

**MINUTES  
COVENTRY TOWN COUNCIL  
SPECIAL MEETING  
JUNE 10, 2021, 7:15 P.M.  
TOWN HALL ANNEX & VIRTUAL**

**1. Call To Order, Roll Call:**

The meeting was called to order by Blanchard at 7:29 p.m.

Members present:

Julie Blanchard – Chair

Lisa Conant - remote

Jonathan Hand

Matthew O'Brien, Jr. - remote

Matthew O'Brien, Sr. - Vice Chair

Lisa Thomas

Richard Williams – Secretary

Members absent:

Also present:

John Elsesser – Town Manager

**2. Pledge Of Allegiance:**

Council members and Staff stood to recite the pledge.

**3. New Business:**

**3.A. 20/21-87: Consideration/Possible Action: To Rescind The Establishment Of The Mil Rate For FY 21/22 Adopted By The Town Council On June 7, 2021**

**Motion:** I move that the Council rescind the establishment of the mil rate for FY 21/22 adopted by the Town Council on June 7, 2021.

By: O'Brien, Sr.

Seconded: Williams

Discussion: Thomas asked that this is just to rescind? Blanchard and O'Brien, Sr. said correct. O'Brien, Sr. said the next one would be to adopt as this is the way Duncan set it up.

Voting:

For: O'Brien, Sr., O'Brien, Jr., Hand, Blanchard, Williams, Conant, Thomas

Against: None

Abstain: None

**3.B. 20/21-88: Consideration/Possible Action: To Adopt A Mil Rate For FY 21/22**

**Motion:** I move that the Town Council set the mil rate for FY 21/22 budget to be 31.15 which would be a reduction of .102 from last year's mil rate.

By: O'Brien, Sr.

Seconded: Williams

Discussion: Conant said the document she saw today had a mil rate that we adopted at Monday's meeting at 31.31 and she thought we had adopted it at 31.32. Conant wants to be sure the math is correct. Thomas said Conant is right which makes the rest of this document incorrect. Conant said the increase would be greater, the .102, would be greater; not by a lot. It is a \$15,000 difference. O'Brien, Sr. said \$170,000 was coming from the ECS grant. The calculation on Monday was done figuring we would not have that revenue. Elsetter said the math, the 31.31 appears to be a typo, seems to be correct at 31.15. Thomas asked if the 31.15 is correct as being proposed here? O'Brien, Sr. what we are doing today is recognizing the additional revenue from the ECS grant that we had not anticipated on Monday. O'Brien, Jr. said he believes the 31.15 is right.

Thomas said we are in this position to put forward this budget because we are getting money from the federal and state governments. In a few years we are not going to have that. If we are now able to stay afloat with millions of dollars that we are getting and we reduce our tax collection rate all those additional things that we are doing because we have these funds, we are saying we will be able to cover that three years from now even though we are collecting less tax revenue now and we are going to come out of this and then what are we going to do without receiving the funds? What are we going to do about those holes? Hand added the holes tend to grow, not shrink. O'Brien, Sr. said we are not collecting \$170k less by lowering the mil rate we are lowering it by \$22,000. That is the difference between what we collect this year and what we collect next year. There is no big loss in what we are collecting.

Conant asked O'Brien, Sr. to explain the \$22k and what is going to happen as this ARP money dries up; and what happens next year or the year after when the Governor and the state decides the ECS cuts are going to resume? O'Brien, Sr. said where we are tonight is the same place we were Monday night with the expectation of the revenues being generated. We are replacing some money from taxes with money that is now included in the ECS grant. Nothing else changes; we are not now implementing new things with ARP money, we are not using something to offset something else. We are not creating holes. We are recognizing another \$170k in grant money that we did not realize in Monday's calculation. Conant asked how this will affect us if we get big cuts this time next year or in December of this year? It has happened before. Williams said he feels if we had known the ECS money was available Monday this would have been a moot point because we would have set the mil rate based upon knowing we were going to get those funds. Williams does not see any change in any financial structure that we had known on Monday. He does not see a change other than recognizing the ECS grant money. O'Brien, Sr. said if we do

not lower the mil rate we would be collecting \$170k more than we need to make our budget balance. Conant asked if we went down to zero, flat how would that look? This reduction is tiny in a \$40+ mill. budget. O'Brien, Sr. said it would be a \$1k difference in collected revenue, \$22k.

Hand said typically when we talk about these things we look at the impact to the median household. Can we discuss that a little bit? What the different scenarios are? The one we rescinded would have been how many more dollars per year for the median house? Elsesser said it is on the chart; it is a \$27 increase. With 31.15 it would be \$4 per year less than last year. That is from the numbers on Monday to get a perspective.

Williams said this is about recognizing revenue that should have been recognized. It is about not taxing anybody more than we need to do. O'Brien, Jr. said there is a wrong mil rate and a correct mil rate based on the revenues.

Hand said he is most concerned about the kinds of holes or problems does this create down the road. What is the cost of changing the mil rate? It is worth a discussion. O'Brien, Sr. said nothing has changed from what was unanimously voted so all the things you are now objecting to or raising as issues to consider to raise more money than is necessary to balance the budget. That is the only way O'Brien, Sr. can interpret what Hand is saying unless you are going to propose setting the mil rate that will be above what is necessary to balance the budget I do not see why we are having this discussion. Nothing else has changed from the unanimous vote on Monday night.

