

**Town of Simsbury Board of Finance  
REGULAR MEETING MINUTES  
Tuesday, November 15, 2016 at 5:45PM  
Simsbury Town Offices – Board of Education Conference Room  
933 Hopmeadow Street, Simsbury, Connecticut**

**PRESENT:** Barbara Petitjean, Jeff Blumenthal, Kevin Prell, and Linda Schofield,

**ABSENT:** Robert Pomeroy and Moira Wertheimer.

**Also Present:** State Representative John Hampton; First Selectwoman Lisa Heavner, Selectmen Sean Ashkam, Elaine Lang and Michael Paine; Board of Education Chairwoman Tara Donohue Willerup, Vice Chairman Mike Goman, Susan Salina, Todd Burrick, Jeff Tindall, Lydia Tedone, Superintendent Matthew T. Curtiss, Business Manager Burke LaClaire, and Henry James Memorial School Principal Brian White.

**1. CALL TO ORDER:**

Chairman Barbara Petitjean called the meeting to order at 5:50PM.

**2. PLEDGE OF ALLEGIANCE:**

All present stood for the Pledge of Allegiance.

**3. TRI-BOARD MEETING TO DISCUSS FY18 BUDGET WITH BOARD OF SELECTMEN AND BOARD OF EDUCATION:**

Ms. Petitjean explained that the Board invited the Board of Selectmen and Board of Education to walk through a package that the Board of Finance has reviewed before. She explained that the purpose of the meeting was to create visibility and create a better understanding of all the different pieces and how they fit together in the budget process.

Ms. Petitjean reviewed a PowerPoint presentation entitled, "FY17-18 Budget Context". The first slide of the presentation explained budget sensitivity by providing examples of various changes to either expenditures or revenues and the net effect those have on taxes. For example, an increase in spending of \$500K would require a .25 mil rate increase. This figure may also be used in the consideration of loss in state aid, she explained. The calculations provided as part of this slide were applicable only to the operating portion of the budget and not the capital portion.

Ms. Petitjean reported that the Long-Range Planning Committee met to discuss the long-term issues which were then brought back to the Board of Finance. She acknowledged the efforts of Finance Director Sean Kimball in the creation of this integrated tool which allows the Board of Finance to look at the roll-forward on the capital budget based on what is collected and expenditures.

Ms. Petitjean noted that utilizing the budget modeling tool, the Town can possibly expect to see a potential increase of Board of Selectmen and Board of Education expenditures in the range of 3.5% to 4.4% because of a combination of salary changes and benefit/insurance changes. Ms. Petitjean noted an additional assumption was the continued funding of capital expenditures at 7%.

Ms. Petitjean explained what was used to plug in for the preliminary FY18 Board of Selectmen expenditure view. She reviewed Salaries, Benefits & Liability Insurance, Contractual Services, Utilities and a category termed, "Other", which was noted as a figure from projections based on a five-year trend. She then shared a slide for the Board of Education which was very similar to the one created for the Board of Selectmen.

A slide presenting FY18 State Revenue Challenges was reviewed noting the state's current \$1B deficit for FY18, the unknown possible impact from the recent CCJEF ruling, and the State's mill rate cap on cars. Ms. Petitjean also noted the possible challenges arising from the legislation regarding the 2.5% expenditure cap over the previous year's spending. Ms. Petitjean explained that this legislation is still with the Office of Policy and Management for clarification. Ms. Heavner reported that her Board is hopeful that the expenditure cap is delayed at least one year. Additionally, she reported that Connecticut Conference of Municipalities voted to lobby for the elimination of this cap. State Representative John Hampton reported that he will be lobbying on behalf of Simsbury, seeking to have the schools held harmless as much as possible with respect to the CCJEF ruling. He noted that he will be coming to the Town's individual meetings and will be staying in touch on both the CCJEF ruling as well as the expenditure cap.

The FY18 Preliminary Revenue Picture slide was then reviewed which included the grand list decrease estimated at \$940K as well as the state aid cuts which includes the potential for a 5%-10% cut. Scenarios described as Best Case, Likely Case, and Worst Case were included as part of the FY18 Revenue Considerations slide.

The slide detailing the Possible Reserve Commitment was then reviewed. Ms. Petitjean explained that reserves for Simsbury are at 12% and noted that the Town strives to stay at 12%. Mr. Kimball explained the reason behind this target rate, noting discussions with Moody's as well as the Town's policy to strive for a range between 10%-12% in reserves. Ms. Schofield noted that West Hartford has a reserve policy of 8% and also boasts a AAA bond rating with Moody's, opining that Simsbury may have room for flexibility in this regard due to the loss of The Hartford.

