

Town of Southington
Board of Finance
Wednesday, July 30, 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	\$ 662,300
Approved this meeting.....	<u>0</u>
Total Appropriations.....	\$ 662,300

Appropriations with Revenue Offsets:

Approved to date	\$ 1,320,651
Approved this meeting.....	<u>21,285</u>
Total Appropriations.....	\$ 1,341,936

JOHN LEARY, CHAIR, Presiding:

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:

Joseph Labieniec, Edward Pocock, Jr., James Coleman, Sr., and Sandra Feld

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.

Emilia Portelinha called the roll. Kevin Beaudoin was absent but there was a quorum.

There were no public hearing items.

IV. Old Business

1. Approval of the minutes of June 11, 2014 meeting

Mr. Pocock made a motion to approve and Mr. Coleman seconded. Motion passed 5-0 on a voice vote.

V. Assess current financial state of the town

1. Review revenues vs budget

Ms. Portelinha said this is the end of the fiscal year but we are not closed. Revenues were \$437,000 above budget. We still anticipate a grant of about \$200,000. Tax collection is \$337,000 above budget. We had a tax sale earlier in the year and collections that came through that were substantial. Interest and investments finished off with \$213,000 which is \$63,000 above budget. There was a rebound in building permits and town clerk fees. Ms. Portelinha is projecting revenues to be about \$600,000 above budget.

2. Review expenses vs. budget

Available balance is approximately \$1.5 million. This is the last week we are paying old year invoices. We will have about \$200,000 once the carry forwards are put in. Mr. Brumback said the finance department has had an amazing year because of extraordinary management by the departments and great leadership of the finance director. Chairman Leary said he saw the building permits were up; it is a sign of the economy picking up. Expenses are under control; it is a great thing.

3. Sub Committee and Liaison Reports (Emphasis on financial aspects)

A. Sewer Committee:

We are going to see a question to appropriate funds for work to be done at the sewer treatment plant. It is the first phase of a multi-phase plan to keep it properly sized and maintained for our community.

B. Public Works Committee:

Mr. Coleman said the last meeting was cancelled. Chairman Leary asked the town manager if there were some items he could update the group on. Mrs. Feld asked how much of the bonding money have we spent? Mr. Brumback responded that it is used only as we need it. We have accomplished about half of what we set out to do. Next year we'll be doing a bridge. The referendum this fall is for the next iteration so we don't break the momentum. The referendum is to authorize the spending. We only bond it when it's needed.

Chairman Leary asked about the types of paving going on. Mr. Brumback said we are trying to do three different things:

- maintain the roads so they don't deteriorate
- extend the life of the roads
- reconstruct those roads beyond the ability to recover.

Chip sealing is the least expensive and allows you to seal the cracks and repairs the leveling aspect and adds a much more durable surface that extends the life 20 years. Reconstruction is the most expensive at about \$40 a square yard. Milling and overlaying costs about \$10-\$12 a square yard and chip sealing is \$2-\$4 a square yard. Crack sealing costs about \$1 a square yard. All four types would be used in the road improvement project. Chip sealing would only be used in low speed, not highly traveled roads.

Chairman Leary said for people reading the minutes or watching the video, we want people to understand what we are doing underneath the road and the extent that we are planning. Mr. Brumback said we are four years out in our planning. Water, gas and sewer all have utilities under the road. We have a policy in place particularly for gas. Yankee Gas will solicit customers on a block. There is a two year moratorium on cutting a newly paved road unless there is an emergency. Utilities have signed up. We have shared our plan with everybody and have reduced substantially the number of cuts.

C. Middle School Building Committee:

Mr. Pocock said they are still on budget and we are coming into the school opening.

D. Open Space Committee:

Mr. Pocock reported that the town purchased a former horse farm next to DePaolo Middle School. It's a nice piece of land. \$600,000 was placed into the fund for future expenditure to buy property.

E. Self Insurance Committee:

Mr. Labieniec stated the fund was \$157,000 over budget for June and finished the year \$133,000 over budget. He wondered if next year's budget was appropriate. We finished this year 10% over but budgeted 5% for next year. It is the number our consultant recommended. The fund balance is still in the 14-15% range. Insurance is very unpredictable. We still have a health reserve fund.

