

Board of Finance – January 15, 2020

BOARD OF FINANCE  
TOWN OF SOUTHTON  
JANUARY 15, 2020

The Board of Finance of the Town of Southington held a Meeting on Wednesday, January 15, 2020 at the Town Hall Council Chambers, 75 Main Street, Southington, CT. Joseph Labieniec, Acting Chair, called the meeting to order at 7:08 o'clock, p.m.

Appropriations from Contingency Account (Regular & Salary):

Approved to date.....\$ 141,878  
Approved this meeting.....0  
Total Appropriations.....\$141,878

Appropriations with Revenue Offsets:

Approved to date.....\$ 60,538  
Approved this meeting.....\$ 1,688  
Total Appropriations.....\$ 62,226

The following board members were present:

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

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

Absent: John Leary, Chair

A quorum was determined.

III. Public Hearing Items

None this evening.

IV. Old Business

1. Approval of Minutes of December 11, 2019 meeting

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

MINUTES ARE PREPARED SUMMARY STYLE. PLEASE REFER TO THE VIDEO ON LINE TO HEAR THE FULL 20-MINUTE PRESENTATION.

New Business

V. Audit Report Presentation

Scott Bassett, Partner with RSM, presented his audit.

He reviewed the Summary attached hereto. He also advised the report is about 200 pages long in three sections. You have a transmittal letter drafted by management, a management discussion and analysis which management puts together and I always advise people to read those two items before jumping into the 200-page document. That tells in a narrative format what is happening in the town and most of the highlights in the presentation are presented in the narrative format. That's where all the information is.

Discussion.

The records presented to us were in very, very good order. We received full cooperation going through the process and we were able to issue the report on time.

Specific questions by the board members were answered by Mr. Bassett:

Q: What would you say your overall assessment on the internal controls tested throughout the audit?

A: Mr. Bassett said going through it, we did not see anything that would warrant a comment to bring to the board that was of concern. We don't opine on internal controls but we certainly go through it. We didn't see anything that came up that would warrant a comment. There might be suggestions but, on both sides, (Town and BOE) we felt there were strong controls.

Q: The actual expenditures on the budget, \$3,386,000. How did that break down between the schools and general government?

A: Mr. Bassett referred to Page 74 of the CAFER. The BOE returned \$971,000 and the balance was from the town.

Q: Last time we were told \$600,000.

A: Ms. Portelinha responded the balance they had in their operating account, they requested in their non-lapsing amount. The rest of the funds that you see there, are projects we put under their department that we carry forward. All the funds left over were actually carried into the new year either for capital purposes or the non-lapsing account.

VI. Assess current financial state of the town

Board of Finance – January 15, 2020

1. Review revenues vs budget

AND

2. Review expenses vs budget

Ms. Portelinha reported in revenues, prior year's taxes are about \$40,000 above budget, building permits and fess are \$150,000 above budget. Interest on investments, \$300,000 above budget. And, town clerk fees are \$60,000 over budget. Total of \$550,000. There are other accounts that have smaller variances but those are the main ones.

Expenditure wise, I think there are no major issues with any of the account currently. There might be a few requests for transfers that'll be coming before us, especially for finalized contracts and maybe some snow.

3. Review Capital Projects in Budget (Quarterly)

Ms. Portelinha asked to extend the time for the report until next month.

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

- A. Sewer Committee (Tony Morrison)

- a) Action on Blatchley Pump Station

Mr. Morrison said the plant upgrade is the biggest thing. They are 55% complete now. We had 37% of the contract expended. We authorized a change order for \$52,000 for three separate items put into one. That's put us to 1.48% of the 5% we're allowed to go for contingency. You are way under the contingency on a proportionate percentage. Good news.

We have authorized a \$24,500 expenditure for Tighe & Bond who are doing various services for us in terms of looking at the project and review. That was to take on a project having to do with training. They suggested a video would be a good approach for training. We agreed to give them the money to do that. That still goes to the DWP as it is part of the grant, they gave us. We have to train on the plant.

The Blatchley Pump Station was the second thing. Replacement with the gravity sewer line is underway. We authorized \$24,500 for Tighe & Bond to do some work on that.

In terms of getting rid of the pump station once it has been replaced with the gravity sewer line, there was a development after

that and we just got a letter on to pay for it. The suggestion is to take the money out of contingency for the town and move it into the sewer fund. The letter given to us describes it. I'll refer to the Town Manager.

