

February 13, 2019

BOARD OF FINANCE  
TOWN OF SOUTHLINGTON  
FEBRUARY 13, 2019

The Board of Finance of the Town of Southington held a Meeting on Wednesday, February 13, 2019 at the Town Hall Council Chambers, 75 Main Street, Southington, CT. Acting Chair Edward Pocock, Jr, called the meeting to order at 6:35 o'clock, p.m.

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

Appropriations with Revenue Offsets:

Approved to date.....	\$45,172
Approved this meeting.....	<u>3,943</u>
Total Appropriations.....	\$49,115

\* Chairman John Leary, arrived at 6:36 o'clock, p.m.

JOHN LEARY, Chair, assumes the Chair:

The following board members were present:

John Leary, Edward Pocock, Jr., Kevin Beaudoin, Tony Morrison & Susan Zoni

Staff: Mark Sciota, Town Manager  
Emilia Portelinha, Director of Finance

Absent: Joseph Labieniec, Board member

A quorum was determined.

The Pledge of Allegiance to the American Flag was recited by everyone in attendance.

III. Public Hearing Items

NONE

IV. Old Business

February 13, 2019

1. Approval of Minutes of January 9, 2019 meeting

Mr. Pocock so moved the motion to approve the Minutes of January 9, 2019. Mr. Morrison seconded. Motion passed on a majority voice vote with Mrs. Zoni abstaining.

#### New Business

- V. Assess current financial state of the town

1. Review revenues vs budget

Ms. Portelinha reported reviewing revenues through the end of January, currently our interest on investments are about \$400,000 above budget, town clerk fees are \$145,000 above budget and then we have a CIRMA equity in interest we didn't budget almost \$104,000. The other numbers are pretty much as budgeted.

2. Review expenses vs budget

Ms. Portelinha advised on the expense side, we've reviewed the budget to-date and we haven't found any expenditure line items requiring any large appropriations or additional monies. If there are any items, they would just require a transfer. So far, we are doing fairly well with that.

3. Review Capital Projects in Budget (Quarterly)

This is a quarterly report.

4. Subcommittee and Liaison Reports (Emphasis on financial aspects)

- A. Sewer Committee (Tony Morrison)

Mr. Morrison reported the fuel cell was passed on to the town council where I believe it was upon. The final sign off has to come from the town manager and the town attorney. The savings for that is about \$62,000/year based on current electricity cost. It would \$1.2 million over the 20-year period. If the fixed price of electricity goes up, the savings won't, but it is a decent deal for what it is. It will also provide a secondary, if necessary, disaster recovery aspect for the sewer plant. Decent project that's been approved.

February 13, 2019

The Blatchley pump station, the sewer committee asked for \$75,000 needed for Tighe & Bond to come up with a plan to demolish the old pump station. The plan, not to actually do it. And, that was agreed upon, passed on to the town council and I believe it was approved.

B. Public Works Committee (Ed Pocock & Susan Zoni)

Mrs. Zoni stated the discussion about the replacement of the playscape at Memorial Park. The Rotary Club was volunteered to raise \$100,000 toward the cost which will be donated to the town for the playscape. That takes cost away from the Town of Southington. I believe it was presented at the council. A good one.

Road construction for Jude Lane/West Street intersection, 100% reimbursement coming back from the state. They are hopeful for 90% of the plans to be done in May, final design by the end of July and bid in September to complete construction by next fall.

New scanners are in for the bulky waste but they are still being tweaked.

For Jude Lane/West Street, Ms. Portelinha noted the appropriation is on the agenda for tonight and we just got notification we will receive the monies on Thursday. They're fronting us the money versus reimbursement.

C. Open Space Committee (Ed Pocock)

Mr. Pocock had nothing to report.

D. Self Insurance Committee (Joe Labieniec & Kevin Beaudoin)

Mr. Beaudoin advised the claims through December, six months through the budget year, are under budget by \$300,000 which is a good thing.

Mr. Sciota referenced the policies and procedures put in place by this committee. They'll be reviewing their budget projections at the February meeting and my understanding is Town Council Chair Palmieri is going to ask them to review again at the April meeting to see if there are any modifications necessary. This is for the amount the BOE and the Town should put in the budget.

