

Town of Southington
Board of Finance
Wednesday, September 12, 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.....	\$ 265
Approved this meeting.....	<u>0</u>
Total Appropriations.....	\$ 265

Appropriations with Revenue Offsets:

Approved to date.....	\$ 0
Approved this meeting.....	<u>40,000</u>
Total Appropriations.....	\$ 40,000

JOHN LEARY, Chairman, 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

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 July 25, 2012.

Ms. Feld so moved a motion to approve s presented. Mr. Pocock seconded. Motion passed unanimously on a voice vote.

V. Assess current financial state of the town

1. Review revenue vs budget

Ms. Portelinha reported on property tax revenue. Based on collections in July and August, we are approximately \$971,000 more than anticipated. Explained this is more of a timing issue.

Prior year's taxes and interest on taxes are \$90,000 above budget and \$25,000 above budget respectively. The major reason is that in July we had a tax sale with originally ten properties to be up for sale. All but four were paid for and one was postponed due to bankruptcy. We wound up selling three properties and the marshal collected a little over \$260,000. That comes in as prior taxes and interest on taxes.

Discussion.

Building permits are approximately \$6,000 under budget based on estimates for the two months.

Interest on investments, we have a fairly good number at \$17,000 for two months. Based on this budget we are about \$20,000 less than anticipated.

Discussion.

As far as grants, we have received half of our town aid money. We've received the Calendar House bus money that you see, \$40,000. And, we received a good portion of our school construction grant.

For town clerk fees, we are approximately \$10,000 over budget at this point. The clerk indicated recording fees seem to be rebounding and we're doing well for these two months.

2. Review expenses vs budget

Ms. Portelinha stated she didn't note anything that came to her attention that is going to be an issue this year.

3. Review IT Projects and IT Maintenance Expenditures Updates

Ms. Portelinha advised this was asked to be put on the agenda. I don't know if there were specific questions.

The Chair explained this went on just so we can have an understanding. We know that IT is a major component of the provision for this year and it is a high priority item this year and probably will even roll into next year. We have new personnel assigned to it and an update is necessary. Where are we, where are we going, do we have enough money, do we need more, what are the hurdles?

Mr. Brumback said the short answer is we feel as though the vast major of the capital expense part of the IT budget has been spent. The dust is still settling on maintenance. I am hopeful that I'll be able to hire the IT Director by the end of this month and then we'll

be able to bring, hopefully, a lot of the maintenance in-house that is currently being outsourced. What we've spent on maintenance and what we've spent to date predominantly last year is reflected on the report. We believe that we had an adequate budget but we have spent everything that the budget provided for. We believe we have been funded appropriately and are in reasonably good shape.

There is extraordinary benefit. The opening up the technology has allowed to become much more efficient as an organization. We now have the foundation set. The web page is a lot more effective. Email is significantly better. The reliability of the equipment is substantially better. We have redundancy and inter-operability between ourselves and the police department.

Now that the Municipal Center has been done, we hope there will be even more benefit coming.

We have the beginnings of a new permitting system you approved it last year's budget and should be coming on line. Viewpoint.
Discussion.

Mr. Casale reiterated all this expense was last year. Mr. Brumbach agreed it is retrospective.

IT is not moving to the Municipal Center. We'll be using part of the Gura building until the Arts Center either succeeds or fails while we are renovating the town hall and we intend to move IT to the town hall.

Discussion.

4. Review Projected Bond Principal & Interest Repayment Schedule

Ms. Portelinha reported basically what we have to date is \$83 million, principal & interest. I am anticipating doing three bonds over the next three years of approximately \$15,185,000, \$22,500,000 and \$17,800,000. And, the projected principal and interest payments are listed. The projects payments on an annual basis were discussed.

Discussion.

As to the middle schools, we are eligible for 54 percent reimbursement of eligible costs. We anticipate getting back about 48 percent to 50 percent range for reimbursement.

