offers tiers of tax abatement – the higher the investment in improvements, the higher the discount and longer the abatement period. Economic Development is proposing a few changes to the current abatement policy, including:

- Allow Town Council to consider the merits of proposed projects;
- Remove abatements on residential portions of projects;
- Restructure the 10-year abatement schedule to more closely follow the 7-year step-down;
- Institute milestones for larger projects, ensuring that projects commence and progress in a timely fashion. Once a project is complete, the full investment becomes recognized for the appropriate abatement tier / schedule.

Town Council will soon consider changes to Newport Development (Steele Center) tax abatement plan to include phases: The Town will hold the project at a lower level tax abatement tier until the investment reaches \$12,500,000. The project is planned to break ground in the next several weeks.

Economic Development Director Edge added that a program called Berlin Bingo will be launched in the Berlin Citizen shortly – local businesses have donated gift cards as prizes, including car service, physical therapy, martial arts, etc.

## **2. Discuss Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020.**

Mr. Paradis noted that the overall findings were positive and no control issues were found with Berlin's compliance report re State / Federal Grants.

The audit did include comments and recommendations which were outlined at the meeting and in the report. Mr. Paradis proposes that Chairman Lomaglio request that Town Finance and Board of Education provide Board of Finance with written responses to the recommendations with corrective actions. He also suggests that the uncleared items remain on Board of Finance agendas (perhaps every other month) until all have been addressed.

The Board members discussed the possibility of putting together a chart with "actuals" of where tax funds are spent at the end of the year. (Similar to what is provided to residents when the proposed Budget is presented.) Finance Director Delaney will provide a chart that splits General Government and Education spend, with debt service and department 61 expenses reflected in the Education actuals.

## **3. Discuss the fiscal year 2021-22 budget.**

Mr. Bordonaro proposes that the Board of Finance present questions to Board of Education prior to the first Budget meeting on March 3, 2021. He suggests that Board of Finance members send him any questions to compile by February 16, 2021, to be sent to Board of Education on February 26, 2021 so it may prepare answers for March 3, 2021.

## **4. DEEP Facilities Improvements Grant update.**

Finance Director Delaney reported that Berlin was awarded a \$2,700,000+ grant in December 2020 and the Town is awaiting information from DEEP to formally apply. Berlin plans to utilize the funds to install artificial turf on Biscoglio Field (inside of the BHS track), add a building / restroom at Sage 1 softball field, purchase and install a new scoreboard at Scalise Field and potentially move the location of the Sage Park driveway entrance. The Town originally planned to straighten the road entrance to Sage Field but is now exploring other uses for the ~\$350,000.

#### **5. BHS Ductwork Project update.**

Moisture has been getting into the rooftop ductwork at BHS. Several studies were performed, some recommending periodic painting of the ductwork, others recommending that the ductwork be jacketed. The Board of Education and Public Building Commission agreed to rely on a “tiebreaking study” which recommended wrapping the ductwork to prolong its life and recognize energy savings. The Town plans to have the contractor develop bid specs as quickly as possible to close out the BHS renovation project. After Board of Education accepts the project, the State will be notified, and the project be added onto the waiting list for audit. It may be 3-5 years before the audit is complete.

#### **6. Finance Director update.**

- Revenue is solid, but risks continue to exist ... interest rates are low so interest revenue is down and since the Town won't bond in June bond premium revenue won't materialize.
- Tax revenue for January was solid – looking good but there might be a shortfall.
- Expenditures continue to run tightly. Storm related expenditures are increasing with bad weather throughout January and February. Will likely have to use \$100,000 contingency toward storm related overtime, truck rentals, tax refunds.
- Health insurance fund continuing strong. Rebuilt cash balance, but when Anthem catches up from a delay in processing claims, Berlin will be billed for 2021 doctor visit claims which will impact the balance.
- Continue to work on Hubbard fire alarm, follow with Willard and Griswold.
- VNA – Finance and the Town Manager continue to look carefully at every department. Given the VNA census decline (dropped from 60s to 40s) the 2021/2022 budget will be reduced by three employees (nurse, nurse's aid and admin totaling about \$250,000). The latest P&L shows VNA at 39% of budget revenue at 7 months into the year.

#### **F. ADJOURNMENT**

Mr. Holmes moved to adjourn at 8:22 p.m.

Seconded by Mr. Bordonaro.

Vote being (6-0). MOTION CARRIED.

