

Town of Southington  
Board of Finance  
Wednesday, May 15, 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 .....	\$ 365,969
Approved this meeting.....	<u>0</u>
Total Appropriations.....	\$ 365,969

Appropriations with Revenue Offsets:

Approved to date .....	\$ 477,472
Approved this meeting.....	<u>144,926</u>
Total Appropriations.....	\$ 622,398

Chair John Leary called the Public Hearing & Regular Meeting of the Town of Southington Board of Finance to order at 7:0 p.m. in the Assembly Room at the Municipal Center 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

1. Appropriation of \$246,765 to the Capital Fund new account "Vo-ag equipment Grant" which will be offset by an appropriation of \$246,765 to the Capital Fund revenue account "State Grants"

The Chair advised this is a state grant and because it is a new line item we have to have the hearing on it to be able to transfer money to a line item or account we didn't have previously.

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

The Chair asked for those wishing to speak on behalf of this item.

Sherri DiNello, Business Manager for the Board of Education. The item is a formality. I understand we need the public hearing because of the new line item; however the grant was actually brought to you back in June o 2011 where the BOF did approve the grant funding which is a 95% state reimbursement and 5% funded locally by the BOE, along with a listing of equipment that went along with the dollar amount. It has been approved by the BOE and it came to your board for approval and it has been approved by the state. Now is the time we are reading to start purchasing and putting in requisitions and getting the grant reimbursement.

Mr. Stanforth asked if the money was in our hands or we have to spend it and ask for reimbursement. Ms. Portelinha said we spend the money and we get reimbursed through the state. In 2011 we applied for the grant; they approved us for the grant. Now it is setting up the account and spending funds, requesting the reimbursement and then there is 5% the BOE will put in.

They've created a project and it is my understanding the funding is in place added Ms. Portelinha.

Mr. Casale withdrew his motion and indicated he would abstain from voting on this as it was approved before I was on the board.

Hearing no further comments from the public, the Chair closed the public hearing.

#### **SET THE MILL RATE FOR THE FY 2013-1014 ADOPTED BUDGET**

Mr. Labieniec made a motion to set the mill rate for FY 2013-2014 at 27.46. Ms. Feld seconded.

Mr. Labieniec explained with a median home price of \$250,100 in Southington with an assessed value of slightly more than \$175,000 so the taxes on the current mill rate would be \$4,811 per year and they will reduce slightly by \$4 to \$4,807. That is on the median home in Southington.

This is a balanced budget. That is where the revenues equal the expenses.

Motion passed 6 to 0 on a roll call vote.

#### **IV. Old Business**

1. Approval of Minutes from the meeting of April 15, 2013.

A motion to approve the Minutes as presented was made by Mr. Pocock. Ms. Feld seconded. Motion passed 4 to 0 to 2 abstentions with Mr. Casale and Mr. Stanforth abstaining.

#### **V. Assess current financial state of the town**

##### **1. Review revenue vs budget**

Ms. Portelinha reported that prior year's tax collections through the end of April are \$150,000 above budget at this point.

Our interest on taxes is \$25,000 above budget. Building permits and fees is \$159,000 above budget. We collected \$126,000 this month. Approximately \$60,000 came from three permits.

Interest on investments is down about \$83,000 for the year but it is about \$33,000 above last year's. So we're doing better than we did last year.

Our town clerk fees are doing well with increased activity. We're projecting \$150,000 above budget.

If you look to the revenues right now, we are about \$628,000 to the good based on current information.

Mr. Stanforth asked if that included the \$385,000 for the BRRFOC. Mr. Brumback explained it does not mainly because it was received this year and we'll end up spending it this year on school safety issues and requirements.

The DOT refund is included.

##### **2. Review expenses vs budget**

Ms. Portelinha said this is the first wave of requests for departments who have determined they'll be a little short in different accounts. Quite a few transfers. We'll be doing the next thing next month in order to clean up. I haven't heard of anything that is going to be a dramatic expense we won't be able to handle with transfers at this point.

