

BOARD OF FINANCE
TOWN OF SOUTHTON
MAY 20, 2019

The Board of Finance of the Town of Southington held a Special Meeting on Monday, May 20, 2019 at the Town Hall Council Chambers, 75 Main Street, Southington, CT. John Leary, Chair, called the meeting to order at 7:00 o'clock, p.m.

Appropriations from Contingency Account:

Approved to date.....	\$ 147,000
Approved this meeting.....	<u>1,000,000</u>
Total Appropriations.....	<u>\$1,147,000</u>

Appropriations with Revenue Offsets:

Approved to date.....	\$325,080
Approved this meeting.....	<u>212,175</u>
Total Appropriations.....	<u>\$537,255</u>

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.

Public Hearing Items

None

SET THE MILL RATE FOR THE FY 2019-202 ADOPTED BUDGET

The Chair explained the mill rate and how it is set. The Chair then asked the Finance Director to explain the changes to the budget that the Town Council made at their recent meeting.

Ms. Portelinha explained the Council reduced the capital budget by two lines items which were the two items we were cash funding the

capital budget for this year. One for \$158,600 for the widening, resurfacing and \$391,500 which was the public safety radio system. The Chair asked how those items will be funded. Mr. Sciota explained tonight in front of the board is the budget reallocation and thanks to all department head and the finance director, we did obtain enough resources to cover those plus most of the items I already had on that.

There is one item we talked very much about with our IT Director. We funding satisfactorily in that line item for him right now, so we are not putting in for the \$150,000 that I had in there originally for the budget reallocation money. That's the one that is not going forward and all the rest will, including the two the Director just mentioned.

Ms. Portelinha continued in the town manager's department, they reduced the deputy town manager's stipend by \$10,000 and the town manager's executive assistant's raise by \$2,503. That's a total of \$12,503.

She continued they went into the fire department and reduced the overtime by \$50,000, legal fees \$10,000 and the fire equipment \$15,000 for a total of \$75,000.

Mr. Morrison brought up overtime. Tonight, we are going to vote on moving money over to fund the overtime for the rest of the year. Since the Chief arrived and made his changes, we are running about \$25,000 a pay period. What changes will be made to push it down to \$500,000.

Mr. Sciota responded the council as well as this board approved the two new firefighters and that will go a long way to get to the numbers we talked about with the overtime. The original number the Chief put in was \$550,000. That was a conservative number. The Chief sat down and worked on some numbers he was requested to work on and he did agree that he can do with less in that particular line and agreed based upon my review also to reduce legal because we have completed the contract for the firefighters and the Chief worked closely with his assistant and the fire commission for a reduction in fire equipment. That was agreed to prior to discussing it with the town council.

Mr. Morrison again stated it is the overtime he is concerned with. What changes will drive this? It must be more than hiring the two firefighters. We had it at \$550,000. There must be some changes in procedures that will enable us to get it down to \$500,000. The run rate we have that the Chief has made doesn't put it there unless the two firefighters are magic. I'm curious.

Mr. Sciota explained if you look at just using the same personnel, changing the policy with the same personnel, last fiscal year was \$940,000 and this year is going to be \$700,000. That's the same personnel. The Chief and his commission feel confident with the two extra firemen they can go the additional \$200,000 plus.

Discussion.

Mr. Morrison said it would be management but no procedural changes.

Ms. Portelinha continued the health insurance employer contribution was reduced by \$200,000. It is \$48,000 on the government side and \$152,000 on the BOE side.

Total expenditure reduction of both the government and the BOE of \$837,603.

Mr. Morrison asked if that was recommended by the self-insurance committee. Mr. Sciota said when the issue came up, the Council Chair asked the committee to look at it and they did. Ms. Portelinha, being at the meeting, continued that the committee felt that the appropriate level of funding was what they had previously approved but they would be comfortable with reducing it by \$200,000.

Mr. Morrison observed we change contributions on a regular basis. It thought we would change them once a year. We've already done that in the budget and now two months later we're doing it again.

