

BOARD OF FINANCE
TOWN OF SOUTHTON
NOVEMBER 13, 2019

The Board of Finance of the Town of Southington held a Meeting on Wednesday, November 13, 2019 at the Town Hall Council Chambers, 75 Main Street, Southington, CT. Acting Clerk, Mark J. Sciota, called the meeting to order at 7:05 o'clock, p.m.

Appropriations from Contingency Account:

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

Appropriations with Revenue Offsets:

Approved to date.....	\$	2,500
Approved this meeting.....	\$	<u>0</u>
Total Appropriations.....	\$	2,500

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

A quorum was determined.

MARK J. SCIOTA, Assuming the Chair:

ORGANIZATIONAL MEETING

A. Swearing in of the Board of Finance

Town Manager Mark Sciota administered the oath to the Board of Finance members.

(Sworn, sworn)

B. Election of Chairperson

Mr. Pocock nominated John Leary for the Chairman of the Board of Finance. Mr. Beaudoin seconded. Motion passed unanimously on a roll call vote.

JOHN LEARY, Chair, Presiding:

C. Election of the Vice Chairperson

Mr. Pocock made a motion to nominate Joseph Labieniec as Vice Chair of the Board of Finance. Mr. Beaudoin seconded. Motion passed unanimously on a roll call vote.

D. Election of the Secretary

Mr. Labieniec made a motion to nominate Mr. Pocock as Secretary of the Board of Finance. Mr. Morrison seconded. Motion passed unanimously on a roll call vote.

REGULAR MEETING

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

III. Public Hearing Items

None this evening.

IV. Old Business

1. Approval of Minutes of the October 9th, 2019 meeting

Mr. Pocock made a motion to approve the Minutes which was seconded by Mr. Morrison. Motion passed unanimously on a voice vote.

V. Assess current financial state of the town

1. Review revenues vs budget

Ms. Portelinha advised prior year taxes are about \$20,000 under budget. Interest on taxes is \$10,000 under budget. Building permits and fees are \$120,000 above budget. We actually had a large permit fees, \$39,000, that helped us along and that was for Economy Spring. Interest on investments is \$250,000 above budget. Town Clerk fees are \$40,000 above budget.

Net/net, we're \$380,000 above budget which is a good position to be in added the Chair.

2. Review expenses vs budget

Ms. Portelinha advised in reviewing the expenditures, the only thing that has jumped out at us is the library building maintenance account which you will see an item here for. They're currently having multiple issues at the library they're trying to stay on top of. They're requesting \$3,000 but they had already asked for \$5,000 before, a transfer. Chances are they'll be coming back to us and they transferred from three different account with today's request. Thus, they'll be asking for an appropriation next time. We don't want to decimate their budget to meet their needs.

Mr. Sciota added he and Ms. Portelinha will be meeting with the Library Director next week to go over what we foresee in the future. We hope the voters support us next November, but even if they do, there are still several years we have to worry about with that building. We'll be talking about the major HVAC systems that are causing problems right now.

3. Review Capital Projects in Budget (Quarterly)

Ms. Portelinha stated she has not had a chance to update those. With our new auditors it has been very busy. We'll work on that next month.

Mr. Sciota added the public works director will be preparing a report for the council as there are four new members. I'll have that report forwarded to this board, also. Update on the current capital projects.

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

A. Sewer Committee (Tony Morrison)

Mr. Morrison reported on the October 10th meeting. The most for the financial side is the plant upgrade. It's 27% complete in terms of expenditures as to what we've invoiced through the end of September. It's 28% complete in terms of time. Our consultant says they're ahead of schedule in terms of completed work. The completion date is July 30th, 2021.

In terms of the biggest financial issue for us is any overruns or change orders. The last meeting, we did the eleventh change order which is composed of nine different items for about \$87,000. We

approved that for payment. So far, in terms of changeovers we stand essentially 1.13% of the actual \$38 million project and we budgeted 5%. So, the 1% is like we've eaten up a fifth of what we planned and yet we're more than a quarter way through the project.

All financials are better than being on track for that.

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

Mrs. Zoni advised there was no meeting due to Election Day. We don't meet again until December.

C. Open Space Committee (Ed Pocock)

Mr. Pocock advised no meeting due to Election Day.

