

Board of Finance – March 25, 2020

BOARD OF FINANCE
TOWN OF SOUTHLINGTON
MARCH 25, 2020

The Board of Finance of the Town of Southington held a Meeting on Wednesday, March 25, 2020 at the Public Assembly Room of the John Weichsel Municipal Center, 196 North Main Street, Southington, CT. John Leary, Chair, called the meeting to order at 7:00 o'clock, p.m.

Appropriations from Contingency Account (Regular & Salary):

Approved to date.....	\$ 141,878
Approved this meeting.....	<u>77,000</u>
Total Appropriations.....	\$218,878

Appropriations with Revenue Offsets:

Approved to date.....	\$ 83,279
Approved this meeting.....	<u>\$ 1,779</u>
Total Appropriations.....	\$ 85,058

The following board members were present:

John Leary, Joseph Labieniec (remotely), Edward Pocock, Jr., Kevin Beaudoin, Tony Morrison (remotely), & Susan Zoni (remotely)

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

A quorum was determined.

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

The Chair advised this meeting is being held over voice conference and it is being recorded through the microphones. For public communications, please email to sciotam@southington.org at any time during the meeting. They will be read and responded to during public communication. There will be two sections for that, during the agenda item when we normally do public communications and another time at the end of the meeting as we are on a distance type of a meeting.

III. Public Hearing Items

None.

IV. Old Business

1. Approval of Minutes of the February 12, 2020 meeting

Mr. Pocock so moved a motion for approval of the Minutes as submitted. Mr. Beaudoin seconded. Motion passed unanimously on a voice vote.

New Business

ADOPT FY 2020-2021 BOARD OF FINANCE PROPOSED BUDGET

The Chair advised that in the workshop yesterday, we agreed that we would move forward with some discussion tonight but we would not bring forth a vote tonight. I'd like to propose to the group that the official BOF meet again on this coming Monday, March 30th, 2020 at 7:00 pm here at the municipal center using the distance tools as well to hold a special meeting where we will only focus on the adoption of the FY2020-2021 budget and at that time we will take our vote.

(Everyone indicated they would be available on March 30th for the meeting.)

Discussion of whether or not the BOF will have a workshop on Thursday, March 26th, 2020. We have held four workshops which are where the BOF gathers around a table, no Minutes are taken, and we discuss without voting positions on things and question each other and town leaders which we need to do to get comfortable around the numbers.

The Chair opened the discussion before each member would be allowed to inform where they are and we can decide whether or not to have a workshop tomorrow night. Where we are, we have a budget that essentially calls for just under a 1.5% tax increase. That would mean the mill rate would increase 1.47%. That represents a tax increase. That is the budget as submitted by the BOE and the Town Manager. It is referred to as the Town Manager's Budget.

As a board we try to decide what we want to recommend to the Town Council and we make that recommendation. The Town Council has a period to do their own work on the budget and either agree with the recommendation or override that recommendation and do something different.

One of the difficulties we have been having as a board is, we can't reach an area where we have a consensus. I don't feel we have reached a point where we can go forward with a vote and have four members agree. We are a six-member board and we have to have four votes in agreement in order for us to go forward with a recommendation to the Town Council. If we don't have four votes for a particular position, then we cannot vote a recommendation and at which point we

would say we could not reach an agreement and then the Town Council will have to take it and move forward. I am hoping this board focuses and looks and compromises and comes to a point where we can make a decision as a board to give to the Town Council.

Mr. Morrison (remotely) indicated his position. Because the audio is so choppy his notes are attached to the Minutes. In his notes he details his reasons for asking for a zero-tax increase.

Mr. Beaudoin stated that he originally felt that the Town Manager and School Superintendent came in with very good budgets. Approximately a 1.5% mill increase which on any normal year is a fairly low increase and is very conservative.

As a result of the virus outbreak, that changed my thought a little and we all need to compromise now. I had thought about the effect on the citizens in the town and I dropped down to a 1% increase. My reason is I think the effect on the town is going to be felt more in next year's budget, 2021-2022. We have our Grand List and any effect to the economy is going to effect next year and any effect on economy now I think will affect the state's funding to us for next year's budget. I see next year's budget coming in at zero. If that happens and we have a zero percent this year, that is four years in a row at zero percent. I think next year will be a lot worse than this year's budget. Four years in a row with no increase I think will have a major effect on our school system and infrastructure. I think a little increase this year to make up for next year at zero is where I stand.