Mr. Brumback said we are now harvesting based on the requirements you have set on our budget looking now for harvest opportunities to buy those things we took from next year's budget to fund with case out

of this year's budget. You'll see a lot of transfer activity. Mostly small in nature.

The Chair asked about the FEMA money and asked for a report next month.

**3. Discuss unplanned items that impact revenue or expenses**

Ms. Portelinha reported she knew of nothing at this point.

**4. Sub Committee Reports (Emphasis on financial aspects)**

**A. Sewer Committee**

Mr. Stanforth mentioned a couple of projects going on and all are being paid from the sewer fund not going to affect the general fund. In the sewer fund they are going through the sewer billing system and bringing it up to date. We're working on making that a more automated system right now.

**B. Public Works Committee**

Ms. Feld advised they met May 1<sup>st</sup>. They discussed the bulky waste stickers which expire the end of March and April was a grade month. As of May 1<sup>st</sup> new stickers are required. You can get your sticker by contacting the town clerk's office. Also, people are driving fast at the transfer station and the request is to please drive a little slower.

Other things discussed were a request from a town council member regarding the leaf program and requesting it start a week later. Steve Wlodkowski informed us the five weeks he is using is saving the town a lot of money and to start it later we might run into snow and that might not work out. When you are in the first zone you get two leaf pickups one in the beginning and one at the end. Also, the sections are rotated so you are not always zone one. Steve convinced us the program is running well. He was requested to come to the town council and speak to them.

We talked about Shuttle Meadow Road which is in for repairs and is going to be difficult to pass through Memorial Day.

There were bids in to fix the tennis courts at Memorial Park. And, the guardrail bids were in. Both were approved on May 13<sup>th</sup> by the town council, as well.

**C. Middle School Building Committee & Education Capital Building Committee**

Mr. Pocock reported they are going out to bid. They should be opened at town council chambers around 2:00 on Thursday and Friday.

Nothing to report on the Capital Building Committee.

**D. Open Space Committee**

Mr. Pocock reported community gardens are starting to take off. And, there is an interest from a group in town for a non-motorized mountain bicycle trail which is being looking at for the Griffin and Novick property.

**E. Self Insurance Committee**

Mr. Labieniec said March results are in and we've had two very good months below budget. For the year we are slightly over \$1 million under budget on out plan and puts us \$650,000 below the actual for last fiscal year. The good results caused the committee to look at the proper level of funding for the upcoming fiscal year.

Explained the background of coming up with the figure in December of \$22.4 million. That was at the time the best guess with information we had at the time. We reviewed that based on the information we now have. We hired a new consultant, Lindberg & Ripple, and wanted to rely on their thoughts and expertise. We also got an updated renewal from Anthem.

We determined we were going to reduce the recommended level of funding from 22.4 million to 21.85 million. The recommendation was passed at the last council meeting 8 to 1.

There are a few important things to note:

- There was no raiding of the self insurance fund. The 22.4 million was our best guess in December as to the appropriate level of funding for the upcoming fiscal year. Those were not dollars spent. The decrease was a decrease to the recommendation.

- When we made our recommendation in December, it was very likely at the time we assumed we would need to deep into the fund balance because it looked likely we would run over budget for the year. To-date we've had four months over budget. Assuming April, it looked like it would come in 15% above and then we assumed May and

June would come in 15% above budget. Even if that were the case, we would still return approximately \$300,000 to the reserve fund.

- As far as the proper level of funding, it's important to note we're taking a more conservative position for a few reasons:

(1) When we set our budget in December we were at \$850,000 lower than Anthem's recommendation. The new funding recommendation of 21.85 million is actually above Anthem's recommendation.

(2) When we set our budget in December, we took our best guess as to where the current fiscal year would end. We decided it would most likely come in probably 21 to 21.1 million. The recommendation at the time of 22.4 million was about 6% above that number. We now think, assuming we run 15% above budget for the remaining months, that we'll end probably a little above 20 million. So this new recommendation of 21.85 million is actually 8.5% above where we think we'll end up this year.