F. Gura Building Plan Review:

Mr. Brumback said the Southington Community Cultural Arts group met their goal. We are in the process of preparing a lease agreement which will go before the Town Council at their August 11th meeting.

G. Investment Committee:

Mr. Coleman reported an increase of about \$9,700 over the previous quarter. It is made up of about 39 different investments, 84% of which are longer than one year.

H. Parks Board Liaison Report:

No communication on this.

I. Health & Well Being Committee:

Nothing to report.

J. Other Committees:

Nothing to report.

4. Board Communications:

Mr. Labieniec wants to look at the long range plan - how the town purchases insurance. It would be a good discussion for the board to have. Who is the broker, decisions we make and what policies we purchase. Look at exposure for the town, uninsured or under-insured losses. What is the thought process - \$1 million or \$2 million for a limit. Mrs. Feld thought it was a good idea. It was suggested to do it at the next meeting. Mr. Brumback suggested October because in September we have the fraud risk assessment. It was agreed to put it on the agenda for October.

Chairman Leary said in the package there were some copies of checks. He understands we need them as backup for audit purposes but we don't want them in the minutes for privacy reasons.

Mr. Leary read from a letter received from the Government Financial Officers Association (GFOA) regarding the comprehensive annual report. Emilia Portelinha received a Certificate of Achievement for Excellence in Financial Reporting. It is a testament to all the work that leads up to the document being published. Everyone congratulated Ms. Portelinha and she was asked to take back the kudos to the team. It is a great accomplishment. It was noted that the Town Finance Director has received this commendation for about 23 years.

VI. Public Communications

1. Art Cyr, 103 Berlin Avenue. He had two questions. It was reported that the year ended \$837,000 over budget. There was a plan to harvest about \$1.3 million. Was that done? The answer was yes. Mr. Cyr said we are at the end of the fiscal year - is there any money in a carry forward account for the turf field? He said there is no money being set aside, no money being raised. Chairman Leary said the Board of Education has line item in the new fiscal year (\$25,000). Mr. Cyr believed we were two years behind schedule.

VII. Review Long Range Plan and Priorities

1. Review status of LRP items in current fiscal year budget
 - A. Status/Reprioritizations
No discussion on this.
2. Strategy Discussion - Debt Service Limit

Chairman Leary spoke about the debt service limit. The town does incur debt. It collects taxes, it collects grants. It also borrows money and pays it back over time. By policy set by this board and approved by the Town Council, there are limits as a percent of income how much we can incur.

Mr. Brumback said the current rate was established in 2007. The town was not doing much infrastructure work at that time. The policy calls for 10% to maintain in the rainy day fund and a maximum of 8% can be spent on debt service (principal and interest). A large portion of the debt has been for school projects. We have shifted a bit of that debt to infrastructure projects.

Mr. Brumback gave some statistics about where Southington is in relation to other municipalities in the state for debt per capita (below state average), ratio of debt to equalized/net grand list (below state average for both). He also said the median household income in Southington is 13% higher than the state median. We are very healthy from a financial standpoint. Mr. Brumback said he also got some research from CCM about what other municipalities are doing. The vast majority do not have policies regarding debt. About 25 towns out of 169 had policies.

Discussion followed on what the rating agencies look for. Mr. Brumback said we asked that question of Moody's and Standard and Poor's. Their opinion has been as long as you have a realistic debt service limit, they are fine with that. They had no designated number in mind. The fact that we have been given a AA+ rating speaks volumes. We are consistent. We also spoke with them about future debt. Ms. Portelinha said as long as the town is comfortable with the amount of debt and can manage it, they are OK. Mrs. Feld asked do we want to raise it?

Chairman Leary said the rating agencies look at many things about the town. We look healthy. His concern is we are in a time where interest rates are being suppressed. As a result we have probably borrowed significantly more than we would have. With low interest rates, we borrow more money. At some point the interest rate will go up. We have to be very careful. Mr. Brumback believes that would self-regulate. When interest is up you will be forced to borrow less. In the next 2-3 years interest rates will probably go up.

Mrs. Feld said if anyone wants to contact us about this, we would like to hear from them.