Mr. Beaudoin interjected the self-insurance committee was comfortable at \$24 million based on the new data we had. We had a surplus of like \$570,000, year to date with two months left. With our consultant's review of the most current data, there was a little flexibility between \$23.8 and \$24 million. We felt \$24 million was probably the right number. The Council decided there was a little flexibility and they adjusted it.

Ms. Portelinha continued they had asked we look at the revenues to see if there was any place where we could adjust. I had the treasurer take a look at it and she recommended a \$100,000 increase.

The Chair clarified the investment committee was not pulled together for that.

Ms. Portelinha said no. The treasurer reviewed the cash flows and did an analysis of where she thought she was going to be. Mr. Sciota and the treasurer and I discussed it before presenting it.

The Chair asked if it was an original assumption or sharpening of the pencil. Ms. Portelinha responded it was basically a sharpening of the pencil and more information.

Discussion.

The Chair said it concerns him that the mill rate increase is very, very low. It's almost engineered to be zero. It looks to be .16 or a half of a percent. Similar case last year and a similar case five years ago when we had a zero percent increases go through and one year it was a little negative.

We talked in our workshops a lot about inflation and we talked a lot about having a minimum increase. We know we have \$153 million budget before us and we know that over \$100 million of that is all salaries. We know we are in a unionized monopoly workforce. One thing is for sure with the bargaining that the rate of increase usually goes higher than inflation because there are forces pushing on it to go up.

When we see zero percent tax increase, you have to ask yourself where are they coming from? Are we sacrificing infrastructure? Are we not doing something we should be doing? Are we going backwards with services?

Discussion.

Our BOE said we have to be very cautious that we could be going backwards with education because the costs we can't control are going up and the things we need we can't add to the spending.

We have to be cautious in these years of a very low or negligible increase because we know we have \$100 million in negotiated salaries and benefits. Those costs only go up. When we don't see the mill rate going up in a similar manner, it asks why. One answer is the Grand List grew. We brought in \$1.8 million in new revenue. Wonderful. That's one explanation.

The other explanation is we have cut back on some capitol items that we need to tackle. Put the two together and it gave us a very, very low insignificant mill rate increase.

Mr. Morrison said he was in favor of lower taxes. His concern only is that he felt we have engineered down to a certain amount, a certain mill rate increase that doesn't really jive with the information we have. There's about \$350,000 of cuts and with the revenue increase \$100,000 at that. There's about \$250,000 I am not sure is warranted from a fiscal perspective and not from a political perspective. Fiscal point of view. That's my concern.

Mr. Pocock agreed he had he same view as Tony. When you negotiate or another board negotiates something and you turn around and we go through the year and make appropriations to meet what was taken away, I don't agree with that. You can't engineer something.

My other bad point here is, there is some of these things that weren't brought to this board. This is the Finance Board. It is an elected board and it is our job to do the best we can do. We don't get this information when we're doing the budget and then it is engineered down, I don't agree with it. That's my point.

The Chair had one final point. We're obligated to keep in our Rainy-Day fund in our reserves, ten percent of spending. If we have an increase in spending, ten percent needs to be set aside. We are fortunate the Rainy-Day fund had access above that minimum. In the future we may have to budget that line right in. We've been doing it in a backwards manner. We budget spending and then we curtail spending which is consciously driving a surplus and that surplus covers the additional money we need to put in the Rainy-Day fund.

Building the Rainy-Day fund by engineering a surplus is not necessarily building the Rainy-Day fund by having it as a line item in the budget and actually budgeting it.

Discussion.

We need to budget the reserve against the spending on a separate line and budget the departments as tight and as appropriately as we can and let that ride out. If situations change, then the surplus is great and warranted. But driving the surplus like we have for many years driving the surplus to cover the additional Rainy-Day fund requirement, we have to be careful. We have taken a lot of the drivers of the surplus out of the budget. It's going to be harder to drive that surplus at the end of the next coming fiscal year.