Ms. Portelinha continued this is a calculation to determine if we were going over our policy of expenditures. Currently we have a threshold of 8 percent and based on this chart we would not be going over above. That assumes a 3 percent escalation.

Discussion.

5. Discuss unplanned items that impact revenue or expenses

Mr. Brumback explained unplanned good news. This year the State said they were going to try to provide the municipalities, subject to the availability of funds, a new grant called: The Property Tax Relief Grant. Originally estimates were somewhere between \$60,000 and \$70,000 that we heard. At the end of last months, we got a check for \$399,000. It's for property tax relief, a program that was to provide our taxpayers relief from property taxes.

We didn't get it until almost two months after the end of the fiscal year. We have talked to the auditors and we're trying to be able to book it in this fiscal year even though it was last year's revenue to the state. It is this year's revenue to us so we can either appropriate it or bank it. The intent is to offset so we don't have to raise the millage as we normally would. It's about one-tenth of a mill.

Assuming we can book it in this fiscal year, we'll roll it into the budget process so we can use it to offset either expenditure increases or keep the millage rate down by a like amount. Or buy down projects. The overall goal is to reduce the amount the millage rate needs to grow or reduce the amount of the millage rate.

Extensive discussion on possible ways to use the money.

Mr. Brumback advised the board that we have now in fact received the approximately \$145,000 from FEMA. We asked for approximately \$193,000 and we got 75 percent. It is for Hurricane Irene. That is in and booked last year in the general fund revenues.

As for Alfred, we've requested over a million. They go through expenditures and give us 75 percent of what they feel is eligible. We've done a good job of justifying what we have asked for.

6. Sub Committee Reports (Emphasis on financial aspects)

A. Sewer Committee

Mr. Stanforth reported on the digesters. The big plan is the facilities plan and that is a \$200,000 today and the rest next year. It is a piece of about \$750,000 bid. That'll go through and see what upgrades are appropriate and necessary to save money, more efficiency, et cetera.

We are looking at phosphorous and keeping that within the requirements. Mr. Brumback updated the board in that it appears as though it is going to be agreed to issue this next permit cycle at the .7 which is what we asked for a limit which will cost us between \$30,000 and \$50,000 a year. We can do that chemically.

They are also going to allow us to jointly between DEEP and the towns do the science to find out what the impact is going to be on the Quinnipiac River. In the event that we are making positive progress towards an unimpaired waterway, they will not require us to go to the .2 or .1 as previously feared avoiding spend \$18 million.

However, if we don't make significant progress, then we are going to, in the second permit cycle, be required to do that. The timeframe was discussed if we do not meet the goals required.

Mr. Stanforth added there was a discussion regarding the future of how we assess for new sewer projects and new procedures will be evolving.

B. Public Works Committee

Mrs. Feld was not at the meeting.

C. Education Capital Building Committee

And

D. Middle School Building Committee

Mr. Pocock reported in the middle schools, we are in the design stage. We have invoices coming in from the architects and it has been going very well. Staff has had a lot of input which is good. People on the mechanical end have been involved working with the architects.

It is working on the grounds, relocating some fields to make room. That is where the money is going now.

E. Open Space Committee

Mr. Pocock did not attend the July 19th meeting. But it was brought up to have a forester come in and look and see if we can do some of that. The water department has done it and other towns have done it. Very good. We have meeting tomorrow afternoon at 4:00 pm to meet with the forester from UCONN. Might be some revenue for the town. It's hard to say. A good year for people to get logs out of there. The purpose is to make the open space and forest more healthy.

F. Self Insurance Committee

Mr. Labieniec stated we have not had our September meeting. It is for two weeks from today. Our August meeting was focused exclusively on wellness. Not much to report.

The numbers for July, we were just under 1.75 million on a budget of about 1.7 million, so 3 percent over. Right where we expect to be. Not too much to comment on.

