

Town of Southington
Board of Finance
Wednesday, April 23, 2014

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.....	\$ 453,723
Approved this meeting.....	9,246
Total Appropriations.....	\$ 462,969

Appropriations with Revenue Offsets:

Approved to date.....	\$ 530,315
Approved this meeting.....	1,146
Total Appropriations.....	\$ 531,461

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:

Edward Pocock, Jr., Kevin Beaudoin, James Coleman, Sr., & Sandra Feld

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

Absent: Joseph Labieniec, Board member

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 27, 2014.

Ms. Feld noted one correction. On Page 8, it says Capital Building Committee. That should say: Middle Schools Building Committee. Mr. Brumback confirmed that change would be made going forward and it is fixed in the today's Agenda.

Mr. Pocock made a motion to approve the Minutes with that correction. Mr. Beaudoin seconded. Motion passed unanimously on a voice vote.

V. Assess current financial state of the town

1. Review revenue vs budget

Ms. Portelinha reported prior years' tax collections are approximately \$280,000 above budget. Interest on taxes about \$40,000 above budget. Building permit & fees, \$170,000 above budget. Interest on investments, we're about \$20,000 above budget. Town Clerk fees are running approximately \$160,000 above budget.

2. Review expenses vs budget

Ms. Portelinha said the departments have been doing well with the expenses with the exception of the items before you on this agenda and there might be a couple more next month. The departments bringing something forward are anticipating transfers to cover the items. Nothing substantial that we're aware of coming before you.

Mr. Brumback explained next month you will see we have gone through the process with the department head. Looking for about \$1.3 million this year to offset some of the potential expenses for next year and we are almost there and you'll see those next month so we'll have time to go ahead and affect that for July 1st. Harvesting.

3. Sub Committee Reports (Emphasis on financial aspects)

A. Sewer Committee

They did meet last meeting and Mr. Leary did not attend. In reviewing the Minutes, he noted nothing that would have a financial nature. There is a lot going on, nothing significant that would affect our finances from the Minutes of that meeting.

Mr. Brumback added we are still in the process of doing the bond ordinances for the referendum question of \$5.5 million for replacement of the digesters. We talked about an additional referendum question which was on the Welch Road sewer expansion in the northwest corner of town.

B. Public Works Committee

Mr. Coleman reported there wasn't much on the agenda. We had a local contractor that gave us a presentation to take over the bulky waste transfer station from the town. I'm not sure where that stands at this point.

We had the police department looking at all the intersections involved with the rails to trails to make them uniform and safer.

We had a conversation about the lighting contractor.

As to the crack seal and chip seal we had discussed prior.

Ms. Feld talked about the zero turn mower bids. They came in and the recommendation was for White Outdoor Power Equipment of Southington as the low bidder at \$9,999.99.

And, that with the crack seal and chip seal has already been before the town council.

Mr. Pocock noted the big spread in price and questioned the type of mower they're getting. Mr. Brumback will get the information for Mr. Pocock.

C. Middle School Building Committee

Mr. Pocock confirmed so far they are on budget.

D. Open Space Committee

Mr. Pocock advised of a meeting tomorrow and he will have a report at the next meeting in reference to that.

E. Self Insurance Committee

Ms. Portelinha noted there was a meeting at 5:00 pm today. The only thing to report is our March report came in for the fund. The month of March was over budget for \$182,000 but the overall through March, 75% of the year, we're currently \$162,000 under budget. Good news with three months to go.

A comparison was discussed as to last year at this time where we were almost \$1.4 million lower.

F. Gura Building Committee

Mr. Brumback had nothing to report.

G. Investment Committee

Mr. Coleman had a handout for the committee. He explained it page by page. As of the end of the first quarter, we have about \$77.5 million. This report is regarding the long term investments that we have and I'll brief you on how to read it. (Page by page explanation)

H. Parks Board Liaison Report

Nothing to report.

I. Health & Well Being Committee

Nothing reported.

J. Other Committees

Nothing reported.

4. Board Communications

The Chair wanted to be sure we do not lose sight of the fraud risk assessment we need to prepare for and at the next meeting we can chat about that a little bit.

VI. Public Communications (Excluding Public Hearing Items)

Arthur Cyr, 103 Berlin Avenue. He advised the town council at their meeting had a statement regarding bulky waste and they said at this time it is not beneficial for the town to privatize. You can see it in their Minutes.

As to having Mr. Coleman's report attached to these Minutes, it was decided it would not be attached as it is not a standalone document and easy to understand without an explanation as was provided to the committee by Mr. Coleman.

Mr. Cyr thanked, on behalf of the citizens of this town, the board of finance, the town manager, the finance department and everyone who has put together the kind of investments this town has because we are by no means broke as other towns in Connecticut.

Discussion.

I would like to give a shout out to the Jesse Buchanan with the Record Journal for his story entitled: Deal or No Deal - Board wins budget approval. He further explained this deal is not in writing and they're going to back down on you.