Mr. Sciota explained this is not a surprise. We knew we were going to be doing this. You have already approved the design for Tighe & Bond on how it is going to be demolished. This is giving us permission to go out to bid. From a funding standpoint we felt and the sewer committee felt that there was a sufficient amount in contingency --- that's the sewer contingency and not the general fund contingency.

I would ask it be put on the agenda for action and after the gravity sewer line is in place this will take place. We want to go out to bid as quickly as possible so we can get the contractor ready to go when we're ready.

We felt the best place to take the money out of is the sewer contingency fund.

The balance in the sewer fund was discussed as being \$286,493 with \$100,000 already taken out.

Mr. Pocock made a motion to add this to the Agenda as Item 4. Mr. Morrison seconded. Motion passed unanimously on a voice vote.

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

Mrs. Zoni reported on a few things that involved cash:

- We had a presentation from Bristol Resources Recovery and Recycling that their costs are going up. This is regarding hazmat recycling. Southington hosted one of the hazmat recycling's in the past. There is a cost associated with anyone from the community who does bring in materials to recycle and the town pays for the cost whether it is held in this town or another community and our people go there. The town wants to encourage people to recycle things safely according to the laws and not just dump them any old place or hide them in a plastic bag and bring them to bulky.

It was suggested we try to add a hazmat recycling day to Southington and have a location in our community in the future. It requires funds. When it was held in Southington previously, we had a lot of people participate. Not so much in other communities. It involves having a couple of town employees be on site to help handle materials and move them around. It would be run by the Bristol Recycling Agency. A consensus of the committee was that it be moved to the town council as it would have a financial impact if held in this town and the anticipated number is approximately \$17,000 in the budget to hold it here. It was \$84000 last year that we paid to

another community for people that brought their recycling to another community. It is about double the cost to hold it here, but a lot more people participate.

Mr. Sciota said it is part of the budget process. We belong to a region and we have to fit this into the region. They like to do them twice a year, in the spring and the fall. I've been working with the health director and the director of our district and we'll probably get a date in November of 2021. That won't be an issue in this budget but the next budget.

Mrs. Zoni spoke about the fact that the people from the building department came to discuss their needs in a digital system to digitize all property records. It takes the staff a very long time to gather all necessary materials for individual FOI requests that come into the department. They're looking to get equipment and materials to digitize the records. They anticipate first year costs of approximately \$70,000 and that cost would not be there in future years they said. But technical equipment always needs to be upgraded and maintained at a cost and the information has to be entered.

I suggested they move that to the Town Manager to discuss for future budgets. It is not something you just do in the middle of the year.

Another is that came up was Pfoos (sp) chemicals that are being let out when there is a fire with the fire-retardant chemicals. It is getting into the waterways and polluting things. The department said the cost to administer the test is about \$300,000 now and the device itself costs about \$120,000. They're looking to get grants to offset the costs. This is in preliminary stages right now with capital outlay. It is something that may have to go in future budgets.

Lastly is leaf collection. There was some discussion as to whether the town should switch to bagging with recycling bags versus the vac-all. Other towns are doing the bagging and it saves money. The other discussion is we use union personnel and it impacts that and we don't have the equipment in this town to do that. We'd have to lease or rent the equipment to do this or buy it in the future.

It was suggested additional research be done to see what other towns are doing and get some dollar amount information and bring it back to public works. How much are they actually saving and what would it cost us to put this into effect.

C. Open Space Committee (Ed Pocock)

Mr. Pocock said there is activity coming up.

Mr. Sciota added the town did receive an \$86,000 open space grant. I can't discuss the properties being discussed. We haven't had open space money freed up on the state level for many years.

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

Acting Chair Labieniec reported we are six months thru the fiscal year. December was a good month. We were \$98,000 under budget for the year. For the fiscal year, we are \$35,000 over budget. So, essentially on budget. We had budgeted for this fiscal year 6.1% increase versus last year and year to date we are at a 5.6% increase. We'll see how we do the second six months.

We have two more self-insurance committee meetings coming up at which we'll review the budget for the upcoming year and make a determination on the level of funding. Nothing to report there.

Mr. Morrison questioned the wellness programs the town has in place for employees. Mr. Sciota said the most important is the financial wellness program. If they and everyone on their insurance policy have a physical every year, they get two points off the premium share. That's the huge part.

Discussion.