Mr. Sciota briefly reviewed the policy being referenced.

February 13, 2019

E. Committee of the Chairs (John Leary)

Mr. Leary had nothing to report this evening.

F. Property Tax Relief Committee (Mr. Morrison & Mrs. Zoni)

Mr. Morrison said the committee met last week. There are four specific things to go to town council. There are a couple of programs that we could be part of or expand if we so desire. And, there is one that we're all in favor of which is to push all the programs we offer right now which cover about a thousand people in town. Wide spread, there is about twenty of them.

We agreed to have another meeting because of the one the particular programs that could be expanded based on state mandate and we're going to talk about that in more detail at the meeting.

That'll be the final meeting and the recommendations will go to the town council.

5. Board of finance Sub Committees and Liaison Reports  
(Emphasis on financial aspects)

A. Investment Committee (Kevin Beaudoin)

This report is done quarterly.

B. Liaisons to Board of Fire Commissioners (Ed Pocock & Kevin Beaudoin)

Mr. Beaudoin said the Chief and the Ass't Chief have been doing a great job managing the overtime. The results I've been getting from Commissioner John Moise is they've been coming below their budget for the last month. We get weekly updates and the for the last four weeks it has been very positive. Progress being made there.

Mr. Pocock added he spent a little last Tuesday with the Fire Chief and the Deputy Fire Chief. We ran across something down at Company #3 that was upsetting. When you walk into that building, you can't control the air. I brought it up at public works and Annette and Keith were right on it and calling the companies responsible for adjusting that. The heat and air conditioning don't operate together. It all was taken care of the next morning.

Mr. Sciota said he would speak to the Chief, but there needs to be somebody at the fire department themselves as it shouldn't take

February 13, 2019

somebody visiting to pick something like that up. Somebody should be in charge of the building. I'm concerned it wasn't picked up before, but if it just popped up.

Mr. Pocock said it's been there and it has been reported before. But you were not involved in it. It was handled. It should save us money.

Mr. Sciota said as long as it was picked up quickly, he's fine with it. It was taken care of.

#### C. Other Committees

No reports.

#### 6. Board Communications

Mr. Morrison advised in preparing for tonight's meeting with the BOE, he went to one of the workshops and I looked at the budget on line. In there, something caught my attention. It is the elevator being fixed. As part of that, they said how they were going to have the money for it. They were talking about using the rollover from last year from the operations budget to do the elevator.

We did, as a board, that we agreed \$200,000 in the budget should be moved over to the budget for this year to be used for capital items specifically to water boilers which were in need of repair. Is it the same funds?

Mr. Sciota explained the elevator is planned to be redone during the summertime. There was a major failure which means it wasn't working. They had to use some of the money for that to get it working. They were short a few thousand dollars. They had the boilers and they reduced the money they were going to use for the sidewalks by the amount they needed to offset the elevator.

I was fine with that. The elevator had to be done. The funds given by the town were insufficient because they used some of that for emergency repair.

The Chair confirmed they will come forward with a surplus this year and we will roll it over. Mr. Sciota said it is the hope that the superintendent has the ability to rollover funds like the town does for one-time capital expenditures.

Discussion.

February 13, 2019

The carry forward funds go into a separate line item and is not comingled with the current year's money. The expenses are paid through the finance department office at the town.

VI. Public Communications (Excluding Public Hearing Items)

Nothing this evening.

VII. Review Long Range Plan and Priorities

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

A. Status / Reprioritizations

2. Strategy Discussion - Modification of MERS Employer Contributions

Mr. Sciota said Ms. Portelinha will go through the mechanics of it, but the bottom line is that it is devastating news from a financial standpoint for the town and the BOE. The positive, if there is one, is that we learned about it prior to our budget. The BOE learned about it after they did their budget.

The mechanics are the Town of Southington has to come up with an additional \$602,000 just on the town side. Our budget is \$58 million, so that's more than one percent of our budget that is going to have to be spent for, if nothing changes, MERS. That's in addition. That's in addition to the number we expected. That was a pretty big blow.

