

Town of Southington  
Board of Finance  
Wednesday, January 11, 2017

STENOGRAPHER'S NOTE: The Minutes are now being prepared in summary style. Please refer to the audio or videotape for more details.

Approved to date.....	\$ 20,000
Approved this meeting.....	<u>182,030</u>
Total Appropriations.....	\$202,030

Appropriations with Revenue Offsets:

Approved to date.....	\$1,224,297
Approved this meeting.....	<u>0</u>
Total Appropriations.....	\$1,224,297

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., Kevin Beaudoin, James Coleman, Sr. & John Moise.

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 December 14, 2016.

Motion to approve by Mr. Moise. Second by Mr. Beaudoin. Motion passed unanimously on a voice vote.

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

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

Ms. Portelinha advised she gave a summary with respect to the revenue. Current prior year's taxes are \$150,000 over budget. Interest on taxes is \$65,000 above budget. Interest on investments is \$75,000 above budget. We have our sales tax sharing which is \$100,000 than what was budgeted. Our town clerk fees are doing very well at \$120,000 above budget. We still have almost \$17.5 of the CIRMA equity available.

We were informed by the state that they would be cutting us the ECS Grant \$250,000. We under budget by \$100,000 so the net effect is \$150,000 reduction.

We were also told that we were probably not going to be getting the LOCIP Grant. Mr. Brumback added they've frozen LOCIP which amounts to \$283,000. We are assuming we are not going to get it until we find out otherwise. That's the current year.

Next year, we don't know, but we are being told now that we are not going to get LOCIP for next year, as well. We don't know the amount.

Quickly, LOCIP is a reimbursable and we have accrued that on occasion in order to do bigger projects. Examples: School Street, Mount Vernon Road. We got jammed this time for operating like that because if it was committed prior to December 22<sup>nd</sup>, we would have been eligible for reimbursement. We didn't. We were accruing it for a bigger project over on the west side. So, it's frozen.

Discussion.

Ms. Portelinha further explained they over committed their entitlements to the municipalities and they haven't bonded for that. At this point they are trying to figure out how to proceed.

Further discussion on the state's position going forward. Raising the bond ceiling was discussed for the state.

Discussion on what the BOE is going to do in this matter. They should know when they start the budget plan, they should factor in the impact of the state on their operations. The Governor wants to readjust the ECS by the size and wealth of the towns.

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

Ms. Portelinha was not aware of any large expenditures that wouldn't be covered through transfers or adjustments with the exception of items on the agenda currently.

### **3. Review Capital Projects in Budget (Quarterly)**

Ms. Portelinha updated the capital projects fund analysis through December. What we are trying to do is complete projects as quickly as we can and closing them out when appropriate and transferring the funds to other projects that need funding so we are using the funding for purposes needed. I think we've been doing a good job with that.

We have multiple projects that have been closed out and we've transferred out funds to the various projects as you can see.

Any specific questions I can answer?

Discussion of the pending amount for bonding.

We had a note sale today, advised Ms. Portelinha. We sold \$8 million worth of notes for a six-month term. They'll be due at the beginning of August at which time we will rereview our finances and we anticipate bonding at that point.

Bonding rate discussion. Today, we got .98. It'll cost us about \$45,000 to borrow \$8 million for six months. A better alternative than using our cash at this point.

Discussion.

Discussion of the grants for the senior center and the sewer plant. All have been approved and we're confident. The federal money is the Clean Water Fund.

Mr. Coleman asked if the feds announce they're going to raise interest rates three or four times this year, how does that impact the timing of your bonding? Ms. Portelinha said they were informed that even before the feds raised the rate this last time, the market had already changed. It all involves around the presidential election and President-elect Trump and the anticipation he is going to change the economy. The rates went up before the feds increased the market.

The market has already started adjusting a little bit, coming back down, and that's what they're anticipating. Other factors other than the feds changing the rate are affecting this.