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

Mr. Labieniec reported on results through September. September was essentially on budget but for the year we're almost half a million dollars below budget. That's good. For the year, the claims side is about 6.5% over prior. Compared to the first three months of last year, we're 3.8% above prior on a budget of 6.5%. We are under from a dollar value this year and we're under also from an overall percentage increase. Still nine months left.

E. Committee of the Chairs (John Leary)

The Chair had nothing to report.

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

A. Investment Committee (Kevin Beaudoin)

The Chair noted we were \$50,000 ahead in investment revenue. Mr. Beaudoin said it is reported on a quarterly basis and he'll report next time.

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

Nothing to report this meeting.

C. Other Committees

Nothing to report this meeting.

6. Board Communications

The Chair brought up the issue of seeking appointments now to the committees that the Town Council has established. Today I received word that the Town Council is looking for the BOF to put one member on the sewer committee, two members on public works (one from each party), two on self-insurance (one from each party), one member on open space and one member for economic development.

The Chair noted there are current assignments on all of these except for economic development. We've had that committee in the past. Is there any interest?

The Economic Strike Committee meets on an as needed basis. Explained by Mr. Sciota. Mrs. Zoni said she was free and Mr. Morrison put his name in.

The Chair took both names.

As to sewer, Mr. Morrison would like to continue to see it through.

As to public works, Mr. Pocock and Mrs. Zoni both said they'd like to stay on that committee.

As to self-insurance, Mr. Labieniec and Mr. Beaudoin both said they'd like to serve again.

As to open space, Mr. Pocock said he liked that committee.

The Chair will do the Committee of the Chairs.

Mr. Beaudoin wanted to stay on the investment committee. (BOF committee)

Liaisons to the Board of Fire Commission, one Democrat and one Republican, so we can have presentation on what was going on there. A

lot of activity. Mr. Beaudoin and Mr. Pocock will stay on that committee.

The Chair asked if any other liaisons to any other boards should be set up. They're not formal. Just so we have a report at our meeting. If you have a suggestion, let me know and we'll put it in place.

Mr. Labieniec asked when the schedule would be done for the meetings in the first quarter for the budget. Ms. Portelinha said she'd like to get that done as soon as possible. She'll be working on in the next couple of weeks. Mr. Sciota said it is triggered by the first Monday in March, that's your public hearing. Previous to that will be meetings with staff. Ms. Portelinha will get a list together.

VI. Public Communications (Excluding Public Hearing Items)

None 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 - 2020/21 budget - BOF Guidance

(Minutes are prepared summary style and you may refer to the video on line to hear the full presentation.)

The Chair said he wanted to bring forward from the workshop was the strategy discussion about the 2021 budget and the BOF rendering some guidance. Let's discuss that with the goal of not belaboring it but staying succinct in deciding what we want to do regarding guidance as we enter into the new budget year.

Mr. Morrison said there were items last time that we really didn't come to much conclusion on.

(1) Are we in the business of giving out guidance?

(2) If so, then what form does that guidance take? Does it take the form of a numeric amount increase on expenses or does it take into account a percentage increase in the mill rate.

The Chair added the question comes up as to what is a good year for the BOF and what's a bad year. That's difficult for the town.

For planning purposes, you put out an expectation but there never does seem to be a definition of a good year. That has to come first.

Let's have a discussion. Do we want to go forward with guidance? The BOE is here tonight. When they said they could listen to the guidance, but their purpose is to put forth the budget that addresses the needs of education for the population of students under their program. If it aligns with the guidance, okay. If it doesn't align with the guidance, that's okay, too because they have to put forward what they believe they need to get the job of educating the students done. They made it clear in the discussion that their role is different in the process.

Discussion.

On general government, if we were to set guidance, they could say we've got to come within that guidance and start their prioritization process. Just a consideration.

Discussion.

The Chair asked: Do we want to issue guidance or do we not? Then we can talk about how to formulate the guidance and how to issue it. Do we issue guidance?

Mr. Labieniec felt that was the proper direction to go in as a board. It seems like it would be the proper thing for us to do down the road. And, I think we'd like to get to a place if possible where it's not always just a cut mentality of whatever comes to us gets cut. If we provided proper guidance and budgets came in within those expectations, could we get to a point where we would approve as submitted. Then the question becomes of what type or form that takes.

Explained.

The Chair pointed out the overarching guidance is to be as efficient as possible, to look for synergies, to look for savings, to do everything possible to save money, use money responsibly. That guidance is clear and shared.

The guidance that becomes competitive in a way is the impact on the taxpayer. That needs to come into our thinking.