I can't fault the mechanism, the way they're doing it, but I do fault the way it's being implemented so quickly.

Ms. Portelinha pointed out she included the letter CMERS in your package. This indicates they did their usual actuarial of the situation which they do on an annual basis, but in addition to that, they did an experience study which determined they were using a discount rate of eight percent and rather than stepping it down gradually they'd decided to go from eight percent to seven percent. You can imagine what that does to the liability and the fund.

Then they provided a chart of where our required employer contributions would be going forward. They say they are gradually increasing it and I don't see any gradual about it. Explained the numbers in the chart.

February 13, 2019

She said she called the author of the letter to determine if this is written in stone or if it is an estimate. He told me for 2020, that is a given and the other ones are estimates.

The general government is going up by 21.12%. The police department (without social security) going up 22.5%. Fire Department (with social security) going up 16.46%. The result of that increase in MERS contributions for the general fund amounts to a \$603,000 increase. The BOE, I believe is \$365,000.

The sewer fund is about \$28,000 and the police extra duty of another \$76,000.

Total we are looking at about a little under \$1.1 million that we have to increase our various funds to cover the employer contributions for MERS.

Discussion.

The employer numbers are 2.25% up to a certain amount and then it goes up to 5%. Those numbers have not changed since the 1960's. Mr. Sciota noted legislation every year with CCM and even the unions now this is difficult to sustain. Maybe it's time to look at that and see if the employees should be putting more than 2.25% into it.

Discussion.

Hopefully this will come up at this year's legislative session.

Discussion.

Mr. Morrison asked if this could be mitigated. Mr. Sciota explained the strict guidelines in the MERS system. We are not allowed to take our newest employees and put them into a different system unless we take the whole town out, and that is not going to happen.

Secondly, the employees have a fixed amount which can only be changed by the legislature. The amount put in by the town is set every January by their actuaries. We get a bill. You can't get out of the MERS system unless you take every one of your employees. There is no latitude by the town. Employer contributions have to be paid in full or you will be charged interest.

Discussion.

February 13, 2019

VIII. Conduct Administrative Business

1. Consent Agenda

- A. Appropriation \$7,142 \* Drug Task Force - DHMAS Grant - Program SVCS (Spec Rev)
- B. Appropriation \$ 45 \* Youth Services - STEPS (Spec Rev)  
Appropriation \$ 405 \* Youth Services - Outside Programs (Spec Rev)
- Appropriation \$1,738 \* Youth Services - Enhancement Grant (Spec Rev)
- C. Appropriation \$1,500 \* Walkley Fountain Project - Program Services (Spec Rev)
- D. Appropriation \$10,472 \* Police Dept - Vehicle Maint - Loss/Damage (Spec Rev)
- E. Appropriation \$ 3,688 \* Police Dept - Overtime
- F. Appropriation \$10,000 \* Police Dept - JAG VCP Grant - Equipment (Spec Rev)

Mr. Beaudoin made a motion to approve the entire Consent Agenda as a group. Mr. Pocock seconded. Motion passed unanimously on a voice vote.

2. Manager's memos

- 1. Appropriation \$676,692 \* Capital Fund - Jude Lane Construction

Mr. Sciota explained Monday night the council approved a contractor to perform this project. This is a 100% grant by the state. My understanding is the finance director is going to receive the money tomorrow.

Mrs. Zoni made a motion to appropriation for \$676,692 for the Jude Lane Construction. Mr. Morrison seconded. Motion passed unanimously on a voice vote.

- 2. Transfer \$15,318 Police Dept - Vehicle Maintenance



February 13, 2019

Mr. Beaudoin made a motion to approve this transfer. Mrs. Zoni seconded. Motion passed unanimously on a voice vote.

3. Appropriation \$ 255\* Calendar House - Overtime

Mrs. Zoni made a motion to approve. Mr. Beaudoin seconded. Motion passed on a majority voice vote with Mr. Pocock abstaining.

IX. Meeting Adjournment

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

(Whereupon, the meeting was adjourned at 7:09 o'clock, p.m.)