Mr. Coleman said we have to be careful when we compare ourselves to other towns. Mr. Portelinho clarified that these were municipalities in the state, not the State of CT. Mr. Coleman also said that median household income was included. We need to have a few more levels to compare ourselves on. It needs more considerable thought.

Mr. Brumback said the water pollution plant has had nothing done in 30 years. We have done several elementary schools, we are doing the middle schools, and we have a couple more to go.

Mr. Labieniec said we need to be careful and not be too aggressive because of the artificially low rate. Where do we see ourselves going over the next 24-36 months? See how the overall debt service plays into that. It must be in the best financial interest of the town. He asked if there was interest in staying after either the October or November meeting rather than having a special meeting to talk about this policy. We could get a pizza. We are supposed to review policies once a year and that is coming up in October. The consensus was to try for October.

VIII. Conduct Administrative Business

1. Consent Agenda

A. Appropriation 13/14	\$1,250	Capital Budget - Rails to Trails Donations
B. Appropriation 13/14	\$ 250	Youth Services-Kristen's Kloset (Spec Rev)
Appropriation 13/14	\$ 270	Youth Services-Outside Programs (Spec Rev)
Appropriation 13/14	\$ 195	Youth Services-Outside Programs (Spec Rev)
C. Appropriation 13/14	\$3,200	Library-Program Services-Community
Foundation Grant (Spec Rev)		
D. Appropriation 14/15	\$24,128	Central Dispatch - E911 Grant (Spec Rev)
E. Appropriation 13/14	\$18,135	Capital Budget - Open Space Conservation

Mrs. Feld made motion to approve items A through E on the consent agenda. Mr. Coleman seconded. Motion passed 5 - 0 on a voice vote.

2. Manager's Memos

1. Transfers 13/14	\$73,805	Fire Department - Overtime
Transfer 13/14	\$ 500	Fire Department - Office Supplies
Transfer 13/14	\$1,483	Fire Department - Gasoline

Mr. Brumback said he was proud of the way the department managed their budget this year. Overtime was still required and they are not going for an

appropriation. Chief Clark stated that they were able to stay within the overall budget which was about \$90,000 less than last year. Mr. Brumback added that they implemented 27 of the 30 recommendations from the ICMA study. We still need a union contract.

Mr. Labieniec made a motion to approve the transfers. Mr. Pocock seconded. Discussion followed. Chairman Leary commented on the cuts that had been made. He said we would never make a cut that would impair the safety of our citizens. Chief Clark agreed and said he would not let money get in the way of safety. Motion carried 5 - 0.

2. Transfers 13/14 \$7,582 Town Council - Advertising

Mr. Brumback said this is directly related to the bond ordinances. We are required by statute to advertise a certain way, and it is expensive.

Mr. Labieniec made motion to approve. Mr. Pocock seconded. Motion carried 5 - 0.

3 Transfer 13/14 \$2,350 Calendar House - Overtime

Mr. Labieniec made a motion to approve. Mr. Coleman seconded. Discussion followed. Mr. Brumback said some health issues and personnel shortages caused the need for overtime. He spoke last night at the Senior Citizens Commission meeting. Volunteers helped to fill the gap. He believes the worst is over. Motion carried 4 - 0 - 1 (Pocock abstained).

4. Appropriation 14/15 \$24,500 Calendar House-Part Time Bus Drivers (Spec Rev)
 Appropriation 14/15 \$ 5,500 Calendar House - Overtime (Spec Rev)
 Appropriation 14/15 \$14,500 Calendar House - Gasoline (Spec Rev)
 Appropriation 14/15 \$10,393 Calendar House-Vehicle Maintenance (Spec Rev)

Mr. Labieniec made a motion to approve. Mrs. Feld seconded. Discussion followed. This is a grant for the Dial A Ride program that the town receives every year. It is putting it into the appropriate accounts. Motion carried 4 - 0 - 1 (Pocock abstained).

5. Transfer 13/14 \$ 473 Non-Public School Nurses-Contracted Services

Mrs. Feld made a motion to approve. Mr. Labieniec seconded. Motion carried 5 - 0.

6. Transfer 13/14 \$19,089 Highway Dept. - Regular Wages

Ms. Portelinha stated that this department was inadvertently left off the list. It is for the salary increases. Mr. Labieniec made a motion to approve. Mr. Pocock seconded. Motion passed 5 - 0.