(3) We hired a new consultant and their recommendation was for us to come in anywhere between 21.6 and 22 million. At 21.85 we were actually higher than their midpoint.

It's important to note we took a conservation approach and recommended a level of funding that has a much better chance of being the actual need for the upcoming fiscal year. And, there was no raiding of the self insurance fund. Even if we come in above 15% for the remainder of the fiscal year, we will add to the reserve fund and not take away from it.

Discussion.

Ms. Feld added that of the seven members in attendance for this vote, three voted against and four voted for it. Two members were missing. I voted against it because I felt it wasn't cautious enough. I would've liked to have been closer to the low end or high end number -- depending on how you look at it -- that the consultant recommended. I hope people understand majority rules.

Mr. Labieniec noted there were no votes both times.

Discussion.

The work of the committee everybody should be proud of.

Mr. Casale said some people felt with the timing, it assists the BOE with their budget. I wanted that out there. I wanted to dispel any false impressions that it had anything to do with that. There is

talk.

Discussion.

Mr. Labieniec felt the community comments were unfortunate. The committee, it was clear at the beginning of the meeting that we are here to do what is right for the self insurance needs of the town.

Discussion.

The Chair asked if the methodology had been changed from the December decision to this decision in making the recommendation. Mr. Labieniec answered:

(1) We had an Anthem projection in December and in April which changed.

(2) We had a chance in consultants and we relied on both of their opinions at the time.

(3) I don't believe the methodology changed.

Discussion.

Mr. Pocock said he had several calls. There is no expert can tell you what or how or when an amount of dollars will be spent especially when you are self insured. Their biggest fear is there a lot of increases in cancer rates, etc cetera. If something does fall short, the money is going to come from the town. We have to re-fund that fund. We have a good balance in there right now.

Discussion.

Mr. Labieniec pointed out we do not have a policy right now on building the fund. We have a policy right now on what to do if we find ourselves in the position of having excess reserves. Right now it stands at about 12% or so of the budget expenditures. It is likely we'll add several hundred thousand dollars to that this year.

We should be looking at what our position should be toward the fund in general.

Mr. Pocock said we want to have a reasonable amount in there.  
Discussion.

Mr. Stanforth added we have stop loss insurance, too. We are a little protected. Mr. Brumback pointed out it is not an umbrella coverage, it is a per claim.

Discussion.

#### **F. Other Committees**

Ms. Feld mentioned the Gura Committee. I was told there was state funding coming to that committee. Can we get a report? Mr. Brumback said he would ask them to come and speak at our meeting.

## **7. Board Communications**

Mr. Casale thanked everyone for their inquiries as to his well being while he was out. Thank you very much.

He asked the town manager about the school safety issues he mentioned earlier. Is there something mandated? Mr. Brumback said nothing mandated. This was discussed with a joint meeting of the BOE and the town council and the board of finance in executive session. As a result of that, we have decided to go down a certain path. There are things that are going to be done to enhance the safety of the schools and the municipal buildings.

Mr. Casale thanked this board for standing firm on the budget line. I want to thank the majority party on the town council on holding the line for us. We did present a unanimous decision. I am hearing and reading a lot of stuff about the board of finance cutting the board of education budget. We did not cut the BOE budget. We reduced the amount that was requested. And, further, I want the public to be aware that Dr. Erardi proposed a 4.87% increase and the BOE thought that was too high and pared it down to 3.51. They cut \$1,117,086 from his budget. The BOF reduced it by \$1,100,000. I want that information out there. We did not cut anything. We simply reduced it.

Ms. Feld brought up the highway department and finding out whether it is more economical to have parks to do all the departments: snowplowing, grass cutting, or to keep it the way it is now with contracting. Mr. Brumback said it is going to be in preparation for next year's budget. We are going to talk about consolidations and partnerships with the BOE and other entities such as the Parking Authority. We'll talk about opportunities where like items can be done by one entity. All conversations will be done in the context of preparing for next year's budget. We should have a report roughly in the spring before the budget for next year is submitted.