Mr. Beaudoin made a motion to approve the mill rate for FY2019-2020 at 30.64. That is a mill rate change of 0.16 and a percentage change of .05 percent. Mr. Pocock seconded. Motion passed 5 to 0 on a roll call vote.

The Chair explained what that increase would mean to property owners in town.

Appraised value of \$100,000	Increase of \$11 in taxes
Appraised value of \$300,000	Increase of \$34 in taxes
Appraised value of \$400,000	Increase of \$45 in taxes

That's what a 0.16 increase feels like for an asset owner.

III. Old Business

1. Approval of Minutes of March 27, 2019 special meeting

Mr. Pocock made a motion to approve the Minutes of the March 27, 2019 meeting. Mr. Morrison seconded. Motion passed unanimously on a voice vote.

IV. Assess current financial state of the town

1. Review revenues vs budget

Ms. Portelinha reviewed revenues ten months into the fiscal year. Our interest on investments is currently \$800,000 above budget. Town Clerk fees are \$180,000 above budget and our CIRMA equity is \$104,000.

You will see that as part of the budget reallocation that we've recommending utilizing about \$212,000 of the interest on investments to fund the projects.

2. Review expenses vs budget

Ms. Portelinha noted there are a few accounts requiring additional funds on your Agenda tonight with transfer memos. We have not encountered anything large that we are anticipating.

3. Review Capital Projects in Budget (Quarterly)

Report will be given at the end of the fiscal year. We can do it at the June meeting through the end of May.

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

A. Sewer Committee (Tony Morrison)

Mr. Morrison reported on the sewer plant. Construction is five percent complete. Invoicing, we spent \$1.8 million of the \$38.6 million. We have change orders of \$106,000 out of the construction contingency of \$1.9 million. Everything is going well.

The time for the project is at ten percent and we'll be completing it next year.

We also saved \$200,000. The EPA allowed us to get rid of some pcbs in a different manner.

Sewer lining has \$111,000 left for the project which is a project that goes on and on and on. It's \$400,000 a year and we've got \$100,000 or so left for the year.

We saved some money by modification on a deed signed for the Curtis Farm with Mr. Curtis and the town. It enables us to put a gravity line through that open space he deeded to the town. That means we can get rid of the Blatchley pump station. We do not have to replace it. We'll replace it by using the topography to feed downstream as opposed to pumping. It would have cost us quite a bit of money so that's a big deal. Thank you to Mr. Curtis and thanks to the Town Manager. Excellent result.

One last thing, we're working on a development parcel for a 52-house community. It's just outside of the sewer line. This is a unique situation as it is right next to the sewer line. However, our policies won't allow sewer hookup. We've been discussing it the last couple of months. It's a 52 house 55 and over community which would be tax benefits to the town but we have to balance it against the fact that the sewer plan is there for a reason. It is there to control flows into the upgraded plant that we have. We tabled it for a month and we'll see what happens. We'll discuss it with further information next month.

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

Mrs. Zoni reported bulky waste is back to normal. Everything this working well and it is very busy.

Repairs to the crack seal from last year were done. That was the stuff put down last year. Different from the chip seal previously. I believe it is going to be different again in the future.

Hart Street Bridge needs repairs unexpected to the sum of about \$30,000. The money will come in from LOCIP which will be 100 percent reimbursed.

The Chair asked about the condition of our roads. Mrs. Zoni said they are being rated and there are lists that are being worked on now.

The system used for the roads and rating was discussed. Mr. Sciota said the rating system is there. He spoke with the Public Works Director and Superintendent of Highways to see it updated a little bit more. We'll work closely on that.

Discussion.

The Chair said he would like to be kept informed as that is a major funding thing. Mr. Sciota commented they have been talking about how to handle that in the future. Assuming the \$900,000 bond ordinance for the capital plan which will come to you at your next meeting as it is introduced to the Council on the 28th, that will give

us approximately \$2.2 million for roads for this building cycle. We'd like to see \$2.5.