G. Gura Building Plan Review

Mr. Brumback explained the Council approved an agreement with the SCCA to allow them 90 days to do a feasibility study followed by 18 months of fundraising with the goal of being able to renovate and restore the building for their use.

In the meantime, we're going to continue to operate for the next, hopefully four to six weeks before we can transfer the finance operation from the Gura building to this building. Hopefully, not much longer than that for the IT operation before we transfer to this building.

At which point the cost of maintaining that building goes down significant because we are just going to be doing the minimum maintenance necessary to avoid any deterioration of the existing structure. Minimum amount of air conditioning or heating. No janitorial expenses.

A discussion followed regarding the purpose of the feasibility study.

H. Other Committees

Turf Committee: Mr. Brumback explained this committee has been established. They are going to operationally be working to schedule the field and coordinate the scheduling of the field but they are going to be also coordinating fundraising activities. As it relates to this board, that is probably the most important of the two. We'll be setting up a fund for this.

Mr. Casale asked about marketing for use. Mr. Brumback said they are charged with raising funds and he would think a certain amount of that would be marketing. They have talked about renting the field to outside entities. This committee will be responsible for doing the lion's share of that. The town nor the BOE is going to be responsible for any of that.

Mrs. Feld asked about the increase in the size of the piping from 6" to 12". Is there an additional cost to us? Mr. Grappone indicates there is no additional cost for the piping.

Mr. Labieniec from the BOF is the representative on that committee.

Mrs. Feld brought up the list of projects that are authorized but unissued. Ms. Portelinha explained those are old projects that need to be closed out and they are on there until we can get bond counsel to sit down with us to get those things done.

Mr. Stanforth noted the importance of this report if we are going out to bonding. He would like to see the projects closed out before we go to bonding again.

Discussion.

7. Board Communications

Mr. Casale brought up North Center School. At the Town Council meeting on July 9th, he asked the town manager what the disposition of the excess of the rental money was for North Center School and at the time he told me it would be returned to the general fund.

I questioned him because previous to that we were told throughout the grid process and throughout every month I've asked for an update. I've received paperwork from the town and Mr. Cox about what the disposition of the funds would be. I was asking them to be returned to the taxpayer.

We were told it would be used for unfunded items; i.e. chairs, \$100,000 for the multipurpose room, security systems, environmental issues, traffic work.

All that aside, at our meeting in July, the issue of repairing the empty spaces here in town hall was brought up. The BOF approved unanimously \$100,000 to do so.

At the Town Council meeting after that, the town manager mentioned to the Town Council the \$100,000 town hall building maintenance was a request because of the move of several departments to North Center School, one of the things not contemplated was the walls and paint and carpet needed in those moved out departments.

The town manager proceeded to tell the Council that the BOF unanimously approved using the rental money from North Center School for this process. It's in the Minutes and the video.

When you brought this to us, you never mentioned it was the rental money from North Center School. An oversight? Error? If I had known that the money was coming from the North Center School project, I would have voted "no". Since the beginning of the project I wanted those funds returned to the taxpayers.

Mr. Casale continued he felt misrepresented when the Town Council was told the BOF unanimously voted to use the North Center School money to refurbish the Town Hall.

Mr. Brumback explained that certainly wasn't his intent. But we returned several hundred thousand dollars, only a portion of which was the North Center School money, back to the fund balance. Pick your hundred thousand. To the best of my knowledge, I did mention that and I believe it was in response to a question by Mr. Palmieri, could it be used for that and it certainly could have been. It was not my intent to misrepresent you or the BOF.

Mr. Casale continued he wanted that on the record.

Mrs. Feld said she was totally confused about the figures we've gotten from the town about the money that as not used for rent. We

got it on the grid. You said no more than \$329,796 would be used, but when you add up the numbers on the grid, it comes to a lot more than the \$329,796. Could we just get a calculation of how much money you had as a result of not being in the building when we expected to be and where that money went? Simple request.