Mr. Beaudoin agreed guidance is a good thing, but it would have to be more of what the impact is to the taxpayers. The aggregate number would be the guidance. We need to come up with a good formula, too. If we can't come up with a good strategy, I'd leave it up to the superintendent and the town manager.

The state's position, grand list growth and unknowns in order to get back to the impact on the mill rate are considered. A lot of financial modeling with a lot of uncertainty stated the Chair. He

felt we should issue guidance but not sure what that guidance should be. That's the challenge.

Discussion.

Mill rate increases were discussed as to costs that continue to go up.

Expense increases yearly were discussed as compared to the inflation rate.

The state's position on revenue was discussed.

The budget process as to timing was discussed.

Assumptions and expectations in the budget were discussed.

Should revenues be taken into consideration when giving guidance was discussed?

The Chair asked Superintendent Connellan a question: I said earlier and I know every town department is charged personally and from an overall sense of responsibility to be as efficient and seek efficiencies and look for cost redundancies and do everything they can to do efficient purchasing, efficient management of outsourcing. We've talk about all of these things and everybody is deeply committed to doing this before they come forth and ask for a dollar. My question will relate to guidance versus the budget you are going to put forward. Is there anything we can say regarding guidance, of we put out a percent increase, is there anything that we do that is really going to influence what you do or are they exclusive based upon your comments that your job is put forth what you believe the costs need to be to educate the students in the way you feel they need to be educated under the law and the way we do things here in town.

Superintendent Connellan responded it is a good question but we are in a difficult situation because of the statutory requirement for the BOE to construct a budget that meets the needs of the school district. We also want to be fiscally responsible.

On the BOE side, 60% of the budget is salaries and 20% is benefits. Another 15% of that is purchased services. When you have increases in salaries for that many people, between 1200 and 1300 employees, of that approximately 600 teachers, very, very difficult to control that.

Collective bargaining in the state is driven by what happens in binding arbitration.

Explained.

Benefits are benefits. The costs, claims are going to drive that.

We are bound to try to put a budget together that meets the needs of the children in the school district. Part of that is to help people become better every single year at their professional practice. We need to try to improve student performance every single year. Sometimes that is more difficult than others. We've been working diligently at making incremental improvements in helping our staff members become better at their practice while making incremental improvements helping students improve their performance. A complex task with lots of factors involved.

When we look at staffing to provide programs we need to provide and all contracted services (busing, etc.) that is really what our costs look like.

It's a difficult situation to put me and the BOE in to say you can have no more than --- don't construct your budget if it is going to increase by more than say 1.7%. I honestly don't know that we can do that realistically and fulfil a statutory mandate of having a budget that meets the needs of the students.

Discussion.

Mr. Morrison said all we are saying is the guidance is the taxpayers of this town can afford "X". That's not a bad thing to have when you develop a budget. That's how it should be phrased. It's guidance, not mandate. I think you are interpreting it as a mandate and it is not.

Mr. Connellan responded he was just trying to answer the question.

Discussion of what the guidance is meant to be: an exercise in judgment. What the schools want and what the taxpayers can afford.

Want versus need was pointed out by Mrs. Zoni. We have to be careful of that.

Discussion.

The Chair summarized we are all saying we'd like to offer guidance. It's almost the role of the fiscal authority to come forward and say here is guidance. But I think we have to be fully prepared when we offer guidance that it is not the end all. It is going to drive the conversation later around that guidance.

Mr. Beaudoin asked the question: Can we give guidance now for this current budget when it's less than two weeks away.

Discussion.

The Chair stated we agree the board wants to go forward with guidance but we don't know how we want to build that guidance. Do we want to put forth a motion with a basis for guidance? We have to be clear it's not a mandate.

Mr. Sciota said it has to be stated that this is a guidance situation for the town and superintendent. It's not a penalty if we happen to come in at a higher rate. I don't want it to be punitive. I would that any motion made would include the language this is simply a guidance and we still need to put in budgets that we feel we need to do our jobs. It's not punitive if we come in with a higher number than you guys decide. That's what I would ask.

The Chair agreed that would be included in the motion.
Explained.

The Chair said if we put it out as guidance, there is no penalty for coming in above. We need to hear the conversation.