Now is a good time to roll into the Strategy Discussion further on in the Agenda. This ties directly into it.

### **STRATEGY DISCUSSION - Capital Cash Flow and Funding Capital Projects**

Ms. Portelinha advised when she was reviewing the capital fund and projects and where the cash was, the Treasurer and I sat down and we calculated the cash flows for all the various projects we have. I

reached out to the department heads that were responsible for the projects to determine how we would spend the monies for the various capital projects. It's all estimate driven.

We determined that over the next six months we are funded sufficiently in those capital projects to cover the cost, so it would make no sense to sell bonds and not utilize the money for six months but yet have to pay interest on them.

Thus, the decision to sell notes as it was the most cost effective way to do it --- to have the funds there. We didn't use cash because we've got a couple of middle school projects that are very expensive and right now I haven't bonded it, but we are expecting more grant revenue so I can't really bond it because of the anticipated grant revenue and we're waiting for the state to resolve certain things and the project to finalize before we can do that. It would be unreasonable to have that much money in cash plugging that hole, so we are using the note to do that piece of it.

Discussion.

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

##### **A. Sewer Committee (Mr. Moise)**

Mr. Moise advised a lot of time was spent on the odor issue at the sewer plant. It's been taken care of and then other things pop up. A bar screen was decided to be used. (Explanation)

We are recommending to the sewer committee that that was less critical than enhancing our odor prevention stuff. We are recommending staff shift over and spend some resources reinforcing our odor control system commented Mr. Brumback.

On the methanol for this month it is up to \$1.32 versus last point which was \$1.16. Still under the umbrella of the town council's goal of \$4. Good shape.

The sludge project was closed out. That came in a little over \$1 million under budget.

##### **B. Public Works Committee (Mr. Pocock & Mr. Coleman)**

Mr. Pocock explained the meeting was cancelled. However, he wanted to touch on the highway department and parks department. The highway department, we sent back a truck we originally ordered and we ended up getting a new vac-all. Less money for it. A lot better for our services.

Snowplowing all went along good. I have to compliment the crews; our roads were clear and a lot of other towns were definitely a mess.

Parks Department removed the Christmas lights the other day. A big project putting them up and a big project taking them down.

**C. Calendar House Building Committee (Town Manager)**

Mr. Brumback advised they finalized the design and prepared the bid documents which went out today. There was a site walk thru on the 23<sup>rd</sup> of January. We're asking for bids to be returned on February 1, 2017. Our goal is to have the bids back in time to begin construction this spring and we're expecting about a 15 to 18-month construction period. Hope to have it up and running by the fall of 2018.

**D. Open Space Committee (Mr. Pocock)**

Mr. Pocock had nothing to report as the meeting was cancelled.

**E. Self-Insurance Committee (Mr. Labieniec & Mr. Moise)**

Mr. Labieniec reported on the meeting today. Two things. We're six months in the year. The first two months were essentially on budget. The three months after that were good. All \$100,000+ below budget. The most recent month, December, were about \$112,000 over budget --- about five or six percent over the budget. Still trending very well for the year. We're six or seven percent under budget for the year. We're in good shape there.

We did take action to modify the recommended funding level from 23.2 to 23.0 and it was unanimous, I believe. Really was in line with a number of things considered.

We had a discussion about the audit for the town employees and the board of education. More information at the next meeting. Mr. Brumback said there would be a presentation on the town audit, as well.

The Town Attorney did ask for a synopsis from our auditor which we should receive and have that, too. More information to come.

**F. Investment Committee (Mr. Coleman & Mr. Beaudoin)**

Mr. Coleman reported figures as of December 31<sup>st</sup>. Of our fifty-six different CDs, of that twenty-one of those are going to mature in 2017. If we get an interest rate bump, we've got about 38 or 39 percent of our portfolio rolling over which should give us a little lift in income.

**G. Parks Board Liaison Report (Mr. Beaudoin)**

Mr. Beaudoin had nothing to report.

