

Town of Southington
Board of Finance
Wednesday, February 8, 2012

STENOGRAPHER'S NOTE: The Minutes are now being prepared in summary style. Please refer to the audio or videotape for more details.

Appropriations from Contingency Account:

Approved to date.....	\$283,657
Approved this meeting.....	<u>0</u>
Total Appropriations.....	\$283,657

Appropriations with Revenue Offsets:

Approved to date.....	\$ 95,132
Approved this meeting.....	<u>. 12,796</u>
Total Appropriations.....	\$107,928

Chairperson John Leary, called the Regular Meeting of the Town of Southington Board of Finance to order at 7:00 p.m. in the Council Chambers of the Town Hall with the following members in attendance:

Anthony Casale, Jr., Sandra Feld Joseph Labieniec, Edward Pocock, Jr. & Wayne Stanforth

A quorum was determined.

Also in attendance: Emilia Portelinha, Finance Director
Garry Brumback, Town Manager

The Pledge of Allegiance to the American Flag was recited by everyone in attendance.

JOHN LEARY, CHAIR, Presiding:

III. Public Hearing Items

None

IV. Old Business

1. Approval of Minutes from the meeting of January 11, 2012.

Mr. Stanforth made a motion to approve as presented. Mr. Pocock seconded. Motion passed unanimously on a voice vote.

2. Appropriation of \$75,465* to the Board of Education - Operations (*Item tabled at the January 11, 2012 meeting*)

Mr. Stanforth made a motion to remove this item from the table. Mr. Labieniec seconded. Motion passed unanimously on a voice vote.

After a presentation by BOE Chairman Brian Goralski, Mr. Stanforth made a motion to remove this item from the table. Mr. Labieniec seconded. Motion passed unanimously on a voice vote.

Business Manager Sherri DiNello made presentation as did Superintendent Joseph Erardi.

The Chair summed up the issue for the public:

Chairman Leary stated there are two issues here. One of them is the Town of Southington collects all the rent for the facilities are used. That is issue number one. The BOE asks for that rent back and it should be a simple thing. We deposit the checks and accumulate the money and they knock on the door and we give it back. It's a net zero operation. That's been going for a while and we're being asked to give back at this point a chunk of \$75,000.

There is a parallel issue, although somewhat unrelated, there is another issue where the Town collects and gets to keep the VOAG tuition for out of town students. Last year, the estimate was for one number and the reality was another number and the Town was \$50,000 short in revenue.

This year, the estimate is high. The reality is low and the Town is short \$75,000 in revenue from what was expected and what was budgeted.

There are some sitting amongst us here that are trying to sort this thing out tonight and saying we have the rent over here and we have the shortfall over here, even though they are two unrelated issues, what if we just don't give back the rent that we normally give you back to cover the shortfall of an error in forecasting, not intentional but just forecasts are predictions that the prediction left us short.

There may be people here thinking how do we get equity here because we hold the \$75,000 in this hand and we hold the empty cup marked \$75,000 in the other hand.

That is what is happening here and that's what this discussion is. Tonight we are going to vote on do we want to return one chunk of what will annually be about \$200,000 but right now what is being asked for is a \$75,000 chunk relating to rent.

There is nothing on the table tonight about VOAG tuition except when we talk about revenues, Emilia will tell us, don't forget guys, you are short \$75,000 because VOAG tuition is coming in under budget.

That's the issue before us and I hope that clarifies it for all watching and participating.

Ms. Feld pointed out this giving back to the taxpayers. She noted in 2010-11 the taxpayers were shorted \$50,000 on the assumption there would be more VOAG students than there were. The \$50,000 did not come back to the taxpayer. The first half of 2011, a rental fee for \$58,000 and change was paid to the BOE for rental money they laid out like this 75 we're talking about in spite of the fact the \$50,000 was nowhere to be found and certainly not returned to the taxpayers.

I've looked into this now. I realize we have always reimbursed the money that comes to us for the various issues and I have no problem with that as long as the taxpayer is not being shorted. I see that the taxpayer is shorted for the \$50,000 in 2010-11 and is about to be shorted in this year for another \$75,000. Why wasn't that money returned?

I feel that not having that money returned to the taxpayer gives us an impetus this time to withhold the \$75,464.75 that the BOE is requesting in reimbursement for the rentals which is truly taxpayer money and going forward we should try to work this out in a better way with the BOE so we don't have these problems.

Discussion on that comment.

Ms. DiNello clarified of the amount we're asking for only \$18,446 is rental money. And, the \$56,878 is in regards to the special ed tuitions. We did not collect \$75,000 in rent.

The revenue for VOAG, as you know, is part of the town budget. You had that estimate and you built your budget on anticipation of receiving that revenue. I clearly realize that noted Ms. DiNello. I understand it was short last year and is projected to be short this year although we are hoping to reduce that a little bit by the two half year tuitions we'll be collecting.