Discussion.

Ms. Feld asked for a drive in spread sheet with detail.

Ms. Feld asked for a spread sheet detail on the use of the pavilion. Ms. Portelinha said the revenue for that is in the general fund under Recreation Department rental. Ms. Feld wanted details such as the dates, expense, revenue.

Discussion.

Mr. Pocock said we don't have any contact with these people to know where anything is going. I agree with Ms. Feld. We used to get a report on the drive in. I haven't seen a report all year. Mr. Brumback said he has gotten one every week. Mr. Pocock noted it is all cash flow which is dangerous. We need to have a report as we are the BOF and we are responsible to the people in the town. We are not getting the reports. Mr. Brumback said the reports could be forwarded to the BOF every week. Discussion of what is in the report for details.

Checks and balances as far as the drive in theater were discussed in detail. The cash handling process at the drive in was provided to the town and will be forwarded to the BOF members.

Mr. Casale brought up Pop's Burgers and Fries running a concession at the drive in. Do funds come back to the town? Ms. Portelinha said she would check on that before misspeaking.

Mr. Pocock noted certain departments to bus trips and the accountability should be there for how many people were on the bus, how many people on the trip. The accountability from what I can see is not there right this point. It's not just one department.

Mr. Brumback didn't feel that was an accurate statement. The bus trips, the parks department has a very, very good system. It accounts for all of the revenue with the buses, passengers.

They can also do the same thing with the rental on the pavilion. We have a gross number but we haven't formatted it into a report with detail. We can do that. The gross number was approximately \$1900 over these past two years.

Discussion.

Mr. Pocock commented he know there are certain perks that come out of certain trips. People are riding that bus who do not pay for that. That's what I'm saying. I am not just saying it is that

department. I don't want anybody to think --- all we want is the policy, what is being done and how it is being done because it is cash flow.

Mr. Labieniec said we can look at those policies. But just to be clear in the opinion of the town manager and he finance director, I am not looking for a comparison of the drive in to any other entity, in your opinion your cash management procedures and accounting were created in conjunction with the finance director and you are confident they are in good shape? That is your opinion? Both Mr. Brumback and Ms. Portelinha said "yes".

Mr. Pocock disagreed respectively.
Discussion.

The Chair said the BOF has asked for an understanding of where cash is taken in to the town and then the procedures summarized for the handling of that cash. Where is the cash taken in? What is taken in? What is deposited? We want to be sure we have control over it. We want to know what the controls are. It's handled with the finance department. We want to be assured we are aware of that if we are going to provide governance of it. We want to see it in front of us.
Discussion.

Mrs. Feld added expense is part of this, too. We have an obligation to report to the town where the money is being used for and where it is going. Music on the Green? It can't be reported as salaries. We need to see a breakdown of where that money is going. It is taxpayer money. I've requested information from Dave Lapreay. The Kids Entertainment and adult programs that are no self sufficient.

She referred to the park board minutes wherein Mr. Lapreay said he would be scheduling a meeting with the town manager and Mr. Leary to discuss the leagues. Has that occurred? Mr. Brumback said it has not occurred. Mr. Leary clarified an attempt was made. Due to scheduling conflict we were not able to do that.
Discussion.

Mrs. Feld said the BOF is trying to get a handle on what the rec department does. What they get in and what they spend. Just a report.

Mr. Pocock called for a recess. Everyone agreed.

(Whereupon, the meeting was recessed at 8:05 o'clock, p.m.)

(Whereupon, the meeting was resumed at 8:12 o'clock, p.m.)

JOHN LEARY, resuming the Chair:

Mr. Casale continued. Before moving on, just one little item. When you check on the vendor, would you check on all the vendors for me at the drive in? The town takes the popcorn sales which is rolled into the ticket prices. The vendor is using our stuff.