## H. Economic Development Strike Committee (Mr. Coleman)

Mr. Coleman advised no meeting was held. However, Mr. Brumback reported the sports complex continues to go forward. We now have a fairly substantial part of the old Pratt & Whitney site occupied and producing. We're expecting to have that completely filled hopefully by 2018. And, 150 to 300 jobs initially and more in the future. Explained.

Mr. Pocock thanked the building department and the fire department for helping expedite the permits. Mr. Brumback explained the people who came in had a 60-day window to get it retrofitted and prepared to operate. They came to us with plans at Thanksgiving and they'll be up and operational by mid-February.

As to the Meridian project, Mr. Brumback said it has been prepared to begin construction. We're expecting to see the plans any time. Construction did not happen in the fall as we anticipated. We're hoping to see something in the spring.

Beaton & Corbin's issue was trying to redevelop the property without assuming the liability. We entered into a partnership with the Land Bank, the first in Connecticut. They'll assume responsibility in a limited liability company so the town is not liable. We have a developer ready to go. We have a \$650,000 grant from DECD to do the cleanup. The developer will put in some money and the town will put in some money for the cleanup. Then after cleanup, we'll redevelop it. It's an innovative credit to Lou Perillo. Otherwise it would have just been sitting there. The liability is the scary part.

## I. Other Committees

No reports.

### 4. Board Communications

Mr. Moise had one item. The arts center next door, it's under lease. Utilities and those bills, do they come to the town and they reimburse us or do they go directly to them? Ms. Portelinha advised they go directly to them.

Discussion.

Mr. Pocock said he had questions as well from the public as to who was paying the bills there.

Mr. Coleman asked about the trucks that are always parked at the drive in. Mr. Brumback said that is a staging area for Eversource and their tree-trimming project. Most of those are Asplundh trucks. We have had a major tree trimming project going all summer long in Southington. They're doing work for us so we usually allow them stage

at no cost. The benefit to us is the tree trimming. We partnered with them come in and significantly trim the branches.

Mr. Coleman asked if the quote to do that work from Eversource includes a discount. Mr. Brumback said the town is not paying for it. They're doing it free and the only thing we offer is a place to stage the trucks.

Discussion.

Mr. Pocock noted there are some trucks parked in Cheshire, as they're working in Cheshire, too.

Mr. Labieniec discussed the workshop dates. He asked Ms. Portelinha to pass along to the department heads we don't need an emphasis on what the department is doing as we know that. We want an emphasis more on the numbers themselves.

Secondly, it would be important for each department head to explain to us what is being done to manage the cost, reduce the cost, plan for future years.

Mr. Brumback said that is good guidance as we want to provide you with what you want. And, if you have particular departments you are interested in hearing from, please let me know.

Discussion.

Ms. Portelinha asked the board to review the dates and if there is an issue, let her know and we can change it. If you can let me know which departments you want to hear from, I can contact them as to availability and go from there.

After discussion, it was agreed the dates could be finalized.

The Assessor could give us a broader scope as to what he sees for this coming year and next year based on the knowledge he has through his office that we wouldn't understand until he explains it to us stated Mr. Moise. Mr. Brumback advised the Assessor is actually the Tax Collector, as well. He can talk about both aspects.

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

Arthur Cyr, 103-105 Berlin Avenue. He thanked John Moise for bringing up a sensitive subject at last month's meeting.

He brought up the term taxpayers funds. His interpretation is taxpayer funds are anything any resident of this town has left in their hand from their paycheck. Some may go to property taxes or the rent. But there is also funds they send to parks & rec for programs, individual schools for class dues, book fairs, all kinds of things. It is not petty cash.

He noted he had a 17-page police report on the issue. And, he further expounded on the money missing issue at the board of education. (Please refer to the video for the full discussion.)

He thanked this board for working with the director of finance and her department. They along with the town manager have tight controls over cash and deposits.

Discussion.