Two different bar graphs depicting FY18 Capital Planning were then reviewed and explained. It was noted that they were based on a series of assumptions and that changes of these assumptions would result in a different product.

Ms. Petitjean explained that the second chart reflects what the result is if the Board decides not to increase taxes, keeping the debt/capital budget at 7% next year, the five-year plan will be over by \$10M.

Ms. Heavner remarked on the amount of construction occurring within town, noting that contrary to predictions, there has been an increase of 4% in population since the last census in 2010. She explained that this will have an impact in services, particularly public safety. Ms. Petitjean noted that the model that has been created does not include programmatic increases and agreed there might be changes in programmatic needs.

Mr. Curtiss reported that the Board of Education expects to have a better handle on enrollment projections later in the week. He reminded the Board that an unexpected increase in the number of students from what was planned necessitated the hiring of two teachers.

Ms. Petitjean shared an email from Mr. Pomeroy in which he opined that there needs to be more focus on tightening expenses. Mr. Pomeroy noted that the Board of Finance should be

asking for budgets that are not going up by more than 1-2% on the expenditure side, according to Ms. Petitjean.

Ms. Schofield noted that she had spent a couple of hours with Mr. Kimball reviewing various scenarios. She noted that if debt service were to stay at 6.7%, the Board of Selectmen and Board of Education were held at 2%, and assuming best case scenarios with the revenue considerations (in that there is no net effect from the State in terms of car tax cap and expenditure cap and no State aid cuts), the net result would be a 2% increase in the mill rate.

Mr. Blumenthal noted that he is inclined to agree with Ms. Schofield but explains that he has concerns with how services and the Town's infrastructure would be effected with making cuts on the Town side.

Mr. Prell noted that he does not want to see the mill rate move past forty and would like to see budget increases come in no higher than one to one and one-half percent.

A formal recommendation to the two boards ahead of preparation of their FY18 respective budgets was to limit the increases to between one and two percent.

Ms. Petitjean announced that she is officially moving from Simsbury and is therefore, resigning her position from the Board of Finance. Ms. Petitjean was thanked for her service and was acknowledged with applause for her time on the Board. Ms. Schofield praised the work that Ms. Petitjean completed in helping to develop the tools for the staggering out of the capital expenses based on cash flow. Mr. Blumenthal noted that serving with Ms. Petitjean has been a pleasure and her resignation represents a huge loss for this Board.

#### **4. ASSIGNMENT OF FY16 FUND BALANCE TO OFFSET FUTURE TAX LOSS FROM THE HARTFORD – DISCUSSION AND POSSIBLE ACTION:**

Ms. Petitjean reminded the Board that they had discussed assigning the FY16 fund balance at a previous meeting but had not formally made a motion. The difference between an assignment and a commitment was briefly discussed. Mr. Kimball noted that this action is consistent with the Board's Fund Balance Policy, which specifically references this definition of assigning the fund balance.

**MOTION:** Ms. Schofield, Mr. Blumenthal second, to make an assignment of \$1.5M effective June 30, 2016 to be used to cover the shortfall in the loss of The Hartford tax stream; unanimously approved.

#### **5. APPROVAL FY16 OPERATING TRANSFERS:**

Ms. Petitjean explained that State Statutes provide that if the Board of Selectmen are moving things between line items, the Board of Finance must approve them. Mr. Blumenthal remarked that in the context of the entire budget, the departments had extraordinary accuracy in their budgeting.

**MOTION:** Ms. Schofield, Mr. Blumenthal second, to approve the FY16 Board of Selectmen general budget transfers; unanimously approved.

#### **6. PUBLIC AUDIENCE:**

Joan Coe of 26 Whitcomb Drive expressed her concern with the departure of Ms. Petitjean from this Board, noting that she was a very important and integral part of this Board for years. Ms.

Coe thanked Ms. Petitjean for her services. Additionally, Ms. Coe shared her concerns about the future revenues and expenditures of the Town.

**7. OTHER ITEMS:**

Mr. LaClaire reported that they have been working with the architects on the Phase II portion of the Henry James project.

Mr. Kimball reported that the Town side is tracking well for the first four months. He also reported that the first ECS payment was received last week. He explained that 25% is received now, 50% is received in January or February and the balance is received at the end of the fiscal year.

**8. ADJOURN:**

**MOTION:** Ms. Schofield, Mr. Prell second, to adjourn at 7:26PM; unanimously approved.

**Respectfully submitted,**

**Pamela A. Colombie**  
**Commission Clerk**