Ms. Portelinha, in answer to a question by Mr. Stanforth, explained the drive in is a special revenue fund. It is town property and the group is working for the benefit of the residents as well as taking some funds to maintain the location.

Mr. Stanforth said they do a great job over there and understanding the ticket system and the double checks they do over there, kudos to them. They put a lot of thought into it. We'll get all the reports that will show that.

Ms. Feld asked about the fire department audit. Mr. Brumback said he has a proposal and he has to present it to the fire commission to make sure the scope meets the needs of the fire commission and then I will bring it to you all at your next meeting.

Ms. Feld asked why the town and not the BOE is paying for middle school dances. Mr. Brumback did not have an answer. Ms. Portelinha pointed out the town has already run that under the recreation program, that's all I know.

The Chair brought up getting together to review policies. He would like to meet on September 19th. At 7:00 pm. Staff will find us a room. Staff is not required. Just a workshop. It's for the six members of the board only.

VI. Public Communications (Excluding Public Hearing Items)

Arthur Cyr, 103 Berlin Avenue. Spoke about "free money". He explained you could go to the website for either Stop & Shop, Price Chopper, Shop Rite or Target and register your shopping card. You would designate a school and dollars or merchandise are then given to the school chosen based on purchases.

Discussion.

This information is now on the town website and Channel 14. The BOE will get it on their website. Patch.com and the Southington Observer are running articles about it.

Discussion.

VII. Review Long Range Plan and Priorities

1. Review status of LRP items in current fiscal year budget

A. Status /Reprioritizations

B. Strategy Discussion

Mr. Brumback updated everyone. He has made a couple of presentation educating folks on what the referendum is all about and for the purposes of this board there are a couple of questions that come up routinely:

- What would be the cost if the referendum were approved. For a homeowner with a \$100,000 home it would be about \$30 a year. Less than \$3 a month.

- If this passes referendum, are the utilities going to come right behind us and tear up all these streets? In order to avoid that from happening, we have initiated a quarterly meeting with all of the utilities projecting out hopefully as much as a year in advance, but a minimum of 90 days in advance to allow them to evaluate their infrastructure under the road before we repair the road. They have agreed to do that.

Secondly, it is an administrative moratorium but it ultimately will be a Council moratorium that I intend to present to them that has significant components:

- (1) The moratorium for bids cutting into a road after its been paved for a minimum of two years and in the event there is an emergency that requires a cut, after two cuts, the utility is required to repave the road, curb to curb, intersection to intersection. The utilities have signed up for that. That should discourage an absurd amount of cuts into freshly paved roads.

Mr. Pocock pointed out West Center Street and Route 364. They brought it back to where the town had it. That's great.

Discussion.

The cost to the taxpayer if the referendum is not passed is deterioration of our current roads. The minimum amount is plus or minus a couple of hundred thousand dollars to one million a year. We won't keep up.

Discussion.

VIII. Conduct Administrative Business

1. Consent Agenda

A. Appropriation \$ 180* Youth Services - Outside Programs (Spec Rev)

Appropriation \$ **630*** Youth Services - Outside Programs (Spec Rev)

Appropriation \$ **600*** Youth Services - STEP Donations (Spec Rev)

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

2. **Manager's Memos**

1. Appropriation \$ **3,000*** Library - Early Childhood Learning Grant (Spec Rev)

This is a grant approved but not received. It was pointed out this will be reimbursed at a later date. Mr. Labieniec made a motion to approve. Mr. Pocock seconded. Motion passed unanimously on a voice vote.

2. Appropriation \$**26,590** Sewer Fund - Plant - Accumulated Payout

This is a gentleman who retired from the Sewer Plant and this is a contractual obligated payment. Upon his retirement, this pays him the authorized sick and vacation time he has earned.

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

Mrs. Feld noted \$120,000 in the sewer fund for overtime for this coming year. That's not all been used. What about transferring this amount and then see how the overtime goes and we may need to look at it again. Ms. Portelinha said that would be more than 20 percent of the budget.

