

BOARD OF FINANCE
TOWN OF SOUTHTON
JULY 29, 2020

The Board of Finance of the Town of Southington held a Meeting on Wednesday, July 29, 2020 via teleconference. Joseph Labieniec, Acting Chair, called the meeting to order at 7:00 o'clock, p.m.

Appropriations from Contingency Account (Regular & Salary):

Approved to date.....	\$ 218,878
Approved this meeting.....	<u>0</u>
Total Appropriations.....	\$ 218,878

Appropriations with Revenue Offsets:

Approved to date.....	\$1,362,263
Approved this meeting.....	<u>\$ 388,015</u>
Total Appropriations.....	\$ 1,750,278

The following board members participated:

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

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

Absent: John Leary, Chair

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

III. Public Hearing Items

None this evening.

IV. Old Business

1. Approval of Minutes of June 10, 2020 meeting

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

- V. Assess current financial state of the town
1. Review revenues vs budget
 2. Review expenses vs budget

Ms. Portelinha presented. The report that I gave you is missing one of the journal entries where we're using some of the excess revenue for capital. So, the numbers in actuality are a little bit different. I've calculated into my revenue the fact that the BOE has on our agenda to appropriate revenue. I am going to assume that is approved and adjust accordingly. We have an asterisk after the meeting number for the revenue, if that makes sense.

Our property tax revenue is approximately \$954,000 above budget right now which is excellent. License / permit fees are about \$23,000 over budget overall. Investment revenue, because we used it to appropriate it for capital projects, we're at \$17,000 above budget right now. State grants, overall, we are about \$18,000 above budget. Service charges are about \$43,000 above budget overall. And, we have other revenues at \$116,000 above budget. There are a lot of above budget numbers, but you have to realize we intended to use almost \$1.9 million of fund balance. So, netting all that out, we have actually used approximately \$600,000 of the fund balance on the revenue side. We are not actually using anything because when I go to the expenditure side, you'll see why. Make sense? If you are netting out all the revenue, we are \$600,000 under budget, but mostly because we have a placeholder of \$1.9 million for the fund balance utilized.

So, then I went through the expenditures with the listing you have as well as summaries and additional information that we have and pretty much what this looks like right now is that we will have about \$4 million in surplus at the end of the year, however, we're probably going to be carrying forward \$3.7 million. Somewhere in there, that is going to be a \$300,000 overage that we're going to be experiencing. But I think that some of our numbers are going to changing. That's just a rough estimate.

I think that in the end, if all the encumbrances I show here aren't spent, and after we do the carryforwards, we will still be under budget in expenditures. We should be able to make up a good portion of the \$600,000 that we are in the deficit on the revenue side.

I do think after that, we are going to be pretty flush. More adjustments have to be made. Once we do the transfers on the agenda tonight, we will have a better picture.

3. Review Capital Projects in Budget (Quarterly)

Ms. Portelinha pointed out she did the summaries for the capital. I still have more work to do with it, but I wanted to give it to you since it has been a while since you've had a summary. I'll give you the opportunity to take a look at it, review it, and if you have any questions let me know, rather than go item by item right now. I still have to finalize some of this information. Some accounts have zero balances and we can just close them out. I haven't had a chance to look at all the detailing on it and that's why they're on here.

Mr. Sciota sent a pat on the back to some town departments. The capital projects are moving forward when it comes to our roads and our parks. Specifically, I ask you to start visiting some of our parks and see the new tennis courts and new basketball courts. I think it is something to be really proud of. Memorial Park is done with both courts.

I'm sure you've noticed Tilcon trucks all over town doing the roads.

Pat on the back to the public works division who is moving as fast as we possibly can to handle the capital projects which between this board and the town council have given us the ability to do.

I think you will be proud of the product.

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

A. Sewer Committee (Tony Morrison)

Mr. Morrison reported on the last meeting a few weeks back. The plant is 80% done if you look at the invoicing. We did approve another change order, about \$48,000 which was mostly items that can't be accounted for during the development and we found out later. There was a minor one due to COVID-19, safety thing. With 80% of the contract invoiced, we have 2.13% contract for change orders. We have 5% allocated for that. So, we are doing well. The date is still next July. That was pretty much the only financial issue we discussed.

Mr. Sciota thanked the sewer committee as they worked diligently and we're actually going on line with our fuel cell September 15th which is right on schedule. One it is operating; I think it's a great idea. The sewer committee will be doing tours and if you are very interested in that kind of technology this is the first step. Tony's group had to do the fuel cell at the same time they were doing the addition. That committee was not only the sewer committee but the

building committee for the addition, as well as, the fuel cell. They've done a great job.

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

Mrs. Zoni reported on the July 1st meeting. Extremely short meeting. So, short, I have no notes on it.