Chairman Leary, I was stunned and disgusted reading this report twice as I was sitting in this audience for your combined October/November meeting with the Board of Ed regarding the next year's budget and it was the same old thing. Per pupil spending was discussed. They had no clue.

Please, do not talk in percentage increases, put it in a dollar amount increase. Real time dollars. That's what people pay.

Based on their inability to control things, they should get a zero percent increase. Zero-dollar increase. Wake them up! Heads should be rolling over there and they're not.

Mr. Coleman stated he was not at the last meeting. Everyone else had a chance to voice their opinion. I'd like to make my opinion on this known. I read that report and I was stunned and shocked. You can't do much about theft. If there is a thief you have to vet it and get rid of it.

But to learn there was \$60,000 in that safe with checks and cash - whether cash for trips and stuff, hot lunches, parents checks, that's an abomination. That is absolutely terrible cash management protocol and it shouldn't exist.

I think we should find out whether or not if the checks expired if they went back and got paid from the people who --- if I paid for my kid's trip in cash and you paid with a check and they never cashed your check, then you got it for free and my kid didn't. They need to do a little investigation and make sure they get properly compensation for any expired checks. They put a process in so that something like this never happens again.

Mr. Moise said they did not go get the funds from the people who gave checks. Totally wrong. The whole thing was mishandled, one hundred percent.

Mr. Coleman answered this is not a political issue. It is an integrity issue. There has to be controls and proof of those controls and they need to demonstrate all those bills were satisfied and made good and the town was compensated properly. It is a significant trust and integrity issue.



Mr. Moise said there were controls in policy. We made sure of that several years ago, when we did an audit and had our audit company go through things over there. One thing they talked about was the activity fund.

Discussion.

When you have new administrations, they need to learn and understand these are the policies and procedures in place. Not after the fact.

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

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

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

No discussion.

#### **B. Strategy Discussion - Capital Cash Flow and Funding Capital Projects**

(Discussion earlier in the Agenda.)

## **VIII. Conduct Administrative Business**

### **1. Consent Agenda**

A.	Appropriation	\$850*	Youth Services - Outside Programs (Spec Rev)
B.	Appropriation	\$200*	Police Dept - K-9 Program supplies (Spec Rev)
C.	Appropriation	\$1,670*	Police Dept - Vehicle Maint - Loss/Damage (Spec Rev)
D.	Appropriation	\$524*	Police Dept - Vehicle Maint - Loss/Damage (Spec Rev)

Mr. Moise made a motion to approve the Consent Agenda. Mr. Pocock seconded. Motion passed unanimously on a voice vote.

### **2. Manager's Memos**

1. Transfer \$4,320 Capital Fund - John Weichsel Crossing

Mr. Brumback explained this is a bill that came in after we had completed the project. It is for work already completed.

The project was extended and doubled in size. We are going to be coming back in this year's capital improvement program for the balance. We need to move money to pay this bill.

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

2. Appropriation \$40,000 Fire Dept - Boiler Replacement

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

Mr. Coleman noted the tank had to be replaced because it was old. Is the existing tank leaking? Mr. Brumback said it wasn't working. Part of what caused the boiler to fail was the tank was not functioning and the boiler completely went down. This is back when it was 3-degrees below zero so we had to an emergency replacement of both the tank and the boiler.

Motion passed unanimously on a voice vote.

3. Appropriation \$142,030 Misc - Accumulated Payout

Ms. Portelinha explained the money was needed for retirees' payouts.

Mr. Pocock then made a motion to approve which Mr. Coleman seconded.

Mr. Pocock further asks where the money is coming from and Ms. Portelinha explains the procedure.

Mr. Moise thanks all the retirees for their service and wishes them well.

Motion passed 6 to 0 on a roll call vote.

### **Meeting Adjournment -**

Mr. Moise made a motion to adjourn which was seconded by Mr. Coleman. Motion passed unanimously on a voice vote.

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