

Minutes

Town Council Finance Committee

March 13, 2023

6:30 PM

Town Hall Annex and Virtual meeting

1. Call To Order, Roll Call

The Meeting was called to order by Chair Robyn Gallagher at 6:31 PM

Members Present: Robyn Gallagher, Marty Milkovic, Julie Blanchard, and Lisa Thomas, Council Chairwoman & Ex-Officio Member (joined at 6:33 PM).

Members Absent: None

Also Present: John Elsesser-Town Manager, and Amanda Backhaus-Finance Director (remote)

2. Budget Discussions With State Elected Officials: Representative Ackert & Senator Gordon:

Senator Gordon was not present

Representative Ackert discussed how the state computes the ECS formula and reviewed an ECS town data model that looked at numbers with neighboring towns and clarified the things that will be cut in dollars. He suggested that this be looked at and dug deeper into as it could significantly change the outcome, and change the town's reduction.

Another thing being looked out right now, is pausing the phase out with the ECS formula. Another document was reviewed that outlined current law, and what is being proposed. If nothing changes, the formula will stay at what the current law is. The state is working on changing the numbers to what is outlined in the chart, which shows a reduction. Gallagher asked if the pause would be for a short-term time period and then return back up to the same numbers prior to the pause, or if the pause is a temporary solution while better long-term solutions are looked into. Ackert is unaware of that but stressed that looking at the formula it shows that Coventry was calculated to get far less than what we are actually getting for ECS funding. The chart also outlined the following 2 years and noted a proposed reduction for the next fiscal year. He explained that this is the goal for the pause. Ackert elaborated that the overall cost to the State of CT is \$6M in FY24, and \$13M in FY25. He explained that there is money for this.

Akert also responded to questions regarding the ambulance fund. He thought that fund was \$150,000 in the good. It was clarified by the finance committee that the ambulance fund is several hundreds of thousands in the red. Gallagher elaborated that the money transfers from the general fund look like revenue for the EMS department. Backhaus confirmed, and clarified that at the end of the year, the EMS fund will end around a zero balance. She explains this includes the Town Council approved \$280,000 of ARPA money and \$360,000 of general fund transfers. Backhaus continued the EMS fund needs about \$500,000 from the general fund to operate every year.

Ackert informed that the Governor is doing a complete study of this issue between the towns for reimbursements from Medicaid. He explained there is a big difference throughout CT on reimbursement rates. Elsesser clarified that the billing rates are different based on their expenses. Thomas questioned if this included both commercial and municipal ambulance services. Ackert discussed that the study is new, and they won't have any information until next year at the earliest.

Elsesser noted there is an upcoming hearing on equaling the Medicaid rates (that was postponed until March 16th) with the Department of Public Health in Hartford. The goal is to have Medicaid reimbursements equal to the Medicare reimbursements. Thomas noted that this is affecting us as we have an aging population, and a lot of our EMS calls/services are for those in the elderly population who use Medicaid. She explained that we don't even get the full reimbursement from Medicaid coming back into the town. Elsesser noted that the State's Medicare rate is subsidized by federal Medicaid. He continued that if the rate was higher, we would bring in more money. He expressed that this leaves federal money on the table, and places are losing their ambulance service. Elsesser also expressed that the State of CT does not do a good job in maximizing their federal reimbursement. He noted that other states have federal aid offices to assist with federal grants, but we do not. This means there is money we could be claiming but are not, meanwhile we are raising property taxes. At the same time, towns are losing ambulance services. He expressed this is a medical services crisis, as Scotland has lost their ambulance service, and Thomas added that Woodstock is close to losing their service as well. Elsesser noted that he had sent in testimony for the hearing, that he will forward to Ackert.

Milkovic noted that if we lost mass volunteer ambulance systems across the state, it could violate CMS rules about how Medicaid money is used. Milkovic continued that if you do not maintain a certain level of access to those services that Medicaid provides, CMS punishes you. Gallagher explained that a problem the Town Council will be facing is that last year the EMS budget was supplemented with ARPA funds, which they can only afford to do for one more year. Even with supplementation, there isn't enough left to cover the full \$500,000 the EMS fund will most likely need. Gallagher explained that we are facing a situation where the residents of Coventry will experience a high mill rate increase, which voters already turned down twice last budget season, or we will be in a situation where we lose our ambulance service/quality of service. Gallagher expressed she is hopeful, but it is unlikely there will be a solution for this fiscal year. Ackert discussed that he has concerns with the Governor's requested study of this crisis, and that this won't be worked on immediately. He expressed it should be done now since there is legislation in place.

Blanchard expressed interest in seeing what Elsesser put forth for testimony. Ackert informed that the testimony can be viewed on cga.ct.gov, under the specific bill, you can search testimonies by name.

Gallagher questioned ECS funding chart Ackert handed out. She noticed the number at the bottom fluctuates by a couple \$100,000s a year. She noted this would make budgeting impossible at a town level. Ackert expressed that she needs to look at the index score. Elsesser interjected that a complicated formula is used that changes based on the population of students, income, etc. Gallagher also noted that looking at the chart, the formula shows that we would be increasing the amount received over the next 2 years. This shows things are getting worse, not better, making it a bad time to make cuts. Ackert noted the numbers listed on the chart are how the state creates an index score/rank for the town. Right now, we have a 33% base, and FY24 we will have a 35% base. Ackert urges for conversations to be had with the Board of Ed regarding this.