She continued by saying we don't have the money to give back because that revenue that is collected goes directly to the town. We cover all the expenses within our budget. We pay for the teachers and the building. The revenue side stays with the town. We are anticipation of getting the money you are appropriating to the BOE. I'm not sure how we would return a shortfall because we are not collecting the revenue unless we're trying to keep a fund balance at

the end of the year and return our operating budget money to try to make you whole as an overall budget. The town ended the year with a surplus and I look at that as the money that is going back to the taxpayers this year as you are setting future budgets and mill rates. That's my best explanation.

Extensive discussion followed regarding money collected for rents and special ed for the BOE and the reimbursement of same.

Mr. Pocock asked if there was a statutory law that says we have to do that as far as rentals. I would like to see that in writing? Can the BOE handle that themselves? Ms. DiNello explained past conversations she had with Attorney Sciota in regards to the tuitions and the explanation is the only money that the BOE can be collecting and keeping are things that relate to activities and student activity accounts or reimbursements for expenses such as custodial fees. The rental comes to the Town but the billing for overtime for custodians, for example, is a direct reimbursement of cost, those are moneys that are allowed to be kept directly into the BOE as a reimbursement.

Also, all revenues have to come to the town and then they are asked to be appropriated back. Ms. Portelinha concurred all revenues come through the town.

Discussion.

Mr. Pocock wanted something in writing. I want to see it on paper.

Discussion.

The Chair asked the Board if they had enough information to be comfortable and well informed to vote on this issue tonight.

Mr. Casale asked in the future if tuition can be separated from the rental fees so it doesn't come in as one total appropriation so we can see the difference. I know there was backup documentation, but in the future I would like to see two separate lines. The Chair said that could be done, but usually this is we collect it and give it all back. Now, because we're short on the VOAG it's causing some contention.

Mr. Pocock said he still felt there are legalities that need to be put to bed and without putting them to bed, I'm uncomfortable with this.

Mr. Labieniec clarified we're dealing with a shortfall. The VOAG tuition is a revenue issue in the town budget and the BOE gives us their best estimate as to what it is. We kind of roll with the punches as to what that is. We're dealing with a shortfall this year and I'm curious if it is your position that if there was next year a higher number of out of district special ed students that come in to increase the tuition above what you estimated would you be come back

and ask for money? Mr. Goralski said they have never come back and asked for excessive VOAG tuition.

Discussion.

Mr. Goralski noted the BOF was provided the breakdown as Mr. Casale asked for. He also spoke to Mr. Pocock's issue. There are very distinct differences between the BOE and the Town. One of them being that we are statutorily driven to oversee finances for the public schools of the town. That's the BOE's job. Our budget must balance and it cannot carry a surplus. We cannot anticipate other than what we know. That's why the tuition comes to you as you are the only entity in this town that can raise taxes and receive funds. I look forward to that explanation to all of us in writing. For us to receive taxes, fees, rent, that would supersede our charge by statute as a BOE. It's simply to oversee the funds related to education for the town.

Discussion.

The Chair recognized three issues: the shortfall in VOAG, the flipping back of the monies collected and then the issue of let's sort this out logically for the future so we don't find ourselves in the same place again unless by some statute or requirement we have to be here.

Mr. Pocock pointed out as far as VOAG, we are not going to be able to control what happens. You can end up with two students moving and three students moving to town and we can't change that. It's the breakdown on the other items so we keep the records.

Ms. DiNello pointed out there may be another line that will give you some help and Emilia can provide that to you. There is a VOAG grant that comes from the state.

The Chair again asked if the members felt comfortable they had enough information to move on this item.

Ms. Feld pointed out we tabled this at the last meeting. What is the rule? Does it take affect tonight?

Mr. Brumback and Emilia explained it is 45 days from the meeting of the table. *(Clarification from Attorney Sciota it is 35 days.)*

Mr. Labieniec made a motion to approve. Mr. Stanforth seconded.

The motion would be to appropriate \$75,465 to the BOE operations.

Roll Call: Mr. Stanforth:	Yes
Ms. Feld:	No
Mr. Casale:	No
Mr. Pocock:	No

Mr. Labieniec: Yes
 Mr. Leary: Yes

Motion fails: 3 to 3.

V. Assess current financial state of the town

1. Review revenue vs budget

Ms. Portelina said the current property tax revenue; we had a \$690,000 surplus. It is a timing issue. Prior year's taxes we are currently 380 over budget. Interest on taxes: \$166,000 and this is based on timing, as well.

Building permits are \$60,000 under budget. Interest investments is 73,000 under budget. Town Clerk fees are 58,000 under budget.