Also, as Mrs. Zoni mentioned, the systems we are not using any more were a little bit cheaper. Both were. The system we're using now is a little bit more expensive. We'll reevaluate that part of.

Next year we go to a bond referendum for \$10 million to put in position for the next three to five years after that. The plan is all in place assuming we get the approval from the council, this board and the voters. We'll then be in good shape.

Discussion on the rating system and upgrading it.

Mr. Sciota said we are doing well with our roads and if we continue to spend between \$2.2 and \$2.5 million on the roads each year, I think we will be in good shape.

After discussion on roads Mrs. Zoni reminded everyone it is important that if you see a pothole, the town may not be aware of, let the highway department know. Let Annette Turnquist know or contact the Town Manager's office know. They are very responsive. They check it out right away and do what they can.

Long term maintenance costs for roads were discussed describing the four systems the town is using.

C. Open Space Committee (Ed Pocock)

Mr. Pocock reported they have not had a meeting but there is one coming up.

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

Mr. Beaudoin reported on data thru April. We're \$570,000 under budget which means the claims are less than budgeted. The budget for next year which is \$23.8 million was determined. He explained the procedure in coming up with that number.

E. Committee of the Chairs (John Leary)

The Chair said there is nothing to report.

F. Property Tax Relief Committee (Tony Morison and Susan Zoni)

Mrs. Zoni stated it is still on hiatus until the committee gets reappointed.

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

A. Investment Committee (Kevin Beaudoin)

Mr. Beaudoin informed everyone it is a quarterly report. So, in June we will have a report. But as Emilia mentioned previously, we are doing well with the investment income.

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

Mr. Beaudoin wasn't in attendance at the last commissioner's meeting. Fire Chief Butler is here as well as the Ass't Fire Chief Jim Paul.

The Chair reported there are no liaisons to the other departments, so if at some point you feel everything is okay and both the Chief and you feel things can go along and you don't need a liaison relationship, let me know and we'll disband that. If you think it's handy, we'll keep it.

Mr. Beaudoin said it is good to get an understanding. He likes going to it. There's so many things going on. It's all good. We are just there to learn and we appreciate that the Chief has done a great job.

C. Other Committees

None this evening.

6. Board Communications

Mr. Pocock thanked the Town Manager for the budget he put together. He worked hard with us. And, Emilia, your department, also. And, the board of finance members, working with a crew like we have here, this team, we have our differences at times, but it has been good working that way.

I've got to mention the department heads in the town. They're great.

The BOE, we have the Superintendent in the audience, we asked a question through the grid which is a fine way to do it and we got answers.

I felt comfortable on a lot of things. I expressed my opinion on such as having some information earlier but I do enjoy working on the budget with everybody and feel great that they work with us very nicely.

Mr. Beaudoin agreed. We have a great budget from the Town Manager and the Superintendent. This board is not political at all. We respect and listen to each other. We're very considerate and we get along well as a board. That makes things smoother through the whole process when we're going over the budget.

I still would like to thank Emilia for the great job she does every year.

Mrs. Zoni said she went and Tony was there, also, but the library had information sessions talking about the current conditions at the library looking for information from the town's people on what are you looking for in a library.

I personally use the library multiple times per week for different reasons. It was a great information session. They were going to put some up on line. I hope the community looks at it and checks out the library.

An overhaul is absolutely necessary and we have to start planning for it in the very near future. I hope people are opening their minds and their hearts looking at all the good things that are happening at our library. It's not just books. I've heard people say people aren't reading any more. Well, some people aren't. But it is a meeting place. There is so much activity, so much going on there that it is far above and beyond books.

It is important for our community to have this as a base of intellect and inspiration and a place to meet and greet. We need to start looking at the future of our library in this community.

Mr. Sciota noted you will vote on that tonight as part of the budget reallocation money.

Mr. Morrison echoed Mrs. Zoni's comments. But he went to the Historical Society recently. I would urge people to use that a lot more than they do. They have a new set of exhibits and they do an awful lot with awful little. I'd like to give a shout out to them, as well.

