

**TOWN OF WALLINGFORD, CONNECTICUT  
SPECIAL TOWN COUNCIL BUDGET WORKSHOP**

**TUESDAY  
APRIL 12, 2023  
6:30 P.M.**

**NOTES OF QUESTIONS & MATTERS DISCUSSED  
FY 2023-2024 BUDGET**

The Special Town Council Budget Workshop on Tuesday, April 12, 2023, was called to order at 6:48 p.m. There was a moment of silence and the Pledge of Allegiance was said. Councilors in attendance were: Autumn Allinson (phone), Samuel Carmody, Christina Tatta, and Chairman Vincent Cervoni. Mayor William W Dickinson, Jr., and Controller Timothy Sena were also present.

Due to a lack of a quorum, an official meeting was not conducted.

1. Pledge of Allegiance
2. Roll Call
3. FY2023-2024 BUDGET

**PUBLIC HEARING**

**Public Utilities**

*In attendance was Robert Beaumont, Commission Chair, Joseph Rinebold*  
No questions

**Electric Division**

*In attendance were Rich Hendershot, Director, and Marianne Dill, Business Office Manager*

Chairman Cervoni asked about future rates and the effect on the FY23/24 budget. Mr. Hendershot explained that page 67 shows an estimate of the future impact on natural gas prices. He noted that when they prepared the budget a modest rate change had been approved by the PUC then it was determined that it was not needed. That rate change has been postponed. He stated that there could be a power cost adjustment instead. He explained this semi-annual true-up. This budget is an estimate of what we expect power costs will be and the presumption that we collected properly up to this point. He explained that the increase in projected revenues reflects their anticipation of higher energy costs collected through PCA. Chairman Cervoni asked if the increase in electric vehicles and class-A office space shows an increase in usage. Mr. Hendershot replied that they use trending and do not see an impact yet.

Councilor Carmody referred to line 408 for taxes and asked if the electric division has looked into purchasing tax credits. Mr. Hendershot replied no. The only taxes in the budget are gross earning taxes on a portion of revenue and property taxes in North Branford. Councilor Carmody stated that he would be in touch to discuss this.

**Water Division**

*In attendance were Neil Amwake, General Manager, and Donald Langenauer, Business Manager*

Councilor Tatta noted that the net loss for Water and Sewer seems to be increasing. Mr. Amwake replied that in his analysis in the last 10 of 12 years, the budget showed an appropriation from cash. The audited budget showed appropriation to cash in 11 years. He stated that they budget for full staff despite vacancies and for open orders for small parts and emergencies. This allows them to have several backup plans. At the end of the year, they have an appropriation to Cash, which goes back to retained earnings. They are required to keep a certain minimum in cash. Anything above that is used for rate stabilization. The Water Division has contracted to undertake a financial forecast retail cost of service study and recommended retail rates which are due in Fall 2023. Focus areas include basic service fees, fire service charges, consumption rate, and debt service. All our capital projects are paid for with cash. The consumption rate hasn't changed since 2015. The Basic service fee has not changed in a dozen years.

### **Sewer Division**

*In attendance were Neil Amwake, General Manager, and Donald Langenauer, Business Manager*

Mr. Amwake stated that the audited budget for 12 years showed that they had an appropriation to cash except for FY12/13 when a small appropriation from cash. In FY15/16 we had a pension liability adjustment. He stated that they are in the final stages of the wastewater treatment plant upgrades project. They have strategically used retained earnings to pay for some items rather than use the loan portion of the funding. For the design portion, they decided to pay with cash. They strategically used retained earnings so they don't incur debt. Through February 2023 the Wastewater Treatment Plant upgrades project, loans obtained to date are \$31,433,171.49 and the grant portion is \$20,207,542.94. The local share portion is \$1,857,9778.5 This has helped with rate stabilization.

Chairman Cervoni noted that the project total is \$53,498,692.28, which is about \$6.5 Million less than expected for the project. Mr. Amwake reported that 99.9% has been paid to the contractor for construction. There are some punch list items left. The design and construction administration side will continue for the next 6-8 months. He noted that net change orders are less than expected, only 1.85%. Part of the reason we are below the expected cost is that we paid cash. Chairman Cervoni noted that debt service is about \$31 Million. Mr. Amwake replied that still have some engineering fees to go. The debt service will be paid over 20 years at a 2% simple interest loan.

Bob Beaumont, Chairman of the PUC added that a project designed as rapidly as this one to have only 1.85% in change orders is a credit to the staff. They did a phenomenal job for the town.

Mayor Dickinson noted that there is no rate increase for electric or water. He noted that there is a rate increase for sewer which is close to 14%. Since 2020 this has gone up 46% due to the phosphorus project which has no impact on human health and safety but we have to follow the dictates of the Dept of Energy and Environmental Protection. The State should be paying for this, not the ratepayers.

Councilor Tatta asked if the project was on schedule. Mr. Amwake replied that the tertiary phosphorous treatment system was turned on a month early. He noted that they did meet the new regulatory requirements.

### **Finance**

*In attendance was Timothy Sena, Comptroller*

No questions

### **Capital Appropriation Reserve**

*In attendance was Timothy Sena, Comptroller*

No questions

**Debt Services**

*In attendance was Timothy Sena, Comptroller*

Chairman Cervoni asked for the total outstanding Bonds. Mr. Sena replied \$30,380,000. He explained the page bond issues and what is due each year. Chairman Cervoni asked if no bonds are added in the coming budget term, where would we be at the end of FY23/24. Mr. Sena replied \$26,585,000. The new debt financing line shows the bonding ordinance for the Police Department. He expects we will issue bonds in August or September. He stated that they are planning to do it at the same time they have to issue the Clear Water Fund notes. He tries to schedule it so we only pay Bond Council ratings once not multiple times. Chairman Cervoni asked at what point we start repayment. Mr. Sena replied within 12 months. He is budgeting to have enough to make a transfer out of that new debt financing to make one interest payment in the first year. Mayor Dickinson added there are bond anticipation notes that we don't use. This saves us money. Mr. Sena stated that they are used when you don't have cash on hand.

**ADJOURNMENT**

Chairman Cervoni adjourned the workshop at 7:18 pm.

Respectfully submitted,  
Cheryl-Ann Tubby  
Recording Secretary

  
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Vincent Cervoni, Chairman

27 APRIL 2023  
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Date

  
\_\_\_\_\_  
Joan M. Stave, Acting Town Clerk

4/28/23  
\_\_\_\_\_  
Date

RECEIVED FOR RECORD 4-16-23  
AT 2:00 p.m. AND RECEIVED BY  
Deborah McKernan TOWN CLERK