Mr. Labieniec said he wouldn't be in favor of a motion on the expense side because it doesn't get us to point, we want to get to. I think its guidance without any real direction. I don't see us sticking to it. I don't think it will change behavior. I think we have to start with the end in mind to get to a more wholistic collaborative process in which case we would say on balance when we look at what is going to happen with the grand list and revenue and maybe we need to spend more in this fiscal year on the government versus the BOE or vice a versa. That gets us to the place we need to be. If we do just an expense guidance tonight, we're almost setting ourselves up for fighting.

Discussion.

Extensive discussion on guidance from the expense side.

Mr. Pocock said we need a workshop. There's so many variables in budgets. We need solid figures on the fixed costs.

Explained.

Mr. Beaudoin stressed we want revenues as part of this formula.

Explained.

Mr. Labieniec felt it was unfair to provide guidance to the town manager and the superintendent at a point later than tonight because it almost will not be part of their equation. It will be so late they'll have very little influence over what they can do to manage that guidance. I almost feel it is unfair.

Discussion.

Mr. Morrison pointed out we've discussed this for a year. Discussion.

Mr. Morrison made a motion to propose that we set guidance on an overall town basis which takes into account the general government and the BOE, I propose we send one guidance target for the whole town starting with this fiscal year and for future fiscal years.

Mr. Labieniec seconded.

Roll Call Vote:	Mrs. Zoni:	No
	Mr. Morrison:	Yes
	Mr. Beaudoin:	Yes
	Mr. Pocock:	Pass
	Mr. Labieniec:	Yes
	Mr. Leary:	Yes
	Mr. Pocock:	No

Motion passes 4 to 2.

The Chair said there is an overall appetite on the board for guidance, whether we do it this year or start with next year.

Mrs. Zoni explained her no vote. She believes it is too late for this year and unfair to the parties involved. I'd be okay for future years. For this year, it's too late in my opinion.

Mr. Pocock felt it was a good idea but I agree. It's too late for the principles involved here. We can't let this thing go to sleep, either down the road. That's a future way to travel. Mrs. Zoni agreed.

The Chair noted the motion included this year and there is no doubt it is already late. Now the question is, how do we get to that guidance. Do we go to a workshop to issue guidance? It's going to be late guidance saying if we issued it sooner, this would've been the guidance.

Workshop guidance goals were discussed. (Mill rate and expenses)

Mr. Morrison said for this year, because of the lateness, we should issue a guidance on expenses. The current inflation rate is 1.76. That's low. I would propose a motion we give guidance to the overall expenses of the town rising by no more than 2%. That's a motion.

The Chair asked for an amendment stating it is not directive but guidance and we would not hold anybody accountable if they came in below that or above that other than to just explain themselves.

Mr. Pocock seconded.

Discussion on the impact to the mill rate.

Mr. Pocock pointed out salaries are more than we are saying in the guidance. We're below where we should be.

Discussion.

Roll Call Vote:	Mrs. Zoni:	No
	Mr. Morrison:	Yes
	Mr. Beaudoin:	No
	Mr. Pocock:	No
	Mr. Labieniec:	No
	Mr. Leary:	No

The Chair proposed we go to the table and have more discussion around how we arrive at the number for the guidance. That's for a workshop.

We do have a motion to issue guidance for this year, albeit late and maybe even after the fact.

Discussion.

In response to a comment by Mr. Labieniec the Chair clarified it is a workshop on the guidance by which we will honor the first motion.

Discussion.

Mr. Morrison stated he felt there is no heart on this board to set guidance for whatever reason that is. I think it is a bit strange (a) because we're vote in by the taxpayers and they expect us to do that as our fiscal responsibility and (b) we've talked about this for the second year. We talked about it extensively. We have all kinds of notes and things on what drives the budget and it seems like we've all forgotten it. The reason we've forgotten it is because we don't want to do it. I think we should be honest and say we don't want to do guidance because that's the message I'm getting.

Discussion.

Mr. Beaudoin said we all agree we're going to give guidance but we just don't agree with your guidance. D

Mr. Morrison said it has been discussed in about five or six workshops since last December.

Mr. Labieniec made a motion that the guidance on the overall budget would be a mill increase of no greater than 1.5%.

(Pause)

Discussion of the numbers.

Mr. Morrison said he would vote for that. Second the motion.

Mr. Sciota said he and the superintendent would be putting in budgets really not knowing what that figure is. Assumptions would be used.

Discussion.