Mrs. Zoni questioned the 1%. Mr. Beaudoin said he would compromise down to 1%. We haven't come up with the exact number, yet. I'm in the range of 1%.

Mrs. Zoni (remotely) stated she is very aware of the difficulties with the corona virus as well as the difficulties of our community. I am always very concerned about people who are stressed with their budgets on a normal day and every day. Particularly our seniors, our disabled, our young families, young people that are just starting out, people with lower income jobs, most of our community and this has stressed people even more. Many are without jobs at this time or very limited hours and limited income.

I had started in my mind at zero but thought that was not accurate and right near the community. There are salary increases that must be met and I think we may have to forego some of those.

I have been at .67% increase and that is where I am going to stay at this time.

Mr. Labieniec (remotely) stated that first it needs to be recognized that there was tremendous work this year by the town manager, finance director, all town departments, board of ed and

school administration. We took a step this year to provide guidance of a 1.5% maximum increase to the Grand List. The budget came in within that guidance or slightly below at 1.47%. By all accounts we can say that the process worked this year.

Secondly, the Grand List growth was significant and the positive impact of this cannot be overstated. We have flexibility at this point in time due to that that we would not have otherwise had. When we look at the growth, we look at the tremendous work done across everybody who had a hand in putting the budget together. We are in a great position.

Personally, I was in a different place heading into our first workshop than I am in now. I know we'll discuss it more Monday night and at our workshop tomorrow, but really we are in unprecedented times due to the pandemic, I think most relative to this conversation is that the potential economic ramifications of this pandemic, the most important point is that they are largely unknown at this point in time.

My feeling is with so much uncertainty, I think it is appropriate this year for the BOF to provide certainty to the Southington taxpayer that taxes will not go up in the next fiscal year. That would be a 0% tax and mill increase.

I have looked at the plan forwarded by the town manager and the superintendent of schools. I thank them for putting in such quick work and feel that we have levers we can pull that would allow us to get to a 0% and I would be comfortable with that.

Mrs. Zoni advised at the workshop last night, three of the people had come down in their idea. They were willing to negotiate. I am willing to negotiate to that same number where they were last night. That number is .82%. But that is the highest I will accept and vote yes on. That is 64%/36% division.

Mr. Beaudoin responded that is fair. He added he is willing to negotiate and compromise to that number, as well.

The Chair asked if there was a need for a workshop tomorrow night to talk this through a little bit more one final time. Mrs. Zoni said it would depend on if the Chair and Eddie are willing to come to that same point. You were at 1.0% yesterday.

The Chair said he is willing to listen and negotiate and be flexible.

Mr. Morrison advocated that we at least get together.

Mr. Pocock said he was present at the meeting and listening.

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(Everyone would be available Thursday, March 26th, 2020 at 7:00 pm.)

Mr. Sciota said if there is a workshop tomorrow, Emilia and he will be in the Town Hall but all the rest will be calling in. This is our last in person meeting for a while in the Town of Southington. Staff only will be allowed in the Town Hall and Municipal Center. You tell us the time and we'll be in a conference room upstairs and you would all call in on a number we make available. The people can listen, they can't talk.

Workshop: Thursday, March 26, 2020 at 7:00 pm.

The Chair said this will be discussion only and we cannot vote. We will vote Monday, March 30th, 2020.

Board of Finance Meeting: (done through an electronic means) No one will be on site. Emilia and I will be onsite either here or the Town Hall. You will be participating from your homes or offices as you choose. Monday, March 30th, 2020 at 7:00 pm. It has one item which is to approve the six budgets.

For the workshop, the Chair is not requesting anybody be there. It is a public meeting and anybody can come but I will not seek any department heads or BOE members. No outside input. This is a meeting for the BOF members to talk to each other. I recognize it is open to the public and anybody is welcome to listen in. I say that for the record.

Before closing, the Chair indicated he started this and has held throughout he wanted to move forward with a tax increase. That said, I didn't want to move forward as if COVID19 had never happened. I'm very sensitive to what is going on. The fear, the anxiety, the effects in the community. As an option, one was to go forward with the 1.5% tax increase and then know that this budget does not come into effect until July 1. And, with the increase of 1.5%, I would hold on all capital projects and hirings until we know more about the effect of COVID19 on our economy. Whether the taxpayers could pay their tax or not, whether we've been so affected that we are going to have a higher uncollectible rate, whether we have bills and expenses we didn't foresee that we have to use this tax increase to cover. If that is the case, fine. If we have to help self-insurance, fine.