We run several programs through the year. We are running the Biggest Loser right now and we have about 150 people participating. Also, we have yoga and Zumba classes starting up.

The wellness committee charge was discussed.

There are many individualized programs at the high school added Mrs. Zoni. A group of people organize them with a lot of staff participation.

Mr. Sciota the programs are for the whole town.

E. Committee of the Chairs (John Leary)

Mr. Sciota advised no meeting was held last month.

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

A. Investment Committee (Kevin Beaudoin)

Mr. Beaudoin said in addition to what Emilia mentioned earlier on the financial results, as of December 31<sup>st</sup>, we had approximately \$72 million in cash and investments. That changes weekly. That is used for operating expenses, short- and long-term expenses. Of the \$72 million, \$16.6 million is invested in one to five-year CDs. That's approximately 23% of the \$72 million --- a good percentage invested in

## Board of Finance – January 15, 2020

securities. Those securities are earning about 2.4%. Of the \$16.6 million, there are 71 CDs with an average maturity of 2.4 years.

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

Mr. Pocock mentioned they had a recruitment policy going and they got 13 people signed up. They'll not be ready to go until around October. But we have two women in that class.

The overtime is coming down. Some of it is due to two new firefighters onboard. That's all helping.

Mr. Beaudoin said the recruiting committee is doing a good job. This is the highest percentage in like ten years. They're still working at it.

Mr. Pocock said the recruiting is really aggressive. They're on the green. They were at the AHF and White Christmas and other events they have a table set up just talking to the people.

We appreciate the people that did sign up.

C. Other Committees

None this evening.

6. Board Communications

Mr. Sciota talked about the \$75,000 a year that was allowed to be put into Mr. Perillo's budget to do a program for Beaton & Corbin. I'm happy to say that we signed the tri parte agreement which allows to start the development process for that property. All pieces are now in place and the parties have signed with their obligations. This is as exciting as it has gotten for that property since I've been working for the town, certainly.

Discussion on the financials.

Acting Chair Labieniec had two things.

(1) We welcome the Finance Director back. Thank you very much. It is great to have you here.

(2) For the budget presentation for the insurance portion, can you provide a detail of all the insurance policies we're buying, the insurance company, the limits, the effective dates, premium we're paying and provide the details. Ms. Portelinha will provide that information.

And, can you also provide in terms of our cyber insurance, specifically what coverage we have for network extortion or ransomware. It's a significant issue impacting the insurance industry. It is expected to get worse. Do we do anything in terms of any type of testing for ransomware attacks? Or phishing attacks? Any kind of education we're giving our employees to help avoid that type of exposure. It is a real threat and could have a financial impact for us.

Discussion.

Ms. Portelinha said we go through CIRMA for our LAP insurance. It has cyber insurance that they actually purchase from a third party. We belong put it's more like a pooled insurance which I wasn't comfortable with so we're buying separate insurance through a third party through them. Cyber. I can send that information to you.

Mr. Labieniec said you don't have to send it; we should have a discussion about it. We want to be careful what we put in an email.

I think it would be specifically with respect to the coverage for network extortion ransomware. I would be interested if our insurance company would offer any type of training. Mr. Sciota said CIRMA has specialized training we send both of our IT guys to and the BOE has sent their IT people, too. I'm not aware that we have performed a check, yet. That is a good idea and I will talk to the IT division on how they feel about that.

Discussion.

Mr. Labieniec said as long as we feel we're properly insured; I would think this is something we would want to wean into staff training and use resources available to us.

Discussion.

A cyber audit was brought up by Mr. Beaudoin or having a third party come in and see how weak or how strong our IT is related to cyber. Ms. Portelinha explained numerous agencies offer that. Mr. Sciota said that has not been done, yet.

Discussion.

MR. Labieniec suggested a discussion that is kind of an overall insurance view with lines up with what the budget line item is and whatever you present.

#### VII. Public Communications (Excluding Public Hearing Items)

None this evening.

