

BOARD OF FINANCE  
TOWN OF SOUTHLINGTON  
JUNE 12, 2019

The Board of Finance of the Town of Southington held a Meeting on Wednesday, June 12, 2019 at the Town Hall Council Chambers, 75 Main Street, Southington, CT. Joseph Labieniec, Acting Chair, called the meeting to order at 7:02 o'clock, p.m.

Appropriations from Contingency Account:

Approved to date .....	\$1,147,000
Approved this meeting.....	<u>0</u>
Total Appropriations.....	\$1,147,000

Appropriations with Revenue Offsets:

Approved to date .....	\$537,255
Approved this meeting.....	<u>25,324</u>
Total Appropriations.....	\$562,579

The following board members were present:

John Leary\*, Joseph Labieniec, Edward Pocock, Jr., Kevin Beaudoin, Tony Morrison & Susan Zoni

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

(\*Arrived during the meeting where noted.)

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

ACTING CHAIR JOSEPH LABIENIEC, presiding:

III. Public Hearing Items

1. ORDINANCE APPROPRIATING \$2,930,000 FOR COSTS RELATED TO THE ACQUISITION OF THE JOHN WEICHSEL MUNICIPAL CENTER PROPERTY, AND AUTHORIZING THE ISSUE OF NOT TO EXCEED \$2,930,000 BONDS AND NOTES TO FINANCE THE PORTION OF THE APPROPRIATION NOT DETERMINED BY THE TOWN COUNCIL TO BE DEFRAIDED FROM THE TOWN'S GENERAL FUND BALANCE.

Town Manager, Mark Sciota, introduced a video which has been shown to the town council to start the process and then to the planning & zoning commission who unanimously recommended the 8-24 back

to the council. The council is preparing to do their public hearing on June 24<sup>th</sup>. We are here tonight for this board's recommendations as to whether you wish to move forward and a vote on how you believe it should be financed.

(\*Mr. Leary entered the meeting.)

JOHN LEARY, Chair, assumed the Chair:

(As the Minutes are prepared summary style, please refer to the video on line to hear the presentation.)

Mr. Sciota brought up a valid question which we received when we went to the council with this. Another piece of the puzzle is if the town left the \$2.9 million what affect would that have, if any, for the Town of Southington, i.e.: if we use the \$2.9 million to just garner interest, would that be another piece of the puzzle?

Let me explain it is not as simple as taking \$2.9 million and putting it into a savings account.

Ms. Portelinha advised in the package they've included the comparison of what it costs to bond versus the lease which was mentioned in the video. But in addition to that, I've also included a section about what interest we would be giving up if we use the \$2.9 cash versus allowing it to stay and accumulate interest.

Three different scenarios over ten years: 1.5%, 1.7% or 1.9%. I have to caution you because the assumption would be that that excess fund balance would be left available for the term of the ten years in order to accrue the interest and chances are that that would not occur. The only way that that would occur is if we then took the \$2.9 million and assigned it and set it aside and said we are setting this aside to earn the interest to offset the costs. I think that would be much too complicated.

Chances are over the next ten years, the BOF and the Council would see a use for that money for other purposes.

Mr. Beaudoin asked if we had looked into a combination like using \$1 million of the fund balance and 1.9 bonded, has anyone talked about that? Mr. Sciota said it is possible. Obviously, the recommendation from this board could be a hybrid. Ms. Portelinha explained generally we bond the whole project. I don't know in the past if we have done partial bonding and partial cash.

Discussion.

Mr. Sciota cautioned the BOF that the Council would like to tell the public in advance of voting how this is going to be handed. That's fair to the public, this board and the council. Based upon the

recommendation of this board, the council would move forward so that when we talked about this between June 24<sup>th</sup> and November, the council would put forth their position on funding.

Mr. Morrison asked about maintenance to the building. Mr. Sciota explained we have a triple net lease. We do everything.