If not, at some point Council will release the funds back to the original intent. That was my position coming in and it is also an option. I want to leave it out there as an option. Increasing the taxes knowing that that tax increase was about \$120 on an appraised house of \$400,000, not an unreasonably high increase but certainly an increase during a difficult time. Leaving that as an option.

Mr. Sciota indicated at this time he has received no email questions on the budget aspect. Moving on to the next part of the

agenda, there will be a section for public communication. You can still email me with a budget question or something on the agenda, we'll answer the questions if you email me.

V. Assess current financial state of the town

1. Appoint Auditors

Ms. Portelinha advised she requested Blum Shapiro to honor the pricing presented. They have agreed to it and have forwarded the contract. They are holding the prices. Year one it is \$59,900, year two at \$61,100 and year three at \$62,300.

Mrs. Zoni so moved the motion to accept Blum Shapiro as our auditors for the next three years. Mr. Beaudoin seconded. Motion passed unanimously on a voice vote.

2. Review revenues vs budget

Ms. Portelinha had reports through the end of February. The prior year's taxes are currently \$80,000 above budget. Building permits and fees \$180,000 above budget. Right now, interest on investments are doing fairly well at \$350,000 above budget. The Town Clerk fees are \$90,000 above budget. This is all due to the activity currently in place prior to the issue and I feel that hopefully it will continue through the end of the fiscal year.

3. Review expenses vs budget

Ms. Portelinha said she had reviewed the expenses and there are a couple of minor items to adjust by doing transfers. As we proceed, we will keep a close eye on it to see if anything pops up that we need to address.

The Chair asked if we are anticipating any COVID19 related expenses of any significance at this point?

Mr. Sciota responded that as of this moment, our staff is working full time: police, fire and water pollution control. We have not seen any issues at this point. As that comes up, that would immediately affect overtime.

4. Review Capital Projects in Budget (Quarterly)

No report this evening.

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

A. Sewer Committee (Tony Morrison)

Mr. Morrison reported the sewer plant construction is approximately 60% complete. A good winter. For the change orders to date, \$600,000 or so which represents .57% contingency amount. We are under in terms of that. And, the completion date is now set for July 29, 2021.

The Blatchley pump station, is no longer needed because we have successfully implemented the gravity sewer line and the building will be demolished at the amount budgeted.

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

Mr. Pocock reported the bulky waste was busy and they've implemented some authority on overrides on more loads coming in. I think they're doing a good job as I was down there the last time, they were open.

They're working on drains around town. The mild winter helped. That is slowed down right.

Mr. Sciota added we are working with smaller crews on a rotating basis while the transfer station was open. The transfer station is going to be closed for the foreseeable future. We're aiming for the first Saturday in April. But it is closed.

Mr. Pocock concluded that everything else is pretty much status quo down there at the highway department.

C. Open Space Committee (Ed Pocock)

MR. Pocock advised they had a meeting that was mostly concerned with who was going to do the haying and cleaning up. We're trying to negotiate with some of the people that have goats to clean up at Novick's. A lot smile and laugh about that, but I've seen them in action and they can really do quite a job. That was looked into.

We have other things going on right now but we're kind of sitting tight on doing anything. We do have the grant from the state for \$2 million and we used some of that to purchase property off of School Street and Marion Avenue, a connection that goes through there.

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

Mr. Labieniec said they had their meeting last Wednesday. We have performance through eight months of the fiscal year and on a fiscal year basis we are running \$382,000 below budget which is about

2.7% below budget. Compared to prior, we are about \$400,000 over prior, so around 3% over prior. We have four months left in the fiscal year. That budgeted at an amount that is about 7.4% versus prior and we're running about 3% over. We would normally feel pretty good about the position we're in. Insurance is unpredictable. We are under budget and we are budgeted higher than our run rates for the first eight months.

The big discussion at the last meeting was COVID19 and its impact both realistically what is expected for the balance of this fiscal year and then what we are thinking for Fiscal Year 2021.

The original projection from our consultant was a \$25 million back in December and the budget was set at 24.75. We felt at that time there was an appetite for being slightly more aggressive given the run rate and the health of the fund. We've gone through a few updated projects most notably due to trend month and trend assumption.

The most recent from our consultant was 24.25 and our budget is 24.75 and had we used the original trend assumption, that 24.25 would turn into about 24.55. I think in a normal year we would have looked at that and there maybe would have been more of an appetite to go down but the self-insurance committee felt that we should be conservative at this point not knowing how this fiscal year is going to end and really not knowing the impact to the next fiscal year. So, the budget remained at 24.75.