Discussion.

My word for the next year is transparency. There was a lot of communication this past budget cycle with the BOE. You asked a lot of hard questions and we got documentation from the BOE that showed two similar schools with a \$30,000 difference in electricity. At Thalberg they take the money they get from renting out two classrooms and they reduce their electric expenses. They don't show the revenue and they reduce the expenses. In my opinion that is not transparency. It is the same with the adult education at the high school. This town needs to have absolute transparency.

Discussion.

Last month I saw a copy of a check from the YMCA as part of the police department overtime bill for the Apple Harvest Road Race. If you look at their sheet showing the expense for last year, for police protection, that is not the correct number. It has been reduced by \$1900 or \$1800. That's not transparency.

Discussion.

Without transparency, we don't know what the actual cost is of the Apple Harvest or to have electricity at Thalberg or Strong or the High School. If you do nothing else, start instituting absolute transparency: parks & rec, Apple Harvest and the BOE. Citizens deserve absolute transparency.

Discussion regarding net accounting.

VII. Review Long Range Plan and Priorities

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

A. Status /Reprioritizations

B. Strategy Discussion

Performance Contracting.

Mr. Brumback gave an update. We've made significant progress in the area of performance contracting and entered into an agreement with NORESKO and are looking at other opportunities both from an energy conservation perspective as well as a performance contracting perspective. The council has approved but it is of a financial nature so I wanted to talk to you all about it.

We're going to be able to do about \$13.5 million worth of capital improvement projects that are going to fund themselves by the savings they generated once the projects have been completed.

Right now we are spending short of about \$3 million a year in utilities with the town and the board of education combined. We believe these projects are going to save approximately 30% of that which will generate around \$900,000 which will ultimately fund this \$13 million in just short of about 15 years.

We'll get capital projects done that we otherwise would have a very difficult time affording. They will pay for themselves in the generation of savings in a bill that we would otherwise have to pay that will be reduced.

It is the responsible thing to do from an environmental standpoint. We're getting new equipment, we're replacing old antiquated and less technologically advanced equipment and we're doing

this responsibly without putting an additional burden on the taxpayers. It will not result in bonding or any increase in rates.

Because the state incentivizes these types of approaches, we're getting a rate even better than that of the very best bond rate we received in the past. The last one was about 3.17 we received and according to this the bond rate is going to be in the area of 2.8. Good for all concerned.

Coupled with that is a plan to use organizations to evaluate all of the things we're doing from a business standpoint and find efficiencies. We don't have the in-house capability to do that but we've pointed in the direction of professionals who do that stuff for a living.

Performance contracting is but one aspect of being responsible financial stewards and we are trying to find creative ways to continue to maintain our infrastructure and do the kind of things that we need to do to conserve and be environmentally responsible without increasing the burden to taxpayers.

The Chair said the fundamentals make sense, but who looks at this to make sure that all companies are giving us value equipment. Mr. Brumback said the town has the ultimate authority on everything that goes in and we have members of our maintenance staff that is part of this process that are approving the equipment being put in. We also have an Owner's Representative who is an expert in the industry looking out for the best interest of the town. Mechanical and financial experts. The company is ECI.

Discussion.

Ms. Feld asked the fee for NORESCO. Mr. Brumback explained it would be in a range of about \$400,000 to \$600,000. The split between the town and the board of education is along the utility line. They pay more utilities; they pay more of the cost burden. It's based on savings in the utilities which go towards the debt service. It is another area where we're partnering with the board of education. A good thing.

VIII. Conduct Administrative Business

1. Consent Agenda

A.	Appropriation	\$1282 *	Youth Services - Kristen's Kloset (Spec Rev)
	Appropriation	\$230 *	Youth Services - Outside Programs (Spec Rev)

B. Appropriation \$1618 * Parks Dept - Skating Rink
Program Supp (Spec Rev)

Appropriation \$896 * Parks Dept - Ground
Maintenance

Ms. Feld made a motion to accept as presented. Second by Mr. Pocock and Mr. Beaudoin. Motion passed unanimously on a voice vote.

2. Manager's Memos

1. Appropriation \$3,396 (Amended) Fire Department -
Snow Removal

Appropriation \$4,000 (Amended) Fire Department -
Legal Fees

Mr. Brumback explained the request. Chief Clark noted the legal fees and snowplowing fees could both be amended. The snow plowing down the \$3,396 as all the bills are in.

Chief Clark said the legal fees could be amended, as well. He explained a minimum of one more meeting and an outstanding bill right now of \$8,851. Each meeting costs in the range of \$3,000. I believe I could get away with \$4,000 at this point.

Discussion.

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

2. Transfers \$2,000 Engineering - Overtime

Mr. Brumback explained the request. They've being pushing it had with some vacancies the first part of the year. They're trying to keep up with the very aggressive road program. A lot of surveying and inspecting which weren't anticipated to this level. There is money in office supplies because of frugal management.