Mr. Morrison asked how much was in the Rainy-Day Fund. Ms. Portelinha said the last time she looked it was \$22.7 as of June 30<sup>th</sup>, 2018. She would anticipate at the end of this fiscal year we would be pretty much in the same area. It's 13.8%.

The Chair noted that taking this out still leaves us above the 10%.

Mr. Sciota said this a perfect opportunity to take advantage of that.

The Chair said it made sense. It's not for a short-term purpose, a temporary use. It's to be there forever. It's well utilized. We have the money. Leasing it is a technique to get your hands on a short-term asset and I think the most prudent thing to do is take the money we have and purchase the building. We will avoid the leasing costs going forward and a have a little upside every year in both the BOE and Town budgets. To me, it makes sense.

Mr. Beaudoin said he agreed with that. But do we bond it or pay cash?

Mr. Morrison stated he preferred to pay cash as did Mrs. Zoni.

The Chair said he agreed with the finance director that we'll end up spending that money or something else. To take that whole issue off the table and the risk of spending that money twice, I think we direct it towards this and then we're done. The work that was started years ago is now complete. We have our building and we move forward.

The Chair closed this public hearing item.

2. ORDINANCE APPROPRIATING \$900,000 FOR THE 2019 ROAD IMPROVEMENT PROGRAM, AND AUTHORIZING THE ISSUE OF 4900,000 BONDS AND NOTES TO FINANCE THE APPROPRIATION.

Mr. Sciota noted this was covered in the capital budget. The town's road project is approximately \$2.2 million, \$900,000 of which is this bond. The council sends it to you for your recommendation. The PZC has granted a unanimous 8-24.

As you know, roads are a top priority. As I discussed at your last meeting, as part of our capital plan we hope to go to referendum next year (2020) for a road bond ordinance.

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With that in mind, we'll be looking at updating our road management plant. It is 2012 and needs to be updated.

This, the \$900,000, is a vital part of our roads project for this year.

The Chair noted there was nobody from the public to speak.

The Chair closed this public hearing.

IV. Old Business

1. Approval of the Minutes of May 20, 2019 special meeting

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

**2. Executive Session – Contractual**

Discuss and Appoint Auditors for Fiscal Years Ending 6/30/2019, 6/30/2020 and 6/30/2021

Mr. Labieniec made a motion to go into executive session to discuss Appointing Auditors for Fiscal years Ending 6/30/2019, 6/30/2020 & 6/30/21 excluding the press and public but including the Town Manager and the Finance Director. Mr. Morrison seconded. Motion passed unanimously on a voice vote.

(Whereupon, the meeting was recessed to executive session at 7:21 o'clock, p.m.)

**EXECUTIVE SESSION**

The Board of Finance of the Town of Southington entered into executive session at 7:21 o'clock, p.m. during their regularly scheduled regular meeting on Wednesday, June 12, 2019 in Council Chambers at the Town Hall, 75 Main Street, Southington, CT in order to discuss Appointing Auditors for Fiscal Years Ending 6/30/2019, 6/30/2020 and 6/30/2021.

Present were:

Joseph Labieniec  
Kevin Beaudoin  
Susan Zoni

Edward Pocock, Jr.  
Tony Morrison  
John Leary, Chair

Also Present:

Mark Sciota, Town Manager

Emilia Portelinha, Finance Director

No motions or votes were taken.

Mr. Labieniec made a motion to adjourn executive session which Mrs. Zoni seconded. Motion passed unanimously on a voice vote.

(Whereupon, executive session was adjourned at 7:33 o'clock, p.m.)

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Mark J. Sciota

### **REGULAR SESSION**

JOHN LEARY, resuming the Chair:

The Chair said we need to make a choice in appoint auditors for the fiscal years ending 6/30/2019, 2020 & 2021. We have three choices of bids that came in and they all fall within a similar cost. One of them is PKF O'Connor Davies, RSM and Blum Shapiro. Blum Shapiro is the current auditor.

Mr. Morrison made a motion to appoint RSM for the three years. Mr. Labieniec seconded.

Motion passed 6 to 0 on a roll call vote.