Roll Call Vote:	Mrs. Zoni:	No
	Mr. Morrison:	Yes
	Mr. Beaudoin:	Yes
	Mr. Pocock:	Yes
	Mr. Labieniec:	Yes
	Mr. Leary:	Yes

Motion passes 5 to 1.

VIII. Conduct Administrative Business

1. Consent Agenda

A. Appropriation \$500 * Town Council-Walkley Fountain Project (Spec Rev)

B. Appropriation \$2,000 * Youth Services - Outside Programs Donations (Spec Rev)

Appropriation \$170 * Youth Services - STEPS Donations (Spec Rev)

C. Appropriation \$1,000 * Police Dept - Coffee with Cop Program (Spec Rev)

Mrs. Zoni made a motion to approve the Consent Agenda in total. Mr. Pocock seconded. Motion passed unanimously on a voice vote.

2. Manager's memos

1. Appropriation \$12,000 * Calendar House - Overtime (Spec Rev)

Appropriation \$14,893 * Calendar House - Temporary / Seasonal (Spec Rev)

Board of Finance – November 13, 2019

Appropriation \$16,000 * Calendar House - Gasoline (Spec Rev)
Appropriation \$12,000 * Calendar House - Vehicle Maintenance (Spec Rev)

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

2. Appropriation \$1,000 * Calendar House - Calvanese Donation (Spec Rev)

Mrs. Zoni so moved the motion to approve. Mr. Labieniec seconded. Motion passed on a majority voice vote with Mr. Pocock abstaining.

3. Transfers \$3,000 Library - Building Maintenance

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

4. Discussion/Action on the Projects approved by Board of Education for non-lapsing account.

Mr. Connellan explained this item. This account is allowed by statute. The BOF creates a non-lapsing account for the BOE. Previously it was not to exceed 1% of total budget. It was modified by the general assembly so it is not to exceed 2% of the total appropriation for the BOE.

In this account, at the end of the year there was an unexpended balance and that number is \$586,464. That was allocated to this particular account.

You have been provided with a spread sheet that details a number of items. There was a good deal of conversation with the finance committee of the board and then the BOE to prioritize these items.

You can see the list exceeds the \$586,000 amount. Right now, it stops at the stage lighting upgrade. What Mrs. DiNello has done is on the far-right hand column put what would be remaining of the \$586,000. There are a couple of reasons for that. These are all estimates. Some of these need to be bid and the final amount might be a little different. These are in priority order.

The idea is to be conservative with the dollars not knowing what the actual amount will be once the bid is received.

He spoke about the curtain replacement item. This is to original curtain when the auditorium opened in 1989.

These are all things that need to be done at some point in time and we thought this was a great use of funds.

The first item below the stage lighting upgrade, is a parking lot expansion. That was from our former town manager. We've all received phone calls from residents in the area because of the parking situation with students parking on their road. The project to expand the parking lot was designed by our engineering department and that built in a cost over time. It's at the point now where there wouldn't be enough in the \$586,000 that remains, but that is very next on the list. I had a conversation with the BOE and our town manager and I'm hoping that will be possible to do that out of money remaining in this account and money in an unexpended balance in the 2019-2020 budget. That would be next on this list. We'd like to do this for our residents because of the situation.

The remaining items are all things that need to be done at some point in time in either major projects and equipment or in our capital plan.

The parking lot expansion I will still include in the capital improvement plan this year as a just in case. We want it on the list. That ends up giving us just under a hundred parking spots. The net ends up being about 96 or in that range.

Explained.

Mr. Morrison noted the list is over the requested amount in the account. Mr. Sciota said technically you don't have to vote on this as you established the line. My suggestion would be you vote on it to include \$190,000 all the way up. You would approve all the superintendent talked about all the way through stage lighting upgrade for the \$190,000. You approve of everything from the top to the \$190,000 item.

Discussion.

Discussion of the stage lighting noting it was the original lighting. It is not in working order and we have been renting lighting and sound. This is a need to be taken care of for many years to come added the Superintendent.

Budget reallocation on the government side was discussed.

Discussion of the prices and the overage of \$150,000.

Mr. Morrison made a motion to approve the first nine items on the list which comes to about \$445,000. Mr. Pocock seconded.

(The Chair read the items into the record.)

Motion passed unanimously on a voice vote.

IX. Meeting Adjournment

A motion to adjourn was made by Mr. Morrison. Mr. Pocock seconded. Motion passed unanimously on a voice vote.

(Whereupon, the meeting was adjourned at 8:45 o'clock, p.m.)