We did receive our second half of the TAR Grant for 130,000. We also received our second ECS payment.

Recreation fees are pretty much on budget. The VOAG tuitions are actually 79,000 under budget as we had a withdrawal.

We received the 210,000 from the water department for their share of the work on West Center Street which will come to you next month to appropriate.

Overall we are about 300 in the black.

2. Review expenses vs budget

Several departments have indicated to me they are running pretty well according to their budget. Some have issues and they feel that they have money in their budget to transfer and you'll be seeing those coming through.

I'll need to come back for dispatchers' retro pay for 17,000. I will need to come back for 45,000 for the police pension supplement.

The elections department will be coming back for 20,000 for the April primary. They feel they have money in their budget and most of it will be transfers.

The Chair noted we are seeing a downturn in the real estate activity in town. We should all start to be aware of that and it should be sending us a slight message at this point.

3. Discuss unplanned items that impact revenue or expenses

See discussion above.

4. Sub Committee Reports (Emphasis on financial aspects)

A. Sewer Committee

Mr. Stanforth reported at this afternoon's meeting there was nothing anything new on the ongoing projects. We're working diligently to get the phosphorous issue in front of the right people to get that to a reasonable number. That expenditure could be huge.

We recommended going to the Town Council recommending a 4% increase in each of the next two years.

B. Public Works Committee

Ms. Feld ran through the list. Bulky Waste still has a problem with one of the guns. Leaf program is up to date. Nothing on retention/detention pond maintenance. Parks Department is primarily working at Crescent Lake. Nothing from the police or snow removal. Storm drainage maintenance is doing clean up. Streetlights - we are having a continuous problem with CL&P. ProEnergy is doing a great job. They're trying to work that out.

Nothing from the water department. They are going to do an overview of the trench restoration process. The Rails to Trails Kiosk was discussed. The plan was offered that incorporates the Historical Society and the Chamber of Commerce. Explained the proposal.

There's a company by the name of Mowhawk that has offered to fix one of our bridges for free because they want to get certified to do bridges in the state and we'll look into that.

Listing of the bids to be published as public knowledge.

C. Education Capital Building Committee

Mr. Pocock said there was nothing to report on that.

D. Open Space Committee

Mr. Pocock reported that has been quiet after the Primus Property purchase. There is a lot of work going on there but it will be reported on later.

E. Self Insurance Committee

Mr. Labieniec said he missed the meeting on the 25th and the next one is on the 22nd of February. We're \$33,000 over budget right now. We're running pretty true to budget. We are planning to present to the committee a Policy on Excess Reserves at the next meeting.

Ms. Feld added there was a presentation by Ovation on the Wellness Program that not too many members on the committee were overly impressed with. We'll be looking into things like that, certainly.

F. Blue Ribbon Parks Committee

The Chair reported no financial issues at this point. That is not taking up the artificial turf issue, it's a separate committee.

7. Board Communications

Mr. Casale asked the Town Manager about North Center School's occupancy date. Mr. Brumback reported we are hoping for May 1st.

Mr. Casale asked about the money set aside for rental of that property. Mr. Brumback said he didn't have an exact number, but the rental amount has been accumulating as we originally estimated the rent would begin on February 1st. It's about \$30,000 a month plus or minus.

Discussion.

Mr. Brumback said the accumulated rent money is intended to be applied to the project to be sure it meets expectations.

Discussion.

Mr. Casale asked what the money would be used for. Mr. Brumback said some of the environmental issues and construction issues that have caused the delay.

Discussion.

The Chair brought up a couple of administrative items. The first one is our calendar. I believe we've reached consensus. It will be officially published and the members have been handed the calendar noting the dates of the public workshops. If we have a member who cannot make a meeting, if they give me their questions, I'd be happy to read them on their behalf and gather the answers.

Public of Finance public hearing on March 5th.

Formal meeting on the 7th.

Workshops for departments: March 13, 20 and 22nd. (List of departments on each date will be provided to the members.)

On the 28th we will pass the budget on to the Town Council.

The Chair advised when board members of all the elected boards asked questions of other boards or departments, all that crisscrosses and consumes a lot of time with confusion over who asked the question and who should get the response. I'd like to ask to streamline this, similar to what we did when discussing the middle schools, if we can get your questions to me, I'll build a grid like we did for the schools, put the question on, who asked it and the appropriate board could respond in the document and the same document could be evergreen and keep circulating back amongst the members. It'll make it easier than having everyone be probing and asking questions directly as a lot of the questions on duplicates.

VI. Public Communications (Excluding Public Hearing Items)

Arthur Cyr, 103 Berlin Avenue. I stood here last month and said why we can't have our 75 grand back.