C. Open Space Committee (Ed Pocock)

Mr. Pocock noted he reported last time we did a couple of purchases but other than that I would like to report and say that I agree with Mr. Sciota, but I toured the parks and looked at the tennis courts and what is going on and it's a pleasure to look at our parks.

We do have a lot of people using the Novick area and the Crescent Lake area. We are really happy with the train station and everything that goes on with open space.

We're still looking at other properties and we'll be working on them as we go along.

Mr. Sciota said there are numerous irons in the fire with the open space committee.

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

Mr. Labieniec gave a quick update. We finished FY2020 and we have results. Not surprisingly, June was significantly under budget again in line with April and May. For the year, we finished at \$21.4 million on a budget of \$23.8 and a prior of \$22.4. So, we were right around 10% under budget for the year or about \$2.4 million and actually 5% below prior.

As we discussed, for the past couple of months, really the entirety of the \$2.4 million, resulting under budget, was from the most recent quarter. So, April, May & June combined accounted for \$2.1 million under budget of the \$2.4 million total.

The 2021 budget that's passed is at \$24.25 million. That means that budget is around 13% or 14% higher than where we ended for this year or just under \$3 million, but again, as discussed, we would anticipate an uptick in 2021 as many of the procedures were deferred during this time period, not cancelled and our consultant had told us throughout the process that really most of his clients weren't

changing budget projections for 2020 or 2021, but rather they were going to rely on reserves. It will be our plan to rely on reserves if we were over budget for 2021. We're heading into an unknown here, but we do anticipate more activity as those procedures are rescheduled.

The difficulty will be identifying the proper 2021 base in preparation for the 2021-22 budget, it is something we're discussing as a committee and it is something that our consultant is working on just in terms of how we're tracking 2021 and trying to account for what would be the normal activity that we wanted to budget for in the upcoming year versus what is scheduled or occurs during this fiscal year that did not occur as it would have during the fourth quarter but for the pandemic.

E. Committee of the Chairs (John Leary)

Mr. Sciota reported there was no meeting held since the last meeting.

F. Economic Strike Committee (Tony Morrison)

Mr. Morrison talked about the marketing plan. We chose a vendor, Rebel Interactive Group, a local company based on Center Street. They have experience and excellent references. They were awarded a contract and it essentially has two parts: \$20,000 for planning and development and then there is some that is used, if needed of \$1500 a month for the next year. So, if we use everything, it will be \$38,000.

There is a website: www.SeeSouthington.com. That is an actual video of Southington on there. It is the kind of things that they do.

The works starts with a planning session. We needed it to push economic growth and now maybe it is more of a defensive strategy at this point, keeping the growth we had with the businesses we have and trying to get more traffic to them.

Discussion.

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

A. Investment Committee (Kevin Beaudoin)

Mr. Beaudoin had nothing more to add other than what Ms. Portelinha stated when she gave her update.

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

Mr. Pocock said there has been a real big savings in overtime at the fire department. I have to say it is because of the chief and a lot of changes since he came onboard and that is what we brought him onboard for. That was really good on their part and the board of fire commissioners. It's all a team effort and hopefully it stays going that way.

Mr. Sciota said they finished the year within their budget with no money necessary from the contingency fund. Their line items were right on the money. Very pleased with it. Next year's budget we expect to be right on line, also.

Mr. Pocock agreed. It has been a very busy time for them but it is working out.

Mr. Beaudoin wanted to congratulate the chief for doing what he said he would when he came in. That's one of the big things, to cut overtime. He has done a good job thus far.

Mr. Morrison asked if we have a bubble here that may impact us next year in the sense of the last three months, could the same thing happen as with the self-insurance where because of the pandemic of the last two or three months, do we have any other reasons for depressing the overtime, such as less action on 84 and 691? Was anything like that part of these numbers or is it all due to the chief?

Mr. Sciota said the chief is the driving force, but certainly as with the police, fire calls were down half of March, all of April and May. And, of course they start picking back up again in June. June was a big month as that is the end of the fiscal year for vacation.

I did meet with the chief on Monday and the OT was right back in line once again. I feel pretty comfortable with it.

Mr. Pocock reminded Mr. Morrison that the accident rate on 84 has increased almost twofold by the percentage of what I see for calls. That's time consuming. How do we avoid that? I don't see any way of getting around that. That adds up too on top of fire calls. We do a lot of medical calls and they're doing a real good job with that.

It's always nice to have people around town compliment the town staff, fire and police departments.

C. Other Committees

Nothing this evening.

6. Board Communications

Mr. Pocock complimented finance staff. When he calls, they take his call and are friendly. He appreciates the service.

Mr. Labieniec wanted to be sure the Chair agreed with this, but he didn't know if it would be the September or October meeting, but he'd like to have a discussion on cyber security. Is this something we can schedule? And, can we do it in executive session. I'd like to touch on a couple of topics such as the insurance coverage we have in place now and what we would consider purchasing for training or risk mitigation plans and potentially any other vendor that we're considering moving forward. I wanted to have that discussion at the BOF and it could have a significant financial impact to the town.