E. Committee of the Chairs (John Leary)

The Chair advised the committee of the chairs did meet but I was not able to attend. Mr. Labieniec reported it focused on the budget and I think the highlight would be that I gave an overview of where we were at that point and what had transpired at the prior workshop meetings. Kind of the summary I gave in the beginning as to the guidance that was given, where the budgets came in and the fact that COVID19 really was the big issue. We were going to be continuing discussions at our next workshop.

F. Economic Strike Committee (Mr. Morrison)

Mr. Morrison said there was no meeting since the last BOF meeting.

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

A. Investment Committee (Kevin Beaudoin)

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Mr. Beaudoin said nothing besides what Emilia said earlier. We are \$350,000 over.

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

Mr. Beaudoin advised there are a number of transfers tonight related to the Fire Department. Mr. Sciota added he did meet with the Chief and the overtime numbers for the fire pay period were very good. In this case the numbers for overtime were below our bi-weekly average.

C. Other Committees

Nothing reported.

7. Board Communications

Mr. Morrison said his comments earlier were choppy in the audio, so he will send in his comments and Mr. Sciota said he would attach them to the Minutes.

VI. Public Communications (Excluding Public Hearing Items)

Nothing this evening.

VII. Review Long Range Plan and Priorities

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

Nothing this evening.

2. Strategy Discussion

Nothing this evening.

VIII. Conduct Administrative Business

1. Consent Agenda

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A.	Appropriation	\$300 *	Youth Svcs - Outside Services,
Spec Rev			
	Appropriation	500 *	Youth Svcs - STEPS (Spec Rev)
	Appropriation	7,142 *	Drug Task Force - Local
Prevention Coalition Gr. (Spec Rev)	(Spec Rev)		
	Appropriation	300 *	Youth Svcs - Kristen's Kloset
(Spec Rev)			
B.	Appropriation	1,385 *	Highway/Parks - Vehicle Maint-
Loss Damage			
C.	Appropriation	4,700 *	Town Clerk - Program Svcs -
Nominee Fee (Spec Rev)			
D.	Appropriation	210 *	Youth Svcs - Outside Services
(Spec Rev)			
		5,000 *	Youth Svcs - State Targeted
Response Gr (Spec Rev)			
E.	Appropriation	1,779 *	Police Dept - Overtime
F.	Appropriation	8,846 *	Police Dept - Vehicle Maint -
Loss/Damage (Spec Rev)			
G.	Appropriation	41,288 *	Capital Fund - Police Body
Camera System			
H.	Appropriation	20,401 *	Highway/Parks - Property Maint -
Loss/Damage (Spec Rev)			

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

2. Manager's memos

1. Appropriation \$ 77,000 Fire Dept - Contracted Services

Mr. Sciota explained earlier this year the discussion between the Fire Commission and the Town Council was about whether to apply for a SAFR Grant. The decision was made by all parties that in the best interest of the town we move forward with a fire master plan first before we get into personnel issues. That was approved unanimously by the fire commission and I know when this was brought up at the council level, they authorized us to move forward to the BOF and then go to the council on the 13th.

Administration and the Chief is supporting this matter.

Mr. Morrison asked where is the money coming from? Mr. Sciota said it comes from contingency. We have \$850,000, I believe, minus \$40,000 we used so far. This would come out of contingency.

Mr. Beaudoin made a motion to approve the amount of \$77,000 for contractual services for the fire department. Mr. Pocock seconded.

Mr. Beaudoin commented he felt it was important to get an outside opinion from a third party because there has been a lot of talk in town. If you have an extra outside the town, you get their opinion because within the town there politically is not as much trust as to who to believe. Having a third party that can come in and look at it, I think there is a need and I'd like to have someone from the outside come in and verify if that is true. I trust the Chief there is a need. He's done a great job. It is important to get someone from the outside to confirm what he is saying.

Chief Butler was available remotely. The Chair asked: Do you believe this is something we need and something we can't do effectively inhouse by using yourself and some designees from the volunteer and full-time side of the house? This is something that we should go outside for?

Chief Butler responded: I believe that we really should go outside. This is one of the major things I've been looking at since the day I started here. Most fire department have a master plan in place. The amount of time that goes into developing a master plan -- - I don't have the staff to be able to support that.

And, it would take us much, much longer to accomplish it because we don't have the software that the companies, we're looking at have. This is what they do. They develop master plans. This is their specialty.

I don't think I could effectively put together a master plan with my current staffing.

Motion passed 6 to 0 on a roll call vote.