Mr. Goralski stood here not that long ago and said: The BOE cannot have a surplus. Really? Wasn't it two or three years ago that there was like a \$750,000 or \$775,000 surplus in the BOE's budget which they gave back to us and we gave back to them?

My question is: What did they have for a surplus last year? According to Mr. Goralski, they cannot have a surplus. We know better.

Why can't this BOF by policy say that at the end of the year if there's a shortage in the VOAG tuition account, the BOE will give it to us out of their surplus.

We had a surplus last year but so did the BOE. Taxpayers of this town want our budgets balanced. It shouldn't come out of our surplus, it should come out of their surplus.

Thank you.

The Chair asked for a unanimous consent to remove Item 7 from the Agenda for this evening's meeting so we can get to the BOE presentation.

(Everyone agreed to do that.)

VII. Review Long Range Plan and Priorities

1. **Review status of LRP items in current fiscal year budget**
 - A. **Status /Reprioritizations**

B. Strategy Discussion

VIII. Conduct Administrative Business

1. Consent Agenda

A.	Appropriation	\$1200*	Library - Poetry Grant (Spec Rev)
B.	Appropriation (Spec Rev)	\$4500*	Drug Task Force - DMHAS Grant (Spec Rev)
C.	Appropriation (Spec Rev)	\$500 *	Youth Services - Grandparents Program
	Appropriation (Spec Rev)	\$2070*	Youth Services - Outside Programs
	Appropriation (Spec Rev)	\$500 *	Youth Services - STEPS Donations (Spec Rev)
	Appropriation (Spec Rev)	\$2400*	Youth Services - Main St. Foundation Grant (Spec Rev)
D.	Appropriation (Spec Rev)	\$1000*	Street Lighting -0 Equipment Maintenance (Spec Rev)
E.	Appropriation (Spec Rev)	\$20,728*	Fire Department - vehicle Maintenance (Spec Rev)
F.	Appropriation	\$196*	Police Department - Overtime
	Appropriation (Spec Rev)	\$12600*	Police Department - Other Professional Services
	Appropriation (Spec Rev)	\$1000 *	Police Department - Vehicle Maintenance (Spec Rev)

Mr. Stanforth made a motion to move the consent agenda as stated. Ms. Feld seconded. Motion passed unanimously on a voice vote.

2. Manager's Memos

1.	Transfer	\$3500	Fire Department - Building Maintenance
	Transfer	\$1078	Fire Department - Regular Wages

Chief Clark explained the transfers would cover the excessive expenditures on the HVAC system at Headquarters. And, roof leaks, we had a contractor in to do repairs on the roof. We're down to less than \$1,000 and that's not going to make it to the end of the year. We're hoping the transfer of \$3500 will be enough.

As far as the \$1078 is a .5 percent to the non-union personnel to try to stop the compression in wages from union wages. In the last five years there's been a percent compression.

This is a fairness issue as it is a compression issue added Mr. Brumback. We do recommend you approve both of these.
Discussion.

Mr. Pocock so moved the motion which Mr. Casale seconded. Motion passed unanimously on a voice vote.

2. Transfer \$325 Town Council- Contractual Services

Mr. Brumback explained the employee assistance program is based on a flat fee and then a cost for time utilized. We budgeted the flat fee. We had a case where an employee took advantage of the program and we need to reimburse it and that is done through the Council budget.

Mr. Labieniec made a motion to approve. Ms. Feld seconded. Motion passed unanimously on a voice vote.

3. Transfer \$35,000 Sewer Fund - Plant Overtime

Mr. Brumback explained this is predominantly a direct result of the storms and the fact we had sewer folks working 24 hours a day during the period of those storms. Some of this will be FEMA reimbursable but in fact he has run out of money in that account.

Mr. Degioia said when the power fails and the generators come on, we man the plant with at least 2 people 24-hours a day.

Mr. Casale asked about reimbursement through CL&P's program. Mr. Brumback answered it is for residential, only. We asked that question.

Mr. Stanforth made a motion to approve which Mr. Labieniec seconded. Motion passed unanimously on a voice vote.

- Appropriation \$38,486 Sewer Fund - Accumulated Payout

Mr. Brumback explained this retirement is based on an individual who has been on workers compensation for quite some time and was unable to take his vacation time and therefore he has accrued more than we would normally have accrued, but because of his status he is entitled to this and we have no choice.

This is an appropriation from the sewer fund and not from the general fund.

Mr. Stanforth made a motion to approve and Mr. Pocock seconded. Motion passed unanimously on a voice vote.

Meeting Adjournment - This portion of the meeting was adjourned at 8:05 o'clock, p.m. upon a Motion by Mr. Pocock which was seconded by Mr. Labieniec. Motion passed unanimously on a voice vote.

2012-13 Budget Workshop with the Board of Education to convene at 8:15 o'clock, p.m.