Mr. Sciota responded yes, it could be scheduled for either one of the meetings you and John agree on. And, yes, based on contractual and security, those are two reasons why to go to executive session.

Mr. Labieniec said, assuming the rest of the board agrees, he will reach out to John and if he agrees, ask him to schedule this with Mark and Emilia.

Mrs. Zoni said on the cyber security contract, if there is anything you can get to us before we meet, it would be helpful so we understand the terminology you are discussing. Ms. Portelinha said that would be no problem.

Mr. Labieniec cautioned what would be put in email, depending on the level of detail and what we would discuss in the forum. Mrs. Zoni said she would come in and meet with Emilia. That'd be great.

Mr. Sciota said, tongue in cheek, as promised when we made these motions in February, March or April when we did our budgets, the Chair and I did go to the tax collector immediately and paid our taxes right before they were due. The Chair and I did exactly what we said we were going to do.

That being said, I have good news for all of us. Ms. Babon, Emilia and I were very pleased with some of the numbers she's coming up with year over year. As you know there are three days left under the old system to pay your taxes without penalty. If you look at the

email, I sent you earlier, year over year we are doing very well considering the ability of people to wait until October 1st to pay.

I'd like to thank the citizens of the town who took it to heart and if they had the financial means to pay it, did not need the extra, paid on time. I expect the numbers to go higher in the next three days. The bank holds the money until the last minute when you escrow taxes, so we should be getting the escrow taxes in the next day or so. The numbers will look a little bit better.

I'd like to thank all those who paid their taxes "under the old rules" even though they weren't required to do so.

The bad news is I sent you another email late in the day. This has nothing to do with politics. My job is to take a new state law and figure out what it is going to cost the Town of Southington. It's very complicated, so I do wish you look at the numbers that Deputy Chief Palmieri put together for Chief Daly and I on the new bill which is called: Act Concerning Police Accountability, Bill #6004. There is a serious financial impact to the Town of Southington. I know some impacts start July 1, 2021 and then major impacts from a financial standpoint, which is the dash cams and the body cams kick in July 1, 2022. That being said, look it over and call me with any questions that you have.

There is a financial impact. As I understand from the state, there is talk about a 30% reimbursement for some of the items. I put together a worse case scenario with no reimbursement and then you will see with reimbursement. There is training yearly costs. That's all in there. These are very specific ballpark figures. It's something you need to take a look at because they will be in the budget when I start putting it together in December.

Thank you.

Mr. Morrison asked about the insurance. Is the liability enough to cover the new accountability requirement? It is on the municipality, though, right? It does kick the liability up, won't it? Mr. Sciota said it certainly may. All our insurance is through CIRMA. I called them and I wasn't the first CEO to do so, they're reading the bill very carefully, understanding what the obligations are and they'll let me know what they suggest. The bill, the way it's written, I'm not sure whether the town could put riders on our police liability policy to cover police officers or whether the bill actually requires the police officers to get specific individual policies. That being said, either way, the taxpayers of Southington will have to pay for it. If you understand collective bargaining agreements, if that is a requirement of their job, eventually that's going to be included in the collective bargaining agreement.

But I do not have the specifics, yet. Southington along with probably another hundred municipalities have called CCM to put some suggestions 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

Mr. Sciota advised that the Controller's Office of the State of Connecticut is actually coming up with some very good revenue numbers. At the May or June meeting they were talking about a total disaster, but for whatever reason, the income tax numbers coming in on July 15th were better than they thought. Keep our fingers crossed that those numbers are truly those numbers and it looks better than the doom and gloom they told us about in May.

Mr. Morrison asked at the next meeting, which is in September, could we have a discussion around some of the issues Mark has talked about. Issues with schools. Potential revenue shortfalls. Could we have a discussion on that so we're ahead of the game as opposed to discussing it in November or December. Specific discussion on facing upcoming challenges in the year. Mr. Labieniec will make a note for the Chair on that, as well.

VIII. Conduct Administrative Business

1. Consent Agenda

- | | | | |
|------------------------------|----------------------------|------------------|-----------------------------------|
| A. | Appropriation 20/21 | \$4,000 * | Turf Field Fund - |
| Contracted Services | | | |
| B. | Appropriation 19/20 | \$18,468 * | Town Clerk - Program Svcs - |
| PEGPETIA Gr (Spec Rev) | | | |
| C. | Appropriation 19/20 | \$344 * | Police Dept - Vehicle |
| Maint-Loss/Damage (Sec Rev) | | | |
| D. | Appropriation 20/21 | \$350 * | Animal Control - Donations |
| - Supplies (Spec Rev) | | | |

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E. Appropriation 19/20 \$14,271 * Capital Budget -Open Space Conservation

F. Appropriation 19/20 \$373,744 * Education- Operations

Mr. Morrison so moved to take all the consent items together.
Mr. Pocock seconded. Motion passed unanimously on a voice vote.