2. Transfer 50,000 Fire Dept - Overtime

Mr. Sciota said this was discussed at the last meeting. The question came up and the Chief can answer what comes from here. He is doing the transfers within his budget and he calculates it will be \$550,000. That takes into account some of the raises we talked about.

Mr. Beaudoin made a motion to approve the \$50,000 overtime transfer. Mr. Pocock seconded.

Motion passed 6 to 0 on a roll call.

3. Transfer 25,000 Fire Dept - Fire Equipment

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

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4. Transfer 10,000 Fire Dept - Equipment & Furniture

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

5. Transfer 8,000 Calendar House - Utilities

Mrs. Zoni so moved the motion for approval. Mr. Beaudoin seconded. Motion passed on a majority voice vote with Mr. Pocock abstaining.

6. Transfer 1,200 Library - Utilities

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

7. Transfer 10,000 Police Dept - Building Maint

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

8. Transfer 8,500 Police Dept - Vehicle Maint

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

9. Transfer 121,000 Police Dept - Overtime

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

10. Transfers 14,000 Central Dispatch - Overtime

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

11. Transfer 6,000 Animal Control - Overtime

Mr. Beaudoin made a motion to approve with a second by Mrs. Zoni. Motion passed unanimously on a voice vote.

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Mrs. Portelinha had an amended agenda today. Mr. Sciota said a vote would be needed to put it on the agenda.

The Chair asked for a motion to put the item on the agenda. Mrs. Zoni so moved and Mr. Pocock seconded.

The Chair advised there is no discussion.

Ms. Portelinha explained there was a request from Highway/Parks, the Superintendent to add:

Transfer of \$12,500 for highway/parks vehicle maintenance and a transfer of \$21,000 highway/parks equipment maintenance.

They're looking at the equipment and they need to get some repairs done and they are asking for transfers from contractual services. They have money in contractual services because of the leaf season being delayed and they used their own personnel versus contractors.

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

Mr. Sciota advised at this time he still does not have any questions.

The Chair asked if anyone on the phone has a question or a public communication? Does anyone have anything from the public.

(No response)

IX. Meeting Adjournment

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

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

From: Tony Morrison <tmorrison@southington.org>

Date: March 25, 2020 at 8:04:40 PM EDT

To: Mark Sciota <sciotam@southington.org>

Subject: My Comments On Support Of Zero Increase

Mark

First, I would like to thank both Mark and his team in the Town, and the BOE and School officials on their budget requests. They came in with decent budgets balancing needs of the Town with what we can afford.

I am advocating a zero tax increase this year, which will mean nearly \$1.9M will not be honored in the Town and BOE budget requests, and this will be split proportionally by revenue between the Town and school system. This should be viewed as one item in an overall package of stuff we have to do as a Town to get us through this by helping our folks as much as possible. And you will all be hearing about these from the Town Council.

My reasons are:

1. We are in a time of great crisis due to COVID-19. We do not know how long the need for our version of shelter in place will continue. But we do know that every day businesses in Town are closing, as in CT a whole, businesses that may very well never open again. Folks are losing their jobs and their income on a daily basis. We also know that CT may well be one of the last states in the US to "open for business" again as we are next to New York City which is now being touted as the next world epicenter for the virus. At such a time I do not believe we can impose any more burdens on Town residents and businesses. And furthermore, I believe it is beneficial to have nearly \$2M in the hands of Town residents and businesses as opposed to being spent by the Town, because this will help us better to aid our recovery from this crisis.
2. We asked Town and Schools to come up with some scenarios on what the impact of cuts to their budget requests would be. A zero tax increase would of course have an effect, but I would like to stress that this is only a 1% cut in the budget requests that total \$160M. And more importantly, we are not talking about cuts in services here, we are talking more about deferment of capabilities that we would, in a sunnier time, certainly desire to do. Our schools will still have decent class sizes, our roads will be repaired, our fire safety professional and police will all be doing their jobs, and no services will be cut.

So the BOF always tries to balance the services we need with the ability of our Town to afford. I believe the Zero Increase approach leaves us well-balanced at such a time of crisis. And, as a safety blanket, we have the undesignated fun balance, or rainy day fund, which will be nearly \$21M at the end of this financial year, to help us if the Town or schools needs extra help next year.

I would also like to point to that fact that we have to turn the budget over to the Town Council by April 6. But then the Town Council will have a further month to digest any and all information concerning the current crisis. They will be able to adjust the budget as necessary based on this new information.

Best, Tony