Submitted by,

Dana Borges

**Agenda Item No. E-1**  
**Request for Board of Finance Action**

**TO:** The Board of Finance  
**FROM:** Arosha Jayawickrema, Town Manager  
**DATE:** February 18, 2021  
**SUBJECT:** Central CT Health District COVID Relief Request

**Summary of Agenda Item:**

In December 2020, the State of Connecticut distributed Coronavirus Relief Funds (CRF) to all the municipalities in CT based on a population formula. The Town of Berlin received \$154,817. Health districts were asked to work through their municipality to claim any reimbursements for any Coronavirus related expenditures.

Accordingly, the Central Connecticut Health District (CCHD) has submitted a reimbursement request to the Town of Berlin for \$15,400.

This request is to appropriate \$15,400 deposited into the State/Federal Grants revenue account (001.05.0505.2.44801.00000) to the Regional Health Services expenditure account (001.30.3052.0.53824.00000) to support the requested payment to the Central CT Health District for Coronavirus related expenditures.

**Action Needed:**

Move to appropriate \$15,400 from the State/Federal Grants revenue account to the Regional Health Services expenditure account to remit a portion of Coronavirus Relief Funds the Town received in December 2020 in accordance with the State of CT Office of Policy and Management direction.

**Attachments:**

None

**Prepared by:** Arosha Jayawickrema, Town Manager

**Town of Berlin  
Financial Status Report  
Board of Finance Meeting on March 9, 2021**

**GENERAL FUND**

	<u>FY 2021</u>	<u>FY 2020</u>	<u>Notes</u>
<i>(budgeted amount excludes assigned fund balance)</i>			
<b>Receipts</b>			
Actual Receipts	\$85,981,887	\$85,458,019	
Budgeted Receipts	\$91,066,644	\$89,034,164	
% to Budget	94.4%	96.0%	
Current Year Tax Receipts <i>(as of November 30)</i>	\$77,957,770	\$77,392,624	
Current Tax Budget	\$78,789,139	\$77,159,891	
Current Tax Levy <i>(99.3%/99.1% collection rates)</i>	\$79,344,551	\$77,860,637	
% to Current Budget	98.9%	100.3%	
% to Current Levy	98.3%	99.4%	
Adopted budget target %	99.3%	99.1%	
<b>Expenditures</b> <i>(excludes capital expenditures)</i>			
Actual Expenditures	\$59,126,604	\$56,667,916	
Budgeted Expenditures	\$93,491,644	\$91,777,975	
% to Budget	63.2%	61.7%	
<b>Storm-related Overtime (51445)</b>	\$121,797	\$66,804	
<b>Legal (53828)</b>	<u>Encumbered</u>	<u>Actual</u>	
Ciulla & Donofrio	\$44,327	\$90,673	Monthly retainer (\$9,500) plus extra charges (e.g., time in court, mediation)
Shipman & Goodwin	\$8,876	\$33,124	Labor attorney
Barclay Daman	\$16,515	\$8,486	Planning & Zoning (Atkins St.) expert attorney for Town Council
Joseph Fasi	\$19,458	\$543	Bond counsel
Phoenix Advisors	\$16,500	\$0	Bond advisor
Standard & Poor's	\$15,000	\$0	Bond rating
US Bank	\$2,750	\$0	Bond clearing
Source Media	\$1,250	\$0	Bond advertising
Michael Delorenzo	\$250	\$0	Marshal services
Total	\$124,925	\$132,825	
Budget	\$257,750		
Budget Balance	\$0		

	<u>Target Floor Fd Bal.</u>	<u>Actual Fund Bal.</u>	<u>Notes</u>
<b>INSURANCE FUNDS</b>			
Health Insurance Fund	\$2,262,384	\$1,543,253	The Health Insurance Fund balance is 16.6% of full year projected expenses - against a target reserve range of 25-50%. Although the fund balance is well below the floor, the cash balance is \$2,021,017.
General Insurance Fund	\$1,000,000	\$1,470,302	The fund is used to pay Liability & Worker's Compensation insurance premiums for both the Town and BOE, ongoing heart & hypertension claims from police officers, window/widower heart & hypertension claims, "fronting" reimbursable environmental remediation costs, small equipment claims where Town elects to self-insure and deductibles. Town policy is \$1 million floor and ceiling at 5% of General Fund budget (or \$4,573,796 for FY21). Displayed fund balance is net of H&H reserve and encumbrances for self-insured claims.
<b>TOTAL INSURANCE FUNDS</b>	<u>\$3,262,384</u>	<u>\$3,013,555</u>	