2. Manager's memos

1. Transfer 19/20 \$4,160 Animal Control - Building Maintenance

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

2. Transfer 19/20 \$7,000 Fire Dept - Utilities

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

3. Transfer 19/20 \$92,732 Sewer Fund - Plant-Utilities

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

4. Transfer 19/20 \$24,680 Education- Operations

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

5. **Appropriation 20/21 \$12,000 * Calendar House - Overtime (Spec Rev)**

Appropriation 20/21 \$14,893 * Calendar House - Temporary / Seasonal (Spec Rev)

Appropriation 20/21 \$16,000 * Calendar House - Gasoline (Spec Rev)

**Appropriation 20/21 \$12,000 * Calendar House -
Vehicle Maintenance (Spec Rev)**

Mrs. Zoni so moved the motion for approval. Mr. Morrison seconded. Motion passed on a majority voice vote with Mr. Pocock abstaining. (4 to 0 to 1)

6. Transfer 19/20 \$860 Library - Database Services

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

7. Transfer 19/20 \$19,215 Central Dispatch - Regular Wages

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

8. Transfer 19/20 \$22,817 Sewer - Plant - Regular Wages

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

9. Transfers 19/20 \$98,000 Bond Principal - Sewers
Transfer 19/20 \$10,125 Bond Interest - Sewers

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

10. Transfers 19/20 \$4,000 Sylvia Bradley - Building Maintenance
Transfer 19/20 \$1,050 Sylvia Bradley - Utilities

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

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11. Transfer 19/20 \$13,248 Bulky Waste -
Refuse/Recycling/Haz Waste

Transfer 19/20 \$5,710 Street Lighting - Utilities

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

12. Transfer 19/20 \$2,926 Library - Utilities

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

13. Carryforward to Education Non-Lapsing Account 2019
\$505,657

(Per CT Statute 248a Unexpended Education Funds Account)

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

Mrs. Zoni asked if this was left over from last year? Ms.
Portelinha explained what happened because of the COVID and everything
else, the projects were delayed. This is the money that was put in
place for last year. The next line item will be 2020 going into 2021.

Mr. Sciota said usually with the BOE, stuff is done during the
summer. I'm speaking on behalf of the Superintendent and I; I can't
thank Annette Turnquist and Pete Romano enough. Between the two of
them, working with their crews, we were able to do the SHS parking
lot.

I'll speak for Tim, thank you to Pete and Annette and their crews
for doing an excellent job in doing that parking lot. I do believe it
will come in around \$115,000. Well done on both their parts. Tim and
I working closely with our staff were able to get that parking lot
done.

Thank you to the BOE and the Public Works staff on that.

Motion passed 5 to 0 on a roll call vote.

14. Carryforward to Education Non-Lapsing Account 2020 (up to)
\$1,963,779

(Per CT Statute 248a Unexpended Education Funds Account)

Ms. Portelinha explained this is basically for informational purposes. They'll be coming forward with the exact number at the next meeting.

Mr. Morrison said he would rather vote on a real number rather than just an estimate.

Mr. Sciota said last time we did this in September we got specifics which was a list I had to sign off on. I have no issue with waiting until September to get a much clearer number and a list that has each amount being used. I've been able to work closely with Tim and Peter Romano and Christina from my staff to go through each item. I'm fine with that.

Mr. Morrison made a motion to table to the September meeting. Mr. Beaudoin seconded that. Motion passed unanimously on a voice vote.

15. FY 2019-2020 - Carry Forward List

Ms. Portelinha asked if she should go through all of these or if you have specific questions on them? Here we have the general fund carryforward. We have a lot of projects, \$1,218,367 total that we are carrying forward. You'll approve that number for these projects. If some of the invoices come in before the end of the year, we reduce the dollar amount to what is actually left.

This is in anticipation of invoices coming in for the end of the month, which is in three days.

Any questions on any of the general fund information? Anything you'd like me to clarify?

Mr. Sciota suggested if after review you have a question; you can call Emilia or I and we'll discuss it. This is stuff we're committed to and we need the money in the new fiscal year.

Discussion of the library item being carried over.

Mrs. Zoni made a motion to approve the carryforward list as presented for all three. Mr. Pocock seconded.

Total General Fund Carryforward is \$1,218,367
Animal Control Carry Forward is \$18,604
Sewer Fund Carry Forward is \$918,452

Motion passed unanimously on a voice vote.

IX. Meeting Adjournment

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

(Whereupon, the meeting was adjourned at 7:52 o'clock, p.m.)