Mr. Stanforth wanted to add to items to the agenda: (1) Ms. Portelinha put together a capital fund with the items that are listed there. We never got to discuss that as a board. I'd like time at one of our future agendas to discuss that in detail.

(2) The BOF Policies and Procedures that we started I'd like to follow upon. I'd like to make some time to do that as well.

The Chair said there was discussion about them. He will make sure that those happen before the end of our term. It's important work to do.

The Chair had one item. We have been talking about cash and the safeguarding of cash and the procedures. I was wondering where we are with having this board being fully briefed on where cash comes into the town and who is responsible for it and how it is safeguarded and I ask you for your thoughts on if we want to have an audit done of an operational nature looking at cash, where it comes in, and if we have any failure points. (Taxes, park & rec fees, community services for example.) I think it is a concern of this board. Where are with that? Should we consider moving forward with an audit or if we should wait for procedures to be given to us over the next month or two.

Mr. Brumback said they would be looked at within the next two or three meetings. We will be prepared to talk about it. We didn't come today prepared to talk about any of it.

Discussion.

Ms. Feld agreed. How about a report from CCM on what the other towns do.

Discussion.

Mr. Brumback explained we have cash handling processes that all departments who handle cash use. We're looking to make them better. The Treasurer is working on that as we speak. We'll brief you and cite some examples of what other towns are doing. Happy to do that.

Ms. Feld asked about the policy with regard to cell phones which came up recently. The question of how employees use their cell phones. Is there a policy for it? Mr. Brumback said there is not a written policy but there is an expectation, certainly.

Discussion.

Mr. Brumback said the expectation is that while it is not forbidden to use their cell phone for personal use, it should be incidental. The primary function of the cell phone and the reason they're given one is their job requires them to communicate via cell phone regularly. Everybody doesn't have a cell phone.

Discussion.

The Chair said the concern of this board is to look at the most appropriate way to fund communications and not to manage the management process. It is how to fund it effectively.

Mr. Brumback pointed out all has been consolidated now under Jay Baker and we're working on doing this as efficiently as possible.

Mr. Casale noted there could be a liability and there should be a written protocol. The town attorney should be able to write something up.

Mr. Stanforth went back to cash, I feel we should keep it in house for now and get a handle on it and decide whether we need at that point additional help or not. Ms. Feld agreed.

Mr. Brumback said it would be put on the next agenda for a preliminary report.

Mr. Pocock agreed with the cash. I believe it should be looked at. We can start in-house.

The other thing is we get hit with large amounts of vacation time when we do buy outs at the end. That has to be looked at. Mr. Brumback stated we are in the process of doing contract negotiations. These all need to be negotiated. They are current entitlements at this point.

The Chair said the question is not what is in the contract, it's how it's being accounted for. If I can carry into retirement 50 vacation days, it seems as though everybody who retires has 50 days to carry forward. How are we accounting and keeping track. Mr. Brumback and Ms. Portelinha said it was being accounted for and kept track of.

Mr. Pocock disagreed. That doesn't show on the paycheck. Ms. Portelinha said it is not on the pay stub but it is tracked in the system. We have information presented to us on a weekly basis.

Discussion.

Mr. Pocock said some departments are faithful about bringing money in when they get it and give it to finance and we give it back to them. But some departments are not doing that. We need some policies and procedures to try and stiffen this up a little bit.

Mr. Casale didn't understand the policy on the town side, but on the BOE side, everything is listed on their paycheck/computer. Anything accrued. Mr. Brumback explained the BOE is much further along technologically than the town is. We are trying to get there.

Discussion.

The different systems for the BOE and the town were discussed.

Ms. Portelinha said while there is funding, she hasn't had the opportunity to implement some of the modules.

Discussion.

#### **VI. Public Communications (Excluding Public Hearing Items)**

No one this evening.

#### **VII. Review Long Range Plan and Priorities**

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

###### **A. Status /Reprioritizations**

###### **B. Strategy Discussion**

Nothing this evening.

