

Town of Southington
Board of Finance
Wednesday, March 27, 2013

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.....	\$ 202,265
Approved this meeting.....	<u>2,000</u>
Total Appropriations.....	\$ 204,265

Appropriations with Revenue Offsets:

Approved to date.....	\$ 477,472
Approved this meeting.....	<u>0</u>
Total Appropriations.....	\$ 477,472

Chairman 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

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 March 06, 2013.

Mr. Pocock made a motion to approve with the following correction:

Vice Chairman Joseph Labieniec, presiding:

Mr. Casale seconded.

Motion passed unanimously on a voice vote.

2. Item #2 which was tabled at the 3/6/2013 meeting:

Transfer \$20,000 to IT - Computer Maintenance (Withdrawn)

WITHDRAWN.

ADOPTION FY 2013-2014 BOARD OF FINANCE PROPOSED BUDGET

General Government

Mr. Labieniec made a motion to approve \$45,081,001 for the general government budget for the fiscal year 2013-2014. Mr. Pocock seconded.

Mr. Stanforth thanked the town manager, finance director and her whole department, all department heads and anybody else who contributed to putting the town budget together. It was wonderfully presented. It is nice to have a budget that is reasonable in all aspects. There weren't a lot of changes, reductions to the budget. We just reallocated a lot of money. There was some safety issues on overtime accounts and this is the sixth year that that account has been cut. What happens is they go to contingency if it's needed. I appreciate the town manager putting program study together so we'll have a better feel for what is going on at the fire department with the overtime. It wasn't ready for this budget, unfortunately. Otherwise, all is well that ends well.

Mr. Labieniec commented on the numbers. The fiscal year 2013 general government budget is approximately 45.3 million. The motion for fiscal year 2014 is approximately 45.1 million which is a reduction of a little over \$200,000 in spending or about a half a point decrease. What needs to be understood there were reductions made in four categories:

(1) Town Manager requested reductions which were if the budgets were made today there were things that wouldn't have been in there. The biggest one was the training account where the town manager asked us to reduce it by \$50,000. There were a few others noted at the meeting.

(2) A different approach to the accounting for the revaluation sinking fund. What the Chair asked the town manager to do was we have revaluation every five years at a cost approximately of \$840,000. Its spread out, the cost, over two fiscal years. Or we can create a sinking fund which is really dividing the number by five which is \$168,000 and put that money in the budget every year for five years the purpose being it helps to avoid any spikes when it does happen. You save the money until you need to spend it. The town manager put \$280,000 in this budget because we would need three years to pay for the next reval. The BOF decided we would set a precedent funding it at \$170,000 /year and that will be the recommended course of action in the future. That is a reduction of \$110,000 from the town manger's submitted budget.

Discussion.

(3) There were three capital items for a little over \$500,000 that were cut from the budget. Those are going to get done in one of two ways.

(4) True cuts. These were actual cuts from what the town manager had requested.

If you want to look at the capabilities number, you compare the 45.3 million current budget and in terms of capabilities it is about 45.6 million for 2013-14. It is additional capability spending of a little under \$300,000 which is about a half a point increase.

I think that needs to be noted. In looking at the numbers it looks like the general government is going down in spending, which it is, but in terms of capabilities, there'll be an increase.

The effect on mill rate is minus .36 for the government side. It was 10.51 needed and the current mill rate is 10.87.

Motion passed 6 to 0 on a roll call vote.

BOARD OF EDUCATION

Mr. Labieniec made a motion to approve \$84,233,204 for the board of education operating budget for the fiscal year 2013-2014. Mr. Pocock seconded.

Mr. Labieniec compared the numbers. It's 82.4 million currently. And, it's 84.2 million in the motion for 2013-14. It works out to an additional 1.85 million in spending or an increase of 2.18%.

The Chair advised on the board of ed we don't have line item control so we don't speak to particular line items. We look at what we're presented from the board of ed and what we approve is one number. It's up to the finance subcommittee of the BOE and later the entire board to decide how to use that money to provide the educational services.

Secondly, it does not include the buildings. The BOE essentially is a renter of the buildings, without paying rent, and the town owns the buildings. So, in addition to the budget laid out in the motion before us, there is a considerable amount of debt and expenses that fall on the government side because it is the government side that essentially owns those buildings.

Mr. Casale commented there is a misconception out there that we cut funding for all day K which is not what we did. The numbers are similar from what the budget cut was to what all day K would cost, but there is a misconception out there. We didn't cut any programs.

Ms. Feld added we do not have any authority to cut programs at the board of ed.