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

3. Transfers \$1,700 Building Department -
Overtime

Appropriation \$1850 Building Department -
Overtime

Mr. Brumback explained the winter has been hard on us. Every time the fire department or a citizen has a structure either collapse or a fire or something along those lines, the building official has to go and evaluate them to make sure they are suitable to be inhabited. If not, what needs to be done. He covered as much as he could with his internal budget but it wasn't enough.

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

4. Transfer \$1650 Calendar House - Overtime

Mr. Brumback explained this is the result of a change in methodology they're using on dispatching. It is an increase in time necessary to do that. Along with some fairly significant short handedness. We had a person taken ill over the weekend. This is to cover for the increase in things they're having to do.

Ms. Feld made a motion to approve which Mr. Coleman seconded. Motion passed on a majority voice vote with Mr. Pocock abstaining.

5. Transfer	\$19,000	Tax Department - Office Supplies
Transfer	\$2,000	Tax Department - Collection Services
Transfers	\$3,500	Department of Assessments - Contract services
Transfer	\$800	Department of Assessments - Travel Reimbursement

Mr. Brumback explained from regular wages, the transfer was a direct result of an error by the department head last year. Explained the big month is June in preparation for July billing. They normally carry that over yearly and the previous director did not do that this year. Simply an oversight.

Discussion.

As to the department of assessments, this is to pay for appraisal services in preparation for a tax sale.

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

6. Transfer \$100,000 Heart & Hypertension Wages

Mr. Brumback explained we have had about \$100,000 more in H & H cases stipulated. There is money in payroll taxes because we lagged

in hiring certain positions and have had people out on workers comp explained Ms. Portelinha.

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

7.	Appropriation	\$250 *	Calendar House - Overtime
	Transfer	\$1350	Calendar House - Equipment

Maintenance

Mr. Brumback explained the \$250 is an appropriation from money received from a rental to offset some overtime costs. The second thing is a direct result of having a generator that has been a problem since the minute we got it. We think it is finally fixed. It is essential because the Calendar House is our shelter. Brand new generator.

Discussion.

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

8.	Transfer	\$3700	Town Hall - Telephone
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Ms. Portelinha explained the shortfall because we have had to add some backup and emergency lines. The base cost of the phones is still in place.

Discussion.

Further discussion on this year's bill as compared to last year's bill in response to a query by Ms. Feld.

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

9.	Transfer	\$2500	Historical Buildings -
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Utilities

Mr. Brumback explained the request. We've added a couple of new historical buildings: the old train depot and 49 Beecher Street. We have had to maintain these. We expect next year this will go down when 49 Beecher is off of the books.

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

10. Transfer \$2,000 Finance Department - Office
Supplies

Ms. Portelinha said we have a shortfall in our accounts upon review mostly because we took out the costs for hiring the new treasurer, the advertising, et cetera. We had an incident with two chairs as one fell apart and we had no choice but to purchase them. And, we've had higher postage costs. It just keeps creeping up.

Mr. Beaudoin made a motion to approve which was seconded by Ms. Feld. Motion passed unanimously on a voice vote.

11. Transfer \$21,000 Highway - Overtime

This has to do with several things. We've had a significant amount of projects taking place. The most expensive is because of the fact we ran danger low on salt and we had to go to a mixture of sand/salt. Now we're in street sweeping season and it is taking an additional pass with the sweeper almost doubling the cost of street sweeping. It is being supplemented by overtime to get it done before they do catch basin cleaning, et cetera. Also, we ran a water line to the Western Little League to replace a failing well.

Discussion.

We have money in wages as we have had some fairly significant workers comp issues which offsets the need for regular wages.

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

Executive Session: This would be excluding the public and the press but including the board of finance members, Mr. Brumback and Ms. Portelinha, to discuss real estate matters. No action after executive session in regular session advised the Chair.

Meeting Adjournment - Whereupon the regular meeting adjourned to executive session at 8:02 o'clock, p.m.

EXECUTIVE SESSION

The Southington Board of Finance entered executive session immediately following their meeting with the following in attendance in order to discuss real estate.

The following Councilpersons were present, viz:

John Leary, Chair, Edward Pocock, Jr., Kevin Beaudoin, James Coleman, Sr., & Sandra Feld

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

Absent: Joseph Labieniec, Board member

No motions were made or votes taken during executive session.

Ms. Feld made a motion to adjourn from executive session. Mr. Pocock seconded. Motion passed unanimously.

(Executive session was adjourned at 8:14 o'clock, p.m.)

REGULAR SESSION

Ms. Feld made a motion to adjourn the meeting which was seconded by Mr. Coleman. Motion passed unanimously.

(Meeting was adjourned at 8:15 o'clock, p.m.)

Emilia Portelinha
Acting Secretary