#### VIII. Review Long Range Plan and Priorities

Board of Finance – January 15, 2020

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

IX. Conduct Administrative Business

1. Consent Agenda

|   |            |                                 |
|---|------------|---------------------------------|
| A. Appropriation (Spec Rev)             | \$ 500 *   | Town Council - Walkley Fountain |
| B. Appropriation                        | \$ 1,688 * | Police - Overtime               |
| C. Appropriation Loss/Damage (Spec Rev) | \$ 7,860 * | Highway/Parks - Vehicle Maint-  |
| D. Appropriation Loss/Damage (Spec Rev) | \$ 162 *   | Highway/Parks - Vehicle Maint-  |
| E. Appropriation Loss/Damage (Spec Rev) | \$ 3,895 * | Barnes - Property-Main -        |
| F. Appropriation Loss/Damage (Spec Rev) | \$ 4,335 * | Police - Property Maint-        |
| G. Appropriation Programs (Spec Rev)    | \$ 590 *   | Youth Services - Outside        |
| Appropriation (Spec Rev)                | \$ 3,260 * | Youth Services - STEPS Program  |
| H. Appropriation Grant (Spec Rev)       | \$ 3,242 * | Youth Services - Enhancement    |
| Appropriation (Spec Rev)                | \$ 1,000 * | Youth Services - STEPS Program  |

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

2. Manager's memos

1. Transfers \$12,113 Fire - Snow Removal

Mr. Sciota gave a brief explanation. The companies that used to do the plowing are few and far between now because of the public safety of the buildings, the requirements we put on them and a lot of them won't do it anymore. This one we had for the fire stations went up.

Mrs. Zoni made a motion to do the transfer for \$12,113 for the fire department snow removal. Mr. Morrison seconded.

Mr. Pocock confirmed it is getting expensive. Not just the fire department but it is the police department, too. Mr. Sciota added the library to the lesser extent because of the requirements there.

Motion passed unanimously on a voice vote.

2. Transfer \$1,600 Highway/Parks - Boot & Foul Weather Gear

Transfer \$10,000 Highway/Parks - Meal Allowance

Mr. Sciota said we changed the structure with the collective bargaining agreement. The meal allowances, instead of reimbursement which was highly administrative, we changed it now. This is pursuant to the agreed upon collective bargaining agreement.

Mr. Pocock made a motion to approve \$1600 for highway/parks, booth & foul weather gear and \$10,000 highway/parks, meal allowance pursuant to the contract. Mr. Beaudoin seconded. Motion passed unanimously on a voice vote.

3. Transfer \$120,373 Board of Education - Education

This is for the BOE with the additional MERS. Mr. Sciota explained we knew we would be doing this and we are recommending the transfer for the BOE budget.

Mrs. Zoni so moved the motion which Mr. Pocock seconded.

Mr. Labieniec said this will be a topic of discussion when we are looking at the BOE budget. As presented, they got the additional MERS and the TRB. We will see three numbers in the BOE budget. It's the 3.11 number. Mr. Sciota explained the TRB will not be going into the BOE budget. The legislature will be bringing that up and that'll stay separate. This board and the town council with our recommendation will see what to do with the TRB money. We probably will be recommending it going into roads in the spring. With that in mind, the money for MERS has to go into the BOE into their budget for their calculations. We agreed that is the best way to go.

Discussion.

Motion passed unanimously on a voice vote.

4. Blatchley Pump Station \$130,000 appropriation from the sewer fund contingency related to the demolition of the Blatchley Pump Station.

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

X. Executive Session - Real Estate

Mr. Sciota asked for a motion to adjourn into executive session, barring the press and public, but including the Town Manager and the Director. Mr. Morrison so moved the motion which Mr. Pocock seconded. Motion passed unanimously on a voice vote.

(Whereupon, the meeting was adjourned to executive session at 8:04 o'clock, p.m.)

EXECUTIVE SESSION

The Board of Finance of the Town of Southington entered into executive session immediately following their regularly scheduled regular meeting on Wednesday, January 15, 2020, in the Council Chambers of the Town Hall, 75 Main Street, Southington, CT in order to real estate.

The following board of finance members were present:

Joseph Labieniec, Edward Pocock, Jr., Kevin Beaudoin, Tony Morrison and Susan Zoni

Ex-Officio Members present were as follow:

Mark J. Sciota, Town Manager  
Emilia Portelinha, Director of Finance

No motions or votes were taken.

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

(Whereupon, executive session was adjourned at 8:15 o'clock, p.m.)

REGULAR SESSION

Board of Finance – January 15, 2020

Mr. Beaudoin made a motion to adjourn which Mr. Pocock seconded. Motion passed unanimously on a voice vote.

(Whereupon, the meeting was adjourned at 8:16 o'clock, p.m.)

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Mark J. Sciota  
Acting Secretary