Mr. Stanforth commented it is our job to weigh the needs of the town: school department and government department with the amount of funds from the taxpayers. We were unanimous in our decision to reduce the BOE budget. Where we differed was how much. The range was from 800,000 to 2 million dollars. We settled on the reduction here. It brings the mill rate to a zero percent increase. The town fund balance is strong at over 9 percent. And, the self insurance fund still has 4,664,000 in it.

Thank you.

Motion passed 6 to 0 on a roll call vote.

ANIMAL CONTROL BUDGET

Mr. Labieniec made a motion to approve \$220,160 for the animal control budget fiscal year 2013-14. Mr. Pocock seconded. Motion passed 6 to 0 on a roll call vote.

SEWER FUND BUDGET

Mr. Labieniec made a motion to approve \$5,049,448 for the sewer fund budget fiscal year 2013-14. Mr. Pocock seconded. Motion passed 6 to 0 on a roll call vote.

FIVE YEAR CAPITAL IMPROVEMENT PLAN

Mr. Labieniec made a motion to approve and proceed with the recommended funding strategies recommended in year one for a total of 9,137,492.

Ms. Feld asked for an explanation of the 750,000 that is not appropriated --- no cash, no bond --- in the capital improvement plan for the school's energy management system. Mr. Brumback responded the recommended source of funding for that is the performance contracting system. That basically harvests the future savings of the utilities; it finances the entire project and then pays for it back with the savings generated. It is a guaranteed process we are going to go to

RFP for. It should net to zero in the short term until the debt is paid and then the savings accrued to the BOE once the debt is paid.

Ms. Feld noted there is one vendor and there was not competitive bidding done on it at all.

Discussion.

Motion passed 6 to 0 on a roll call vote.

The Chair advised there is a recommendation now to the Town Council for the town budget in those five categories. Another piece of the recommendation is any advice or suggestions we'd like to bring to the Town Council along with the budget. The charter calls for us to recommend a budget and also any recommendations as to the fiscal condition of the town. Is there anything else anyone would like to bring up as a point of discussion when this is presented to the Town Council?

(No response)

The Chair will go forward with these numbers as our recommendation to the Town Council for next year's budget.

Mr. Labieniec thanked everyone involved for getting us the information we needed and being available during the workshop. Much appreciated. He thanked the public for all of their comments. It is critical for us to hear and we appreciate the communication. I thank all the fellow board members. It was a very good process this year. We had good natured debate. We concentrated on bigger picture items and the recommendation going forward we all feel very confident with.

He then explained the mill rate is currently 27.48 for 2012-13. The recommendation to the Town Council will be for 27.46. About a one tenth of a point percentage reduction. He explained for the median home the new mill rate would equate to about \$4 annually less a year in taxes.

He explained the idea of spending going up and the mill rate going down. (1) The grand list increased. It is a volume based increase and not a value based increase. (2) There was an increase in the non taxed revenues over fiscal year 2012-13. (3) There were cuts made to the budget, both the BOE and the town side which reduces the millage. (4) The "reduction" for the reval sinking fund. (5) The municipal revenue sharing grant. Explained this was created for two purposes: (a) to fund the manufacturing transition grant which replaced the MM&E and (b) to fund the property tax relief grant. He explained the town had not budgeted for the property tax relief grant for two reasons. One, the state hadn't given us an estimate and two, just given the financial condition of the state; it wouldn't have been prudent for us to rely on the estimate they did give. To our good fortune we did receive 399,026 in August of 2012 which went into the

general fund. That money was for the property tax relief grant and it was intended to be used for tax relief. So the BOF decided we use the money just for that purpose. The amount being used is 400,000 simply for rounding purposes and the actual amount was 399,026. It will show as use of fund balance although it is because we simply need to get the money from where it is.

(6) The elimination of some capital expenses from the fiscal year 2013-2014 budget. There were three projects totaling 507,000 which are going to get done but they're going to be paid for not in the operating budget but otherwise. The town manager is going to use some anticipated surplus from this year's fiscal year budget to pay for two of the items and the second way is some excess money that exists right now in the capital fund of 145,000 or 150,000. That was a unanimous decision by the BOF to use that money.

That's an explanation of how the spending went up but the mill rate went down.

The Chair explained the last item which is the uncollected tax estimate. Two things very misunderstood and very hard to explain because they're multifaceted is the affect of revaluation on taxes and what that means. The other thing is explaining unlike a business when is doing its budget, it starts with expenses and then it looks next to what federal, state or independent grants to see what it is going to get to help me pay for the things I want to do. And, then it looks at the fees it can generate. And, then it has a sense of how much revenue it is going to get. The expenses are far greater than the revenue it gets. Then it has the right to levy taxes. It backs into how much taxes it needs from its citizens.