Discussion.

Mr. Brumback clarified, the amount we budgeted for overtime was based on the calculation of what the department head expected to use over the course of the year. This was an unanticipated requirement. My recommendation would be not to wreck something to only have to repair it later when it is not necessary. We can always replenish the fund balance during the last quarter of the fiscal year if the overtime amount isn't used. I don't think it is the preferred way to take it out of an account for the course of the year for an unanticipated expense in a different category.

Mrs. Feld did not agree.

Mr. Labieniec, looking at previous year's overtime numbers, said he would not be in favor of transferring from overtime.

Motion passed 4 to 2 with Mrs. Feld and Mr. Casale opposed.

3. Appropriation \$40,000* Calendar House - Ford Transport Van

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

Ms. Portelinha advised this is just a confirmation of the email vote we took. The money came in and we had to pay it out within 3 days. This is just a ratification of a previous vote.

Motion passed 5 to 0 to 1 with Mr. Pocock abstaining.

4. Appropriation \$5,200 * Calendar House - Part Time Bus Drivers Salary (Spec Rev)

Appropriation \$ 800 * Calendar House - Overtime (Spec Rev)

Appropriation \$ 3,000 * Calendar House - Gasoline (Spec Rev)

Appropriation \$1,293 * Calendar House - Vehicle Maintenance (Spec Rev)

The Chair noted these are items represented by funds received. Mr. Casale made a motion to approve and Mr. Labieniec seconded. Motion passed 5 to 0 to 1 with Mr. Pocock abstaining.

5. Transfer \$3,290 Library - Temporary /Seasonal Wages

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

Mr. Pocock asked the reason for the transfer. Ms. Portelinha noted an employee is out on workers compensation. She works the front desk and needs to be replaced. The director wanted to get ahead of the game and make sure she had the money in place before hiring the person to do the work.

Motion passed unanimously on a voice vote.

6. Appropriation \$522,840 Sewer Fund - Plant - Sewer Major Maintenance

Mr. DeGioia said this is a bid that was opened on Friday to do this work. The contract was approved by the Town Council. We are asking for the funds to perform this. This is emergency work that

needs to be done. It is a digester problem we've been having and this is a resolution to that problem.

Mr. Brumback said last time we talked about this, the engineer's estimate was around \$600,000. We were surprised it came in less. And, \$497,000 is the base bid and there is a request for a \$25,000 contingency.

This is an unplanned expense. It comes from the sewer fund balance.

Discussion of the amount in the sewer fund balance. Mr. Brumback noted that as a result of this and the next issue, if you approve that, as well, the sewer fund will still have an undesignated fund balance of \$1 million.

Discussion of the fund and the policy on that balance. The additional cost \$750,000 was anticipated when we did the rate increases last year. We don't have a solid policy on the fund. We have an informal policy of keeping the reserves at 25 percent of last year's expenditures. Right now it is a little higher concluded Ms. Portelinha.

Odor issues at the plant because of this problem. Overtime issues, as well. We need to fix this.

Based on this item alone, there probably will be no rate increased. But based on the next issue, probably, noted Mr. Brumback.

This is to empty and clean and check the status of the digester tanks. There will most likely be an additional cost for repair.
Discussion.

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

7. Appropriation \$220,840 Sewer fund - Plant - Other Professional Services

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

Mr. Brumback explained this plan was incorporated into the last rate increase. The requirements generated by the plan, we have no idea.

Mr. Stanforth pointed out the plan will also help us prevent issues like a digester issue that we don't know about. We will have a plan going forward.

Mr. Brumback said it will incorporate the phosphorus removal process.

Motion passed unanimously on a voice vote.

Meeting Adjournment

Mr. Labieniec made a motion to adjourn which Mr. Casale seconded. Motion passed unanimously on a voice vote.

(Whereupon, the meeting was adjourned at 8:51 o'clock, p.m.)