The Chair echoed everyone's comments. Thank you for a good budget. This board has a unique position. We are not the Town Council, we're not Planning & Zoning, we're finance. We have to look at things and balance things when looking at the town as a whole. We talk about that a lot.

We have a different role in the budget from other boards. Even the budgets that did take a cut, even things that became a little controversial and town council went a little further and tweaked a few things, but all in all, I think everybody dealt with it in the right spirit. It's all part of trying to provide that balance.

And, people had the courage to speak up when they thought a budget got cut maybe too much or were very emphatic that something is very important. People can't lose trust in the whole system because of reductions. We have to continue the conversations.

Our board has to continue our conversations on how to look multi years ahead. We're still wrestling with a budget that goes from one year to the next to the next rather than one that looks forward. Are we prepared for more state costs to be pushed on to us? This board has been pushing for a multiyear view and a plan. We have to continue our workshops and do that.

I thank everybody who has been on this journey with us and all the hard work and we look forward to more it. If anybody out there feels like they need to talk to anybody, individually or collectively, our email addresses out there. Our phone numbers out there. Nobody on this board is hiding. Please reach out and have the conversation starting where you need to and we'll share them with the board.

Thank you all.

V. Public Communications (Excluding Public Hearing Items)

None this evening.

VI. Review Long Range Plan and Priorities

1. Review status of LRP items in current fiscal year budget
 - A. Status / Reprioritizations
2. Strategy Discussion

Passed tonight.

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VII. Conduct Administrative Business

1. Consent Agenda

A.	Appropriation	5,904 *	Highway/Parks - Property Maint-
	Loss/Damage (Spec Rev)		
B.	Appropriation	1.475 *	Highway/Parks - Property Maint-
	Loss Damage (Spec Rev)		
C.	Appropriation	3,150 *	Barnes Museum - Survey- Planning
	Grant (Spec Rev)		
D.	Appropriation	500 *	Youth Services - ST EP Donations
	(Spec Rev)		
	Appropriation	895 *	Youth Services - Outside
	Programs (Spec Rev)		
	Appropriation	1,737 *	Youth Services - Enhancement
	Grant (Sec Rev)		
E.	Appropriation	500 *	Fire Dept - CT Fair Plan Anti-
	Arson Grant (Spec Rev)		
F.	Appropriation	888 *	Animal Control - Donations (Spec
	Rev)		
G.	Appropriation	1,054 *	Highway/Parks - Vehicle Maint
	Loss Damage (Spec Rev)		
H.	Appropriation	400 *	Animal Control - Donations (Spec
	Rev)		
I.	Appropriation	1,416 *	Police Dept - Vehicle Maint -
	Loss/Damage (Spec Rev)		

The Chair wanted to take the Consent Agenda as one item. Mrs. Zoni made a motion to approve the Consent Agenda as one item. Mr. Pocock seconded. Motion passed unanimously on a voice vote.

2. Manager's memos

1.	Transfer	26,030	Highway/Parks - Grounds Maintenance
	(Confirm)		

Mr. Sciota explained this is one where he had asked permission because we needed to order the pump for the pool so we did it in advance. That confirms what you said to me.

Mr. Beaudoin made a motion to approve the transfer for \$20,030. Mr. Morrison seconded. Motion passed unanimously on a voice vote.

2. Transfer 20,000 Library - Building Maintenance

Mrs. Zoni so moved the motion. Mr. Beaudoin seconded. Motion passed unanimously on a voice vote.

3. Transfer 30,000 Fire Dept - Overtime

4. Transfer 7,420 Fire Dept - Legal Services

5. Transfer 3,000 Fire Dept - Utilities

6. Transfer 9,000 Fire Dept - Gasoline

7. Transfer 5,000 Fire Dept - Contracted Services

11. Transfer 2,987 Fire Dept - Equip - Portable Radios

12. Transfer 12,393 Fire Dept - Vehicle Maintenance

Chief Butler explained the only one everybody probably has a question about is the overtime. This overtime, basically what we are taking is we're taking money that was paid back to us for WC and we're taking that money to cover the overtime caused by the injury. In reality, the two transfers we've done so far this year have all been to cover a WC injury and then to cover the overtime for that.