7. Transfer 13/14 \$ 434 Animal Control Fund - Overtime

Mrs. Feld made a motion to approve. Mr. Labieniec seconded. Mr. Brumback said the overtime is mainly attributed to illness in the department. Motion carried 5 - 0.

8. Transfer 13/14 \$11,101 Police Dept. - Overtime

Mr. Brumback stated that the overtime was to cover some outages and unanticipated overtime requirements. Mr. Labieniec made a motion to approve. Seconded by Mrs. Feld. Motion passed 5 - 0.

9. Transfer 13/14 \$ 2,988 Central Dispatch - Regular Wages

Mr. Labieniec made a motion to approve. Mr. Pocock seconded. Motion passed 5 - 0.

10. Appropriation 14/15 \$93,642 BOE-School Security Grant (Spec Rev)

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

Discussion followed. Mrs. Feld said she is in favor of school security. She questioned the money that was given to the BOE that has not been paid back. She hopes they get this grant and believes the money should go to the town. She also thought the rental fees that the BOE collects could cover the security.

Mr. Goralski said Mr. Romano, Director of Operations for the schools, would be handling the grant. The BOE does not have a line item for this grant. It will be refunded. There will be an additional refund at the end of this project.

Mr. Brumback said the intent originally was that the refund from BRRFOC would front all of the security for town facilities and the Board of Ed. Mr. Goralski asked that Mrs. Feld's question be part of the workshop. The BOE needs the rental reimbursement dollars. He said this question comes up every year.

Mr. Labieniec suggested a workshop to discuss these matters before the net budget. He said there was no thought of reimbursement for the security measures. It was one time thing. Chairman Leary said the money spent should be transparent; the amount spent is not confidential but what was purchased is confidential.

Motion carried 5 - 0.

11. Transfer 13/14 \$ 1,219 Police - Other Professional Services

Mr. Brumback said the transfer is required because of several complicated labor issues. Mr. Labieniec made a motion to approve. Mrs. Feld seconded. Motion passed 5 - 0.

12.	Transfer 13/14	\$ 5,500	Parks - Grounds Maintenance
	Transfer 13/14	\$11,500	Parks - Utilities (Revised)
	Transfer 13/14	\$ 7,500	Parks - Gasoline
	Transfer 13/14	\$ 1,300	Parks - Program Supplies
	Transfer 13/14	\$10,700	Highway - Overtime
	Transfer 13/14	\$ 1,040	Highway - On-Call
	Transfer 13/14	\$ 4,000	Highway - Equipment Maintenance
	Transfer 13/14	\$ 2,660	Highway - Utilities
	Transfer 13/14	\$11,000	Bulky Waste - Refuse/Recycling

Mr. Labieniec made a motion to approve. Mr. Coleman seconded. Discussion followed. Chairman Leary asked if there is an initiative to keep the Highway and Parks departments separate. Mr. Brumback said the union contract treats them as two different departments. Next budget these will be two divisions under the Highway Department. Mrs. Feld asked about contracted services versus in-house staff. Mr. Brumback stated that Steve Wlodkowski is preparing information on this subject, and it will be brought to this board for the next budget discussion.

Motion carried 5 - 0.

13.	Transfer 13/14	\$ 6,200	Town Hall - Utilities
	Transfer 13/14	\$1,600	Municipal Center - Utilities

Mr. Labieniec made a motion to approve. Mr. Pocock seconded. Discussion. Ms. Portelinha said it is because of the degrees from last year. Even though there are less meetings in Council Chambers, it is still heated and cooled. She was asked to email the average. The Gura building will be split off once the lease to the arts group is complete.

14. FY 13/14 Carry Forward List

Ms. Portelinha stated that these are items not expended in the current year to carry forward to pay for projects that are still in progress. An amended list was distributed. The revaluation services were forgotten on the original list provided to the board.

Mr. Labieniec made a motion to approve the amended Carry Forward list of \$982,366 for the General Fund and \$816,925 for the Sewer Fund. Motion seconded by Mr. Pocock. Motion passed 5 - 0.

IX. Meeting Adjournment

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

(Whereupon, the meeting was adjourned at 8:20 p.m.)