We have to keep in mind: people will not pay all the taxes that are levied on them. We come up with what is called current taxes needed. That is the amount of tax we need to add to the other revenue we have to be equal to the expenses so we have a balanced budget. We know if we set the mill rate to garner what we need, some people will not pay. There are people who are contesting the values of their property and they may get adjusted or a tax abatement where the revenue is not assured to come in or some people cannot pay and they don't pay.

That is the uncollectible taxes number that gets added to the taxes we need. We tax people on the higher number and we're pretty much assured we are going to get what is needed.

The BOF reviewed that percentage. When presented with the budget it was a 2.3% uncollectible tax portion. We decided to reduce that to 2.1% and by doing that, we were able to reduce the budget further by a couple of hundred thousand dollars.

V. Assess current financial state of the town

Mr. Brumback advised this was done two week ago and there hasn't been a significant data shift. We are requesting to defer this to our next regular meeting which is April 8th.

1. Review revenue vs budget
2. Review expenses vs budget
3. Discuss unplanned items that impact revenue or expenses

The Chair asked to skip over subcommittee reports with unanimous consent. Everyone agreed.

4. Sub Committee Reports (Emphasis on financial aspects)
 - A. Sewer Committee
 - B. Public Works Committee
 - C. Middle Schools & Education Capital Building Committee
 - D. Open Space Committee
 - E. Self Insurance Committee
 - F. Gura Building Plan Review Committee
 - G. Other Committees

7. Board Communications

After discussion, it was advised that the next meeting will be here in town council chambers. It will need to be changed on the schedule.

Ms. Feld requested a meeting of the BOF to discuss the pending charter revision commission. A workshop meeting will be set up within the next week.

Discussion.

VI. Public Communications (Excluding Public Hearing Items)

Arthur Cyr, 103 Berlin Avenue. What is missing in this room is all the department managers coming back to talk about what was cut from their budget with explanation of why the money needed to be in the budget. The way you did the budget this year in a different atmosphere than it used to be eliminates that. I thank you all for a job well done.

I want to talk about the board of fire commissioners meeting. I was appalled to go to their last meeting and have them talk about the draft copy of their ICMA report and numerous board members want to ask the BOF to spend another five grand to have that gentleman fly back up here from Virginia and stand in front of them to answer their questions. He could do that but they are still not going to understand what he's saying.

I respectfully request that this BOF turn down any request from the board of fire commissioners to spend any more money to fly anybody back up here to personally answer their questions. They can read the report three times. In my opinion there is no reason to spend any more of taxpayers' money on that analysis.

Thank you.

Dr. Erardi addressed the board of finance. He shared three agenda items. The first is thank you at large for supporting the middle school referendum which was overwhelmingly endorsed last Tuesday by the electorate.

Discussion.

The second is an update on safety. It is less about finance and more about keeping all elected officials in the loop. The school board has worked for the past two months in executive session to finalize their plan. We will finish it tomorrow in executive session. We are prepared to bring this information forward in executive session to elected officials. We believe that we have secured a funding stream. This is more about keeping everybody informed. You will hear on a meeting we hope you can be a part of as we share information on safety. It is done in executive session for common sense and all the right reasons.

Lastly, as you concluded your work making a recommendation to the Town Council. I stand here unhappy. I am disappointed that I've yet to sort out the equation or the puzzle on what it is going to take for the BOF to endorse a proposed BOE budget. I want to comment on the grid, on the public hearing and the workshop I attended and the end result, your recommendation.

We spent countless hours trying to be vigilant to your questions. I thought we did our best work with integrity and honesty as questions rolled through. I am not certain how the grid influenced your bottom line recommendation.

In regards to the public hearing, the question always asked is does the person's voice make a difference. Should I attend? I am adamant when I replay it absolutely does make a difference and it is important for you to share and you are being listened to. My question is I am wondering how the public hearing influenced your work. At

least on my tally sheet there was extraordinary and overwhelming support to support the school board budget in full.

In regards to the workshops I was impressed with the sense of consensus. I applaud all of you. I wondered how each of you reached your conclusion. I would be fascinated to know, individually, how you landed where you landed and why.

And, lastly, there is not line item discretion on the school board side but a 1.1 million reduction to a budget that was sent forward, it is my belief that every nickel of every dime of every dollar was accountable. It is my further belief that this community expects a gold standard public school education for every child.

I've yet to submit a budget that has been supported in full by the community. My frustration is that I will continue to do what I think is absolutely right. I get criticized for that because I don't play the game. I refuse to play the game. I'm hoping as we continue our work together that you fully understand there'll never be a dollar sent forward that I and the school board doesn't believe is important to maintain or to enhance. If you are not enhancing your program in public schools you are taking a step backwards.