<b>PENSION FUND</b>		<u>Notes</u>
Total Liability <i>(as of 7/1/2020)</i> <i>(actuarial valuation liability was adjusted to remove FY21 retiree payouts)</i>	\$15,517,923	The Town of Berlin Retirement Income (Defined Benefit) Plan was amended for the last time effective July 1, 2000. As a result of this final amendment no new Town employees (excludes BOE employees covered by the Teacher's Retirement Fund) were eligible to participate in the plan. As part of the amendment, participants in the DB Plan have the option to be paid out with an annuity or a lump sum. In recent years, all retiring participants have elected the lump sum payout.
<b>Cash Balances:</b>		
Prudential <i>(as of 2/28/2021)</i>	\$2,592,632	
ICMA Plus <i>(as of 2/28/2021)</i>	\$4,959,722	
	<u>\$7,552,353</u>	Currently, the Town is executing a pay-as-you-go program to manage new retirements. The plan includes 9 active participants, 3 inactive but eligible participants and 18 annuitants.
Funding % - Total	48.7%	
Funding % - DB	16.7%	
Unfunded Liability	(\$7,965,570)	<b>Anticipated retirements:</b> FY21: 1 active w/ approx \$0.6 million payout February 2021 (already left Town employment); 1 inactive w/ approx. \$1.2 million payout in April 2021; 2 additional retirements being considered w/ approx. \$2.35 million net payout Annual annuity payments & total monthly fees: \$185,000

Town of Berlin  
 Financial Status Report  
 Board of Finance Meeting on March 9, 2021

**ACTIVE CAPITAL PROJECTS**

	<u>% Complete*</u>	<u>Project Balance**</u>	<u>Notes</u>
4-Bridge Rehabilitation	47%	\$0	Work is progressing on schedule and on budget. Two bridges are complete. One bridge (Heritage Drive) is underway and permission was granted for the contractor to work in the winter. The remaining bridge will be started in the spring with an expected completion by calendar 2021 year-end.
Sage 1	98%	\$39,744	On budget & schedule. Project balance (unused project contingency) is expected to be available for use with Percival soccer field construction.

\* % complete represents invoices received versus total expected project cost - this metric will lag actual construction completion

\*\* Capital projects fund balance includes encumbrances.

Unexpended Education (2%) Account Tracking:

	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Uncommitted Balance</u>	
BLAST Classroom	\$200,000	\$201,308	\$0	(\$1,308)	Complete - all POs closed
Gym Floors	\$117,775	\$117,775	\$0	\$0	Complete - all POs closed
McGee Gym Painting	\$37,225	\$26,650	\$0	\$10,575	Complete - all POs closed
Security Guard Equipment	\$25,000	\$12,710	\$0	\$12,290	Complete - all POs closed
<b>TOTAL FY2019</b>	<b>\$380,000</b>	<b>\$358,443</b>	<b>\$0</b>	<b>\$21,557</b>	
Hubbard Fire Alarm Upgrades	\$150,000	\$11,750	\$4,250	\$134,000	CES design encumbrance
McGee HVAC Unit #1	\$225,000	\$3,076	\$5,674	\$216,250	CES design encumbrance
<b>TOTAL FY2020</b>	<b>\$375,000</b>	<b>\$14,826</b>	<b>\$9,924</b>	<b>\$350,250</b>	
Balance available before FY19 rollover	\$69	\$0	\$0	\$69	
<b>TOTAL 2% FUND BALANCE</b>	<b>\$755,068.59</b>	<b>\$373,269</b>	<b>\$9,924</b>	<b>\$371,875.53</b>	

**Risks**

<u>Description</u>	<u>Projected Amt.</u>	<u>Probability</u>
Interest revenue	\$450,000	High
Bond Premium revenue	\$250,000	High
VNA revenue	\$300,000	High
Tax refund expense	\$40,000	High
Parks & Recreation revenue	\$100,000	Medium/High
Legal expenses	\$50,000	Medium
Pension payouts	\$1,200,000	Medium
Fail/Winter Storm expense	\$50,000	Medium
<b>TOTAL</b>	<b>\$2,440,000</b>	

**Opportunities**

<u>Description</u>	<u>Projected Amt.</u>	<u>Probability</u>
Debt service costs - deferred December 2020 principal *	\$110,000	High
Position vacancies - Town Planner, Golf Director	TBD	Medium/High
<b>TOTAL</b>	<b>\$110,000</b>	

\* Net of transfer to cover Eversource tax lawsuit settlement.