#### **VIII. Conduct Administrative Business**

##### **Consent Agenda**

- |    |               |          |   |
|----|---------------|----------|---|
| A. | Appropriation | \$1225 * | Youth Services - Outside Programs (Spec rev)                    |
| B. | Appropriation | \$875 *  | Police Dept - Vehicle Maintenance - Loss/Damage (Spec Rev)      |
|    | Appropriation | \$3000 * | Police Dept - Overtime  |
| C. | Appropriation | \$1627 * | Police Dept - Vehicle Maintenance - Loss/Damage (Spec Rev)      |
| D. | Appropriation |          | Remove - Duplicate Request                                      |
| E. | Appropriation | \$1850 * | Library - Community Foundation Grant - Summer Mural (Spec Rev)  |
| F. | Appropriation | \$3991 * | Library - Community Foundation grant - Project STEAM (Spec Rev) |

G. Appropriation \$1945 \* Youth Services - Kristen's Kloset (Spec Rev)

H. Moved to Item 12

I. Appropriation \$141,926 \* BOE Operations

J. Appropriation \$230 Youth Services - STEPS Donations (Spec Rev)

The Chair asked for a motion to accept the Consent Agenda, Items A thru J. Ms. Feld so moved the motion. Mr. Casale seconded.

Mr. Stanforth interjected he would like to pull out Item I from the Consent Agenda.

The Chair noted the approval would be Items A thru H & J.

Mr. Casale asked why no asterisk next to J. Ms. Portelinha noted a typographical error.

The Chair asked for a motion for A to H including J. Mr. Casale noted the motion and second.

Motion passed unanimously on a voice vote to approve Items A thru G, including J.

Mr. Stanforth made a motion to approve Item I on the Consent Agenda. Mr. Labieniec seconded.

Mr. Stanforth asked for clarification on the dates. It says rental fees February 28 to May 7<sup>th</sup>; yet, they're collecting rent for January, February and March. Are we behind on the Griffin lease? Should we have April and maybe May's rent? I was confused on the timing of the receipts here.

Sherri DiNello said the request is from the time period February 28<sup>th</sup> thru May 7<sup>th</sup>. I can't speak specifically as to the date that check came in. It is for the first quarter of the calendar year. They traditionally send four checks per year for each quarter. The town keeps those funds. I am not aware of whether or not they have a contract to pay in advance or in arrears. Their rental amount has been the same for at least fifteen years with the town.

I can tell you we've always collected their full rent annually.



4. Transfer \$1,712 Animal control - Gasoline

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

5. Transfer \$5,000 Fire Dept - legal Fees

Transfer \$166 Fire Dept - Lease Copier

Transfer \$252 Fire Dept - Life Insurance

Transfer \$2,000 Fire Dept - Gasoline Pump & Repair

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

Ms. Feld asked about the lease copier. Mr. Brumback said all copies were consolidated but this one was missed. This is a property tax charge for real property. A onetime charge.

Mr. Casale asked about the gasoline pump & repair. Ms. Portelinha explained there are issues with the gas pump at the fire department. Mr. Casale said this is not the first time we've seen this. Mr. Brumback said it is an old pump that gets used a lot. The question is if we want to replace it or continue to make repairs.

The town government pays for contract negotiations for the town employees, but police and fire pay for their own, thus the legal fees.

He has had a serious workers comp issue which has freed up general wages.

Motion passed unanimously on a voice vote.

Ms. Feld stated for the public's information we are trying to put together a meeting with the ICMA group that did the audit and we're waiting for the fire department's own internal investigation looking into this and making some changes and we're waiting to hear from the fire commission as to when they can get together with us for an informal discussion about the recommendations that the audit presented. I would like the public to know that.

6. Transfer \$1,000 Elections - Office supplies

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

Motion passed unanimously on a voice vote.

7. Transfer \$1,500 Finance Dept - Overtime

Transfer \$900 Finance Dept - Office supplies

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

8. Transfer \$7,396 Fire Hydrants - Rental

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

Mr. Stanforth asked if we were off on the amount of the rental or the number of rentals. Ms. Portelinha answered the number of rentals.