The Chair thanked everybody who bid. He wanted it clear for the record that we have the highest regard for Blum Shapiro and the work they've done. This is purely about making a change to get a different look, a different perspective, not at all a lack of confidence in any way against Blum Shapiro who has done a good job for us as a town over the many years.

V. Assess current financial state of the town

1. Review revenues vs budget

Ms. Portelinha stated prior years' taxes are above \$10,000, interest on tax is \$20,000 above budget. Interest on investments is \$800,000 above budget. Town Clerk fees are \$200,000 above budget.

CIRMA equity for \$104,000. For a total of \$1.1 million for revenues.

2. Review expenses vs budget

Ms. Portelinha advised with the exception of some of the items listed, she has not seen any issues. I realize I will be requesting additional money for bonding. It's a few thousand dollars. Last year we had done a bond issue which I didn't have the exact numbers for when we did this budget. We'll be a little short. We will transfer funds for that. Other than that, we have the requests that we need here.

3. Review Capital Projects in Budget (Quarterly)

Ms. Portelinha advised she updated the capital projects, the capital fund thru May 31<sup>st</sup>. A summary is included in the package. I am in communications with the various department heads to see what we have that we can close out. I haven't been able to find large sums of money but we will be taking another look at the projects.

Discussion.

We have quite a few projects that are pending audit.

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

A. Sewer Committee (Tony Morrison)

Mr. Morrison advised they will meet tomorrow so I have no report.

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

Ms. Zoni said they meet this afternoon and there was absolutely nothing that affected us financially.

C. Open Space Committee (Ed Pocock)

Mr. Pocock advised they have a meeting coming up.

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

Mr. Labieniec noted they did not have the updated May numbers yet. As of April, we were \$570,000 under budget year to date for ten months of the year. We will get the May numbers very soon.

Discussion of the Wellness Program.

E. Committee of the Chairs (John Leary)

Chair Leary advised nothing much doing there. We can't vote on anything Its just a way to have just a chat with the leaders of education, finance, town council, planning & zoning. It is a public meeting open to the public. Nothing is decided. We just tell each other what is going on.

F. Property Tax Relief Committee (Tony Morrison & Susan Zoni)

The Town Council will reappoint at a future meeting.

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

A. Investment Committee (Kevin Beaudoin)

Mr. Beaudoin had nothing to report.

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

Mr. Pocock commented nothing really.

C. Other Committees

Nothing.

6. Board Communications

Nothing this evening.

VI. Public Communications (Excluding Public Hearing Items)

No public present.

VII. Review Long Range Plan and Priorities

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

A. Status / Reprioritizations

2. Strategy Discussion

Mr. Sciota said the final numbers have come out from the state. Southington is going to receive approximately \$16,000 more in ECS money. The bigger number is the relief of the town to pay the teacher retirement of \$270,000. I put that in the budget and it's not in the BOE budget. While it has a code number for the BOE, it is on the town side.

As I recommended to the Committee of the Chairs and the Council on Monday night, both the finance director and I recommend that we keep that money until April and if there are no other issues for it, my suggestion would be to put it into road widening improvements. That's our recommendation.

Mr. Sciota said they did not hurt Southington and they actually passed a budget on time --- the first time in many, many years.

The reason why the decision was reversed with the teacher's pension issue is the state is going into a long-range correction plan which goes into the 2036, et cetera. Their theory is this was caused by issues over the last thirty years and it needs to be corrected over thirty years and not whack this current generation all at once. Every legislature is different but for now and next year, that's the plan.

Should we worry about this coming up next year? The answer is: absolutely.

VIII. Conduct Administrative Business

1. Consent Agenda

- A. Appropriation \$540 \*Youth Services - STEPS Donations  
(Spec Rev)
- B. Appropriation \$561 \*Youth Services - STEPS Donations  
(Spec Rev)
- Appropriation \$ 50 \*Youth Services - Outside Programs  
(Spec Rev)
- C. Appropriation \$25,324 \*Education- Operations
- D. Appropriation \$525,649 \*Capital Budget - Town Aid Road



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Mr. Labieniec made a motion to approve the Consent Agenda in its entirety. Mr. Pocock seconded. Motion passed unanimously on a voice vote.