If we hadn't had the two long term injuries, we probably would have come in at our below what we had originally budgeted. These were injury related. One of the firefighters was out for nine months which means every day we're paying time and a half for his position. We've actually done pretty well with that.

And, the other firefighter just came back this past weekend, he'd been out for almost two months.

That is what creates a major hit on our overtime, but we get that money back from WC and then we transfer it back into the overtime account to cover the loss.

Discussion.

Everything has balanced out this year fairly well. I'm comfortable with where we landed with the current budget coming. I think we are where we need to be.

Any long-term injury impacts our overtime, but as long as it's a WC claim, we at least get part of that money back which helps us absorb all of that.

Discussion.

The Chair reiterated if there is ever a safety issue, come to us. He added to that if there is ever an issue where you're trying to get to this vision of one department and there were things you were going to do and because of any cut or because of just a lacking of funding, you are not going to do, you have a good idea and you are not able to launch it, please come back to this board. We could have a discussion.

Mr. Pocock added at the meeting last Thursday there was a lot of discussion on the way you're going to be setting up and you are working with a team working in the volunteers, et cetera. There's a lot going on. Just taking a little time to put it together.

Chief Butler explained the Chair of the Fire Commission has decided he wanted to restructure our recruiting and he has taken a commissioner, somebody from the council, a civilian, a career firefighter, a volunteer firefighter and they'll put them together to come up with a plan for recruitment. I think it has potential to do better than we are.

Discussion.

Mr. Morrison asked about the change in response matrix. What was the change to free up the money? The Chief advised that he took the position as fire chief of reducing the amount of apparatus responding on incidents. When I took over, I had a dumpster fire, I got every chief of equipment in the town responding. As part of that, that costs us money and also increases our liability and it wasn't necessary.

As part of the response matrix, that meant that the number of calls dispatched for everybody to do to, goes down. That's where that savings is.

The Chair asked for a motion on Items 3,4,5,6,7, 11 and 12 as one. Mr. Beaudoin made a motion to approve the items noted as a group, various transfers for the fire department. Mr. Morrison seconded. Motion passed unanimously on a voice vote.

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8. Transfer 2,500 Sewer Fund - Plant - Gasoline

Mrs. Zoni so moved the motion. Mr. Pocock seconded. Motion passed unanimously on a voice vote.

9. Transfer 13,000 Calendar House - Utilities

Mr. Beaudoin made a motion to approve the transfer. Mr. Morrison seconded.

Mr. Sciota commented it is a new building and in trying to figure out the utility costs, Mr. Verderame did it within his budget but next year we'll be better off. We believe it was a learning experience for the building. It is more efficient, but it is a lot bigger building.

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

10. Transfer 69,911 Police Dept - Overtime

Mr. Sciota said this is similar to the fire department. The police have the same issues.

Mrs. Zoni so moved the motion. Mr. Beaudoin seconded. Motion passed unanimously on a voice vote.

13. Transfer 100 Highway/Parks - on call

Transfer 2,600 Highway/Parks - Uniform Cleaning

Transfer 19,600 Highway/Parks - Gasoline

Transfer 455 Highway/Parks - Radio System Lease

Transfer 7,165 Snow & Ice Overtime

Mr. Beaudoin made a motion to approve highway/parks various transfers. Mr. Pocock seconded.

The Chair stated that regarding the radio systems, at one point we should all work together to try and get on one radio system. Mr. Sciota said that is part of the overall plan and we are very close to that now.

Ms. Portelinha pointed out this is the same system that police and fire have. Different channels, obviously.

Mr. Sciota said the budget increased snow & ice by \$100,000 to get to our balance. I think we're around that five-year average. By adding \$100,000 we believe we are where we should be.

Motion passed unanimously on a voice vote.