I felt it was important for me to share that with you. I look forward to our work together.

VII. Review Long Range Plan and Priorities

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

A. Status /Reprioritizations

B. Strategy Discussion

Passed over this evening.

VIII. Conduct Administrative Business

1. Consent Agenda

A. Appropriation \$586 * Police Dept - Loss Damage
Vehicle Maintenance (Spec Rev)

B. Appropriation \$1950 * Community Svcs - FEMA Emergency
Food & Shelter (Spec Rev)

C. Appropriation \$1140 * Community Svcs - Kristen's
Closet (Spec Rev)

D. Appropriation \$5675 * Drug Task Force - DMHAS Grant
(Spec Rev)

Ms. Feld made a motion to accept the consent agenda in full. Mr. Casale seconded. Motion passed unanimously on a voice vote.

2. Manager's Memos

1. Transfer \$12,790 IT - Mobile Communications
- Transfer \$6,540 (**\$6,450**) IT - Computer Maintenance

Mr. Brumback introduced the items. This is a redo of the item that was tabled at the last meeting and withdrawn earlier in the evening. This is an effort to better define and answer some questions at the last meeting.

Jay Baker explained the transfer of 12,790 was to cover a shortfall on mobile communications. The expenses were under estimated in the current budget as we absorbed the mobile communications from the various departments. I met with our Verizon agent and they were able to reduce our expenditures about 200/month by making some of our plans more economical.

The 6,450 is to cover the cost of renewing a Cisco Smart Net Coverage for several switches throughout the town and I have to renew a mail encryption certificate and renew and upgrades of Microsoft licenses and the extra monies for replenishment of supplies. Explained keyboards, mice, monitors, et cetera.

Ms. Feld asked why so much was left in regular wages. Mr. Brumback explained the IT Director was hired later in the year. The position was created July 1st and wasn't filled under October 1st.

The Amount is \$6,450.

Mr. Labieniec made a motion to approve the \$12,790 and the \$6,450. Mr. Pocock seconded.

Discussion of the use of cell phones by those issued town paid cell phones.

Mr. Brumback explained the FOI rules and regulations on public business conducted on a phone. If you link it to a personal phone, going through and stripping out the personal versus the public business, is extremely difficult. It allows the employee to do the public business without having to strip out the private stuff. It's cleaner in the event those records get called.

Discussion.

Mr. Brumback noted he had a personal and a business cell phone. Ms. Feld pointed out we need policy on that.

Discussion.

Motion passed unanimously on a voice vote.

2. Transfer \$1,429 Public Library - Office Supplies

Mr. Brumback explained this is to take advantage of a book covering system using some office supplies and part of the town's energy audit allowed them have some savings based on relighting.

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

3. Transfer \$3,000 Town Manager - Advertising

Mr. Brumback explained this is a direct reflection of RFPs and job announcement we were not anticipating when we built the budget. Discussion.

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

4. Transfer \$500 Elections - Dues & Conferences

Mr. Brumback explained this was an oversight in the elections department. They didn't realize the mileage reimbursement was taken out of the dues and conference account.

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

5. Transfer \$500 Building Dept - Vehicle
Maintenance

Mr. Brumback said this is unexpected maintenance required on an old vehicle.

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

6. Appropriation \$2,000 Town Council - Temp/Seasonal

Mr. Brumback explained this is to support the charter revision commission. This is from temp/seasonal as it is predominantly secretarial support.

Mr. Pocock made a motion to approve which Mr. Labieniec seconded.

This does include videoing of all the meetings.

Motion passed unanimously on a voice vote.

7. Transfer \$96,000 Police Dept - Overtime

This item is withdrawn. They will come forward next month.

Mr. Labieniec explained he misspoke when he said the additional spending for the BOE was 1.58 million. That was the additional spending overall. The additional spending for the BOE actually goes up 1.8 million. I wanted that clarification on the record --- 55 minutes into our meeting.

Thank you.

The Chair thanked all the people on the town and board of education side and public that came out to give us their feedback. It was important to us. Although everybody's opinion doesn't get totally turned into reality, all feedback, opinions and work was very important in making our decision.

Thank you.

Mr. Casale said Dr. Erardi said at the public hearing he had overwhelming support for passing his budget, but what he doesn't know and you all know, is we get emails, we get phone calls. You don't have to be at the public hearing to weigh in. We did get a lot of commentary to the other side. I wanted to put that on the record.

Thank you.

Ms. Feld added we get Rescue a Buck, too. Some of them anonymously, some not. We get a lot of information from the public.

Meeting Adjournment

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

(Whereupon, the meeting was adjourned at 7:55 o'clock, p.m.)