2. Manager's Memos

1. Bond Ordinance \$2,930,000 See Public Hrg Item #1

Mrs. Zoni so moved the motion for approval. Mr. Pocock seconded.

Mr. Sciota a vote would be how you want to recommend to the council and the second would be on the ordinance itself.

Motion passed 6 to 0 on a roll call vote.

Mr. Morrison proposed a motion that we fund this based on the use of the fund balance. Mr. Beaudoin seconded. Motion passed 6 to 0 on a roll call vote.

2. Bond Ordinance \$ 900,000 See Public Hrg Item #2

Mrs. Zoni so moved the motion for approval. Mr. Pocock seconded. Motion passed 6 to 0 on a roll call vote.

Mr. Sciota thanked the BOF for supporting the town projects.

3. Transfer \$ 833 Library Shelving

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

4. Appropriation \$ 8,343 \*Calendar House - Prop. Maint-Loss/Damage (Spec Rev)

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

5. Transfer \$ 1,500 Police Dept - Program Services

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

6. Transfer \$22,000 Fire Dept - Building Maintenance

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Mrs. Zoni so moved the motion for approval. Mr. Pocock seconded.

Mr. Pocock said he is in total agreement with the \$22,000 but he didn't want to lose sight of them looking for money for an ATV to retrieve people. We have good resources around us but time a lot of times is very essential. Building maintenance is very important to the kitchen area of that building. It is very important it be done. But I want to stay on top of them hoping they'll push along and get an ATV. Mr. Sciota said he would talk to the Chief and get a status update.

Mr. Labieniec had a question on the math. Explained.

Ms. Portelinha asked the BOF to approve the \$22,000 and then if it's something less I will confirm and reduce it.

Mrs. Zoni amended her motion to include adjustments as necessary by the finance director up to \$10,000. Mr. Pocock seconded.

Motion passed unanimously on a voice vote.

7. Transfer \$ 7,382 Fire Dept - Utilities

Mr. Beaudoin made a motion to approve the transfer of \$7,382. Mr. Labieniec seconded. Motion passed unanimously on a voice vote.

8. Transfer \$ 8,500 Fire Dept - Fire Equipment

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

9. Transfer \$ 2,500 Sewer Fund - Plant Utilities

Mr. Beaudoin made a motion to approve the transfer of \$2,500. Mr. Pocock seconded. Motion passed unanimously on a voice vote.

10. Transfer \$1,000 ZBA - Advertising

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

11. Transfer \$1,000 ZBA - Temporary/Seasonal

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

12. Tax Collector Suspense List

Ms. Portelinha said the director of assessment and revenue recommended the Suspense List of \$174,099.46. She reviewed the accounts that are currently open and the ones she feels are going to be difficult to collect. We're suspending them.

But they will continue to try to collect on them. It's just coming out of the taxes receivable and going into Suspense and then we recognize the revenue when it comes in.

We do this annually.

Mr. Beaudoin made a motion to approve the Suspense List as discussed. Mr. Pocock seconded. Motion passed unanimously on a voice vote.

\*\* 13. Transfer of funds in the sewer maintenance line. From \$40,000 in supply/chemicals to \$40,000 for sewer maintenance.

The Chair added there are some emergency sewer repairs that need to be done. He asked for a motion to add #13 to the Agenda. And, then a motion to act on it.

Mr. Pocock so moved the motion to add #13 to the Agenda. Mr. Labieniec seconded. Motion passed unanimously on a voice vote.

Ms. Portelinha reiterated this is a sewer fund transfer.

Mr. Beaudoin made a motion to approve the transfer of \$40,000. Mr. Pocock seconded. Motion passed unanimously on a voice vote.

IX. Adjournment

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

(Whereupon, the meeting was adjourned at 8:02 o'clock, p.m.)