14	A.	Trans&Approp	391,500	Capital Budget - Public Safety Radio System
	B.	Trans&Approp	158,600	Capital Budget - Widen, Resurface & Drainage
	C.	Trans&Approp	82,000	Capital Budget - Vehicle Replacement
	D.	Trans&Approp	250,000	Capital Budget - Parks Improvements/Playscape
	E.	Trans&Approp	250,000	Capital Budget - Repair/Replace Sidewalks
	F.	Trans&Approp	70,500	Capital Budget - Highway/Parks Equipment
	G.	Trans&Approp	186,774	Capital Budget - Police Body Camera System
	H.	Trans&Approp	35,000	Capital Budget - Library Architectural Fees
	I.	Trans&Approp	150,000	Capital Budget Fire A/C, Security & Communications
	J.	Trans&Approp	50,000	BOE - Capital - Phase III Building Project
	K.	Trans&Approp	104,300	BOE - Capital - SHS Boiler Replacement
	L.	Trans&Approp	86,569	BOE - Capital - Heating Project

Mr. Sciota advised Items C thru L are all in the capital improvement plan we talked about when we went through the budget process with this board. The council chose to move two capitals because of their classification to budget reallocation and took it out of cash. We chose to move one which did meet the criteria of the undesignated fund balance and moved it. Currently, there are zero dollars in cash funded capital for next year. These will all be the numbers I use for budget reallocation. With the help of all department heads and especially the Director of Finance, we came up with the money necessary for that which is \$1.8 million. Part of that is a commitment that I made to the Superintendent and the Director of

Operations and that includes three items for them. And, the rest would be town capital items.

I've been \$150,000 a year as did Mr. Brumback, in our IT account. We looked closely at that account and sat down with Jay and we felt that based upon the balance we could do a one-year hiatus on that. I don't think it is going to hurt us but obviously next year we'll put the \$150,000 back in again.

Ms. Portelinha summarized we are transferring \$603,068 from other accounts. We're using the \$1 million contingency and we are appropriating the additional investment income of \$212,175 for a total of \$1,815,243 for all these capital projects. She further asked for leeway in transferring the funds. The Chair agreed to the accounting geography.

After the money becomes available, the green light will be given to all department heads.

Mr. Sciota stated when he puts any money in his capital budget next year, it will be dollar one. There isn't any money there. An increase in my budget. We comfortable this year but are not going to do it on a multiyear basis.

Discussion of what funds will be transferred to fund balance at the end of the year.

The Chair said next year he wants to budget the contingency line ten percent more of spending and it should be on its own line.
Discussion.

The Chair said discussions will be had about setting the mill rate off of inflation.

The Chair asked for a motion on all of item 14, A thru L, in total.

Mr. Morrison made a motion to fund the accounts in Item 14 for \$1,815,243. Mr. Beaudoin seconded.

Mr. Pocock asked what the public safety radio consisted of. Ms. Portelinha said that is the final lease payment on the dispatcher's system. We actually owe the payment in July. Mr. Pocock added what really upsets him is we have to pay attention to what we're doing with these radio systems because we've had a hot line for the police ever since I was there, but it doesn't work efficiently. It just does not work. It's very important that everybody starts looking at that.

I'm sure the two gentlemen in the audience will attest that when you go to a digital system, they have to have scanners to know what's going on. And, not a good system. We have to think this out before we act. It's an expensive item.

In fire, the security, that's the doors that people can walk in/out at the firehouses, that's going to be taken care of? Very important.

And, the communication system is updating the PA and radio system. Company 5 was an issue, noted Mr. Pocock. Mr. Sciota said the other stations will also have an upgrade on the phone systems, et cetera.

Mr. Pocock said safety is dear to his heart.

Mr. Sciota explained the Chiefs as well as the Calendar House and the Department of Public Works, highway & parks, they work very closely on the radio system. We've spent a lot of money and they do coordinate with each other.

Motion passed unanimously on a voice vote.

3. Discussion and Action on Board of Education Non-Lapsing Account

Superintendent Connellan addressed the Board of Finance. He noted he did send a Memo to the town manager about this non-lapsing account which I'm sure you've all reviewed.