Gallagher questioned if there was anything that Ackert has been working on that would impact the budget for the Town of Coventry. Ackert discussed that he has been working on the mandates for workman's comp. He

noted they have opened up a fireman's cancer bill, where if a fireman gets cancer, it is presumed to be job-related. Gallagher explained she assumed that the bill covers volunteer firefighters as well, and if it took into account how many hours they put in. Elsesser explained that this is something that needs to be addressed and looked at cost wise in reference to hiring full-time staff or more volunteers. Gallagher expressed that if the Town relied on volunteers, and then one got sick, it would be catastrophic for the town's budget. Ackert explained there are some mandates that the labor committee he is in is working against. He noted there are bills in labor that CCM, and COST have come out against, which is being worked on too. He added that the other committees he is in, general law and new technology, don't have any bills that would bring in more revenue at this time. Elsesser commented that a rise in workman's comp would lead to a significant mill rate increase for the town. Ackert noted that it is hard to vote against something for firefighters. Elsesser also added that it could be paid for another way, but the state is not willing to do that, which causes an increase in property taxes.

Akert expressed that he would get some numbers for Gallagher from the education funding chart. Elsesser informed that we are losing less than what we would have in the past based on the student population, income factors, etc. Gallagher commented that it is difficult to calculate funding with the numbers on the chart due to a few reasons, one of which the students in Coventry are getting free lunch already. Elsesser stated that the numbers on the chart are wrong. Ackert urged that the Board of Ed thoroughly look through the chart and complete it. He informed that in the past, you would generally know what you were getting for education funding, but now the formula keeps getting looked at/changed.

Thomas noted that the last time the data was collected for the categories on the chart was pre-pandemic and does not think it is representative of now. Ackert commented that is why the Board of Ed should look at it and complete the chart as accurately as possible to see if it helps. Elsesser noted that there is \$53M available in the Governor's funding for the state, but that is the spending cap to cover everything Coventry, and everyone else, is asking for.

Gallagher discussed a news story regarding trees that fell on a house from unclaimed property, and how it is sparking conversations about unclaimed property issues. She noted the Town Council was unsure if the study should be supported. Gallagher expressed her concerns that this could lead to unfunded mandates to the town and that the town would be responsible for ownership of the land, the insurance, etc. She asked Ackert to share his thoughts. Ackert discussed that he reviewed the GIS, and there are a lot of properties that don't have name attached to it. It is just open land, that needs to be looked at for potential value, see if someone would claim it, and how to take care of it, without using town resources. He noted that if it could be added to someone's name/existing property at a lesser tax, it would become somebody's to be taken care of. He feels this needs to be assessed and thinks it is being worked on with the Department of Administration Services. Gallagher shared concerns that land is going to be found that no one wants to take ownership of. Both Ackert and Elsesser agreed that the last thing anyone wants is municipal mandates.

Thomas asked about a bill for the state to cover the costs of getting potable water to those with salt contamination in their wells. She added we have that problem here, and the Town of Coventry is paying for that right now. She asked Ackert to look into it and send out information about what that involves and if it would benefit our property owners. Elsesser explained that we have a grant pending, that would cover sending water down to these properties. He added he is unsure if CT Water will reimburse what the Town of Coventry would need to cover outside of grant funding.

Elsesser asked one last item, regarding Channel 3 Kids camp going on the market. The state was supposed to come up with money, per the Governor, and it was determined there was no money for the camp to be maintained, so the property will be going on the market. Right now, the state is paying monthly mortgages on the property, and they are running out of money. Elsesser asked Ackert to look into this too.

3. Acceptance Of Minutes: February 13, 2023:

Milkovic moved to accept the minutes of February 13, 2023, Blanchard seconds.

Discussion/Changes:

- Change Leslie's last name (the auditor) from "Gold" to "Zoll" throughout minutes.
- Pg. 2, under audit results, 2nd bullet, change "cutting" to "holding".
- Pg. 2, under audit results, 2nd bullet, remove 2nd "too", after "spoken"
- Pg. 3, Under item 1.C., 3rd paragraph, change "BIRC" to "BRIC"

Vote: Unanimously in favor

4. Consent Agenda:

All items listed with an asterisk (*) will be acted on by one motion. There will be no separate discussion on these items unless a Council member so requests, in which case, the item will be removed from the consent agenda and considered in its normal sequence on the agenda.

Milkovic moved to accept the consent agenda, Blanchard seconds.

Discussion/Changes: None

Vote: Unanimously in favor

5. Reports:

5.A. * Committee Chair: Robyn Gallagher:

5.B. * Committee Members:

5.C. * Finance Director's Report:

5.D. * Monthly Financial Reports:

5.E. * Board Of Education Fiscal Reports, January 2023:

6. Discussion/Possible Recommendation: Assignment Of American Rescue Plan Funding:

Backhaus noted there was nothing new to discuss.

Gallagher noted that during Elsesser's budget presentation, he referenced spending \$125,000 of ARPA funds in the current budget proposal. She questioned if that amount is taken from the remaining \$422,000 ARPA balance, reducing it to ~\$300,000. Elsesser confirmed, and explained taxes would need to be raised higher otherwise.

7. Adjournment:

Milkovic motions to adjourn at 7:08 PM, Blanchard seconds. The meeting adjourned at 7:08 PM.

Submitted by,

Nicole Archambault

Nicole Archambault

Finance Committee Minutes Clerk

PLEASE NOTE: These minutes are not official until approved by the Finance Committee at the next Finance Committee Meeting. Please see the next Finance Committee meeting minutes for approval or changes to these minutes.