Motion passed unanimously on a voice vote.

9. Transfer \$1,020 Calendar House - Regular Wages

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

Mr. Brumback explained this was just an error. They used the current contract when they computed wages last year and when the current contract kicked in, they found themselves \$1,000 short. Budgeting mistake.

Motion passed on a majority voice vote with Mr. Pocock abstaining.

10. Transfer \$27,936 Miscellaneous - Accumulated Payout

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

This is a contract obligation.

Motion passed unanimously on a voice vote.

11. Transfer \$46,000 Highway Dept - Gasoline  
 Transfer \$10,000 Highway Dept - Equipment Maintenance  
 Transfer \$6,000 Highway Dept - Utilities  
 Transfer \$5,000 Highway Dept - Overtime  
 Transfer \$1,000 Highway Dept - Signs  
 Transfer \$13,000 Parks Dept - Gasoline  
 Transfer \$2,000 Parks Dept - supplies/Repairs  
 Transfer \$4,000 Parks Dept - Equipment Maintenance

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

Ms. Feld asked regarding the explanation. It looks like it's all about why they need the money in the "to". What about an explanation as to why there is the extra money in the "from". Mr. Brumback noted in the last sentence on most of these, Steve tries to address that. If not clear, maybe I can expand.

Discussion.

Discussion of the leaf collection program costs.

Ms. Feld agreed the explanation was for Item 1. What about 2, 3, 4 & 5? Mr. Brumback said he would get the answers for the "from" on 2, 3, 4 & 5. Ms. Feld said it was a concern when there is that much money left over.

Discussion.

Temporary help was explanation was discussed.

Mr. Pocock asked about the used wing mower. We bought that?  
 Discussion.

Mr. Brumback said he would get the additional information and email the members.

Mr. Pocock commenting about the cleaning contracts. Are we trying to consolidate where we get one person cleaning the buildings? Is that possible? Mr. Brumback said they are consolidating every opportunity they can.

Discussion.

Motion passed unanimously on a voice vote.

12. Transfer \$165 Youth Services - Office Supplies

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

Before adjournment, Mr. Casale brought up the fire department audit. Where do we stand on that? We spend a significant amount of money to have the audit done and I've not really seen any response to it as to what we're going to do with it. Did the council express any interest in it or is it just an exercise in futility.

The Chair said he spoke with the Board of Fire Commissioners Chairman Mary Baker and she said that her group and the fire chief and some higher ranking members in the fire department were working on a plan to address the items in it. She didn't have enough information at the time Ms. Feld requested that we meet and she asked us to give her some time to come up with a plan and they will be in a position to meet with us to discuss the financial aspect. Cost us money or save us money. I don't want this board involved at all in policy setting of the fire department, but certainly the financial aspects we should know what the results of this audit mean to the town in terms of spending or saving money.

Ms. Feld said she would contact Mary Baker this week to follow up.

The Chair wanted her to know it is purely the financial aspects.

Mr. Casale mentioned this now because earlier you brought up the audit of the cash being received by the town. If we do that and it is going to follow along the same lines, why spend the money on the audit? It's not doing anything right now as far as I can see.

The Chair said they are acting on it. But feel free to call Mary Baker and get some comfort. Are they doing everything the report suggested? That I do not. They are meeting, acting on it and taking it seriously. I have no reason to doubt it at this point. They can certainly inform us as to what it is going to cost.

Ms. Feld said she would get some dates from Mary and have a meeting.

Mr. Pocock said from his viewpoint there have been some changes made there that most people wouldn't notice. There hasn't been as many responses as there used to be. No safety involved. They've been selective to make sure what they're doing should be done. You don't

see as many vehicles travelling down the road. They're holding their protocol but I have noticed some difference in that. Not a lot, but a step in the right direction, I think.

A lot of issues still need to be looked into and I am hoping they're looking into them ended Mr. Pocock.

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

(Whereupon, the meeting was adjourned at 8:29 o'clock, p.m.)