Thomas said she realizes we voted unanimously on Monday and she cautiously supported it. We have done a lot of shuffling to try to present the most fiscally conservative budget that we can to the town and we have done that for two years because we understand the challenges that people are facing. We had a zero increase budget two years ago and this one would be even lower from that zero. The concern she is trying to raise even at a zero we had to do a lot of tightening and shuffling. That was based on getting grants and now we are doing this again which is not significantly less than zero. But every time we flatline or we go down it means that we have that much further to climb to get to the things we know that need to be done. We know we are facing a major waste management crisis. We know we are facing a huge sewage issue at our treatment plant. We know we finally got the ability to do the sewer expansion from the Bolton line. Every time, even if it is a little step, those little steps add up so Thomas is concerned where this is going to leave us in 2 - 3 years. We have this money that is a huge windfall for us. We need to be mindful of that and where we are going to be starting from in three years from now. Are we going to be saying now we need a 3 mil increase because we need to do our sewage treatment plant or we need to take care of our HVAC in school. The roof project is now more than was anticipated. Thomas is trying to think forward to that. Thomas wants to make it clear while she understands we are at a difficult time right now and it is great to be able to do this she wants people to understand that we are not going to

be able to stay this way. That we have huge, significant things facing us. She should have said it Monday. It needs to be said the only reason this is happening is because the federal administration has sent millions of dollars to states, billions of dollars, and our state administration has allocated that and tried to support things even beyond that. Thomas wants to talk about the reality. People have to understand this is an artificial thing we are living in and it cannot stay this way.

Hand said that leads him back to the COVVRA rates that were at a certain level and then they were lowered some five or ten dollars and here we are not that many years later, with reasons, that now the hole is this deep partially because we were not collecting that five or ten dollars more from each household. O'Brien, Sr. said he is not sure this is on topic of what we are addressing but COVVRA at the time had a fund balance a little over \$600k. We were charging people in town more than they had to pay for the service. There was no indication there was going to be a change. O'Brien, Sr. said he does not believe in collecting more money from people in order to put hundreds of thousands of dollars ahead just in case something happens in the future. Build reserves where you can but I am not going to collect more taxes than I need to balance my budget. Williams said he could not agree with O'Brien, Sr. more. O'Brien Sr. said this is \$20k spread over all the people in town. That is the difference between this and zero. Williams said we should not collect more money from people in town than what we need at the time. Maybe Thomas is right that in 2 – 3 years down the road there will be a tax increase because there are more expenses and those need to be applied at that time. Thomas said but we know what kind of expenses are coming our way. Williams said we should not be collecting money in advance. We have a reserve account we use and replenish it. Williams said we have no right to collect money in advance.

O'Brien, Sr. said he would like to go back to the motion on the table. Unless someone has an amendment to the motion let us vote on the motion.

Hand said he does not think the philosophies are that different. That is why he was trying to inject the layman's term of how many dollars are we talking about. It is not about vastly over collecting; it is about consistency, the ability to plan on an amount. This philosophy of we are going to give you back \$4; with that is the change that is going to come will be bigger when it does come. Hand thinks it might be better to be smoothing things over time in smaller changes instead of next year the increase is larger. Thomas has pointed out there are big things coming. This whole Council is sensitive to people struggling through this pandemic and the collection rate may show we were overly sensitive to that. He thinks the collection rates were really high. Elsesser said they were slightly less than last year but much greater than we anticipated. Hand said we made a best guess on that and then over shot that. People were able to pay their taxes which is great for the stability of the town. Hand said he does not know how much of a life changing measure it is to get the \$4 back for the median household. It would be better if it were smoother and more predictable. We are not talking about vast sums of money. We are not saying everyone pay thousands of dollars more; nobody is suggesting that at all. Williams said what Hand said is

100% correct. It is either you raise it or drop it. You would have raised the taxes on people in town and in this case we do not have to raise taxes. Now we are able to recognize the revenue we hoped to get. It is only fair. If we could have recognized it a few days ago, we would have. That is the correct thing to do. It is not to over tax anyone. It is doing the right thing. Hand said we will have to live of the consequences to this; it is clear there will be consequences.

O'Brien, Sr. asked Hand to suggest a mil rate. Hand said he is clearly in the minority. O'Brien, Sr. said the difference is \$20k unless Hand wants to go higher if you think there are going to be things in the future. Hand said during discussions we did talk about certain reserves for certain things like replenishing the reserve fund, we borrowed heavily from it and made baby steps back to it. O'Brien, Sr. said that is not true. The CNREF is in good shape; we are going to be adding another \$75k - \$80k back to it. It is not in trouble. We have been very cautious and careful.

Voting:

For: O'Brien, Sr., O'Brien, Jr., Hand, Blanchard, Williams, Conant, Thomas

Against: None

Abstain: None

#### **4. Adjournment:**

**Motion:** I move that the Council adjourn at 8:25 p.m.

By: Thomas

Seconded: Hand

Voting:

For: O'Brien, Sr., O'Brien, Jr., Hand, Blanchard, Williams, Conant, Thomas

Against: None

Abstain: None

Respectfully Submitted,

Yvonne B. Filip

Yvonne B. Filip, Town Council Clerk

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