The rationale is, as you know, the BOE budget is fairly large. Hundreds and hundreds of accounts. Very difficult to know where we are at the end of the school year.

Last year we had the opportunity to ask the BOF set some dollars aside when we had some dollars that we thought were going to be expended under the special education umbrella and they were not expended. Therefore, we were able to have them in a non-lapsing account.

We were able to do some projects that were absolutely necessary but not something we had been able to do before.

State law passed in 2011 allows the BOF to set up a non-lapsing account, still stay under the town umbrella. We would work through Mr. Romano and Ms. DiNello and advise we have X number of projects at

this cost amount. We'd come to you and those dollars would come out of that lapsing account as opposed to coming out of anywhere else.

That does mean any dollars that constitute an unexpended balance from the BOE budget would not go into the fund balance but would go into that non-lapsing account.

My understanding is right now that you're allowed to set that and it can be up to one percent of the operating budget. I believe both the Senate and House have passed Bills which would allow that to go to two percent. I don't foresee that happening, but it is essentially the same law establishing a non-lapsing account on behalf of the BOE.

We have a list of projects that is literally as long as my arm. I've provided examples in the memo, i.e.: sidewalk repairs we did last year.

That's the request on behalf of the BOE and administration.

Mr. Sciota explained this was started last year. It's kind of like our budget reallocation but on the BOE side. I support it. They have to come to this board to get approval for the capital expenditures. It is something that I think shows a level of trust and it's to be used for future capital expenses.

Discussion.

Mr. Sciota said he supported it and the motion tonight would be just to allow the Director to set up the account as allowed by statute.

The Chair agreed it makes a lot of sense. We're one town. This is just another thing in that same direction.

Ms. Portelinha said from a mechanical standpoint, we are looking for the board's approval to set up the account. We do it similar to a Carry Forward Account. Explained that is just a mechanism.

Discussion.

Mr. Beaudoin made a motion to approve the non-lapsing account per the statutory law. Mr. Pocock seconded.

Mr. Morrison said he was missing something. To him, it is the opposite of one town in the sense that all funds goes into a single town bucket at the end of the year, the fund balance. He continued he would like to keep that as opposed to slicing and dicing people's budgets.

Discussion.

Mr. Morrison reiterated he saw this as kind of going against the principle of one town.

Mr. Sciota explained the Carry Forward List which the town departments have now which is kind of like that. The departments come through my office for that.

This is very similar to what my departments are able to do for capital expenses. If the BOE says for example they have \$500,000 they're not going use, they could put it into the account and then come to this board and the town council with specific requests for capital items to use that \$500,000. It's not dissimilar to what the departments due. It is a timing issue for the BOE as they don't know if they have the money until its too late. There is a mechanism on the government side.

The Chair said without it, a prudent BOE will try to spend down as much as they can and they may end up wanting A, B and C but spending down on D, E an F because they don't want to lose it entirely. This allows them to carry it forward for what they want to carry it forward for. Not what they can carry it forward for.

Discussion.

Mr. Morrison said he didn't see the need to do this. Everything his public and everything should be treated exactly the same.

Motion passed 4 to 1 on a roll call vote with Mr. Morrison opposed.

4. Discussion of Auditing Services RFP

Ms. Portelinha explained we have an RFP out and we are expecting the responses May 24th at 10:00 a.m. So far, we have had two audit firms ask questions to which we responded and posted the answers on line. I anticipate getting three responses right now.

It is the primary duty of this board to select the auditor, as part of the RFP, had indicated we would be looking to have oral presentations by selected firms May 27th thru June 7th. If there are a couple of members able to interview the auditors, we can set something up for one date in those two weeks.

Mr. Morrison and the Chair agreed to be involved.

Ms. Portelinha requested they provide her with their date of availability and then she can set it up.

VIII. Meeting Adjournment

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

(Whereupon, the meeting adjourned at 8:28 o'clock, p.m.)