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BOARD OF FINANCE
MARCH 9, 2010
PUBLIC HEARING

1. CALL TO ORDER

The Board of Finance Public Hearing on the 2010/11 Capital Improvement Projects was called to order at 7:45 PM in the Simsbury High School Auditorium. The following members were present: Chairman/Moderator Paul Henault, Peter Askham, Candace Fitzpatrick, Nicholas Mason, and Kevin North. Also present were Board of Education Business Manager David Holden, Finance Director/Treasurer Kevin Kane, Superintendent of Schools Diane Ullman, Board of Education member Mike Goman, Town Engineer Richard Sawitzke, Director of Public Works Tom Roy, Recreation Director Gerry Toner and other interested parties.

2. OVERVIEW

Mr. Henault introduced himself, the members of the Board of Finance and all others who would be presenting the budgets and answering subsequent questions. He reviewed the Public Hearing agenda, the budget process, the role of the Board of Finance and the purpose of Public Hearings which are required by Town Charter.

Mr. Henault reviewed the Town capital requests, which totaled \$4,280,000 (\$260,000 for sewer extensions; \$670,000 for replacement of the Tunxis Pump Station; \$3,000,000 for paving management; and \$350,000 for golf course improvements) and the Board of Education capital requests, which totaled \$2,497,500 (\$1,277,500 for Latimer Lane roof replacement; \$770,000 for Central School roof replacement; and \$450,000 for district network infrastructure). All the proposed capital projects would total \$6,777,500. The source of funding for these projects would be a combination of school building grants (\$614,000), Sewer Use Fund reserves (\$670,000), Sewer Assessment Fund reserves (\$260,000) and 10-year bonds (\$5,233,250).

Mr. Henault stated that the Town currently has approximately \$8 million of reserves in the General Fund (the Undesignated Fund Balance). The Town's

Aa1 bond rating was recently re-affirmed by Moody's, who made various comments above the Town's fiscally conservative management as having influenced the rating. Current outstanding debt totals \$52,747,836, consisting of \$33 million in General Obligation Bonds, \$19 million in a 2% loan from the Clean Water Fund used for the \$22 million renovation of the Waste Treatment Plant, and \$120,000 in a housing loan.

Mr. Henault stated that the Board of Finance adopted a debt policy in 1989 that allows for a maximum of 7% of the General Fund budget to be used for debt service. Capital projects that have been recently approved by the voters include the Simsbury High School renovation, the Sewer Treatment Plant renovation, the Ethel Walker land purchase, the Tariffville School renovation, the Library expansion, the Triangle land purchase, the police station expansion and the Simsbury High School track and stadium project.

Assuming a 10-year bond with a blended interest rate of approximately 4%, a current net taxable grand list of \$2.6 billion and a 98% tax collection rate, the annual debt service for bonding approximately \$5 million would be \$638,000 and would result in an annual cost of \$58 to the average taxpayer (\$330,000 home value with a \$231,000 assessment) or \$583 cumulatively.

3. PRESENTATION OF 2010/11 CAPITAL PROJECTS

Board of Education

Mr. Goman gave an overview of the three capital projects that are being requested by the Board of Education:

- \$1,277,500 – Latimer Lane roof replacement

A professional roofing company provides annual inspections of the conditions of all schools' roofs. Both roof projects are eligible for partial State construction grant reimbursement of 35.17%, which could result in a net cost to the Town of \$894,250. The Latimer Lane roof is 23 years old and has a good/fair rating. The life expectancy is 25 years. The project would exclude the modular classroom portion. If roof repair is pushed too far out, moisture can leak under until it is up against the roof decking material, at which point the repair can become much more expensive.

- \$770,000 – Central School roof replacement

The proposed project is to replace the 20-year-old section of an EPDM roof. Total cost net of school building grants would be \$539,000. Mr. Goman also noted that roof replacement would be cost effective at this time due to construction costs being unusually low.

- \$450,000 – District network infrastructure

The project would consist of providing fiber optic connectivity to Tariffville School, connecting the high school server room to a backup power generator, replacing the Student Health Manager server, upgrading the antivirus defense hardware, infrastructure equipment replacement serving both the Town and Board of Education, e-mail archival system hardware, as well as replacement of various servers, routers and switches within the school system.

Board of Selectmen

Mr. Sawitzke gave an overview of the sewer projects that are being requested by the Board of Selectmen:

- \$260,000 – Sewer main extensions

The project would entail Pheasant Lane, portions of Bushy Hill Road and any other equivalent areas that may arise due to resident requests and needs over the next two years. Funding would be through assessments and paid for out of the Sewer Assessment Fund.

- \$670,000 – Replacement of Tunxis Pump Station (Tariffville)

The project is to replace a 30-year-old pneumatic pumping system, which is inefficient both in terms of operations and energy use, with a more efficient duplex submersible pump system. The existing system currently serves over 300 homes/businesses in Tariffville. If it were to fail, it could adversely impact the water quality in the Farmington River. The project also includes replacement of aged electrical switching equipment as well as providing an emergency generator set. Funding would be from the Water Pollution Control reserve account.

Mr. Roy gave an overview of the paving management project that is being requested by the Board of Selectmen:

- \$2,115,000– Paving
- \$590,000-Bikeway resurfacing
- \$315,000-Equipment, supplies, engineering/legal

The project is to supplement the Town's existing roadway expenditures so

that it can keep pace and get back on track with its roadway maintenance. It is intended to regard the Towns roads as a network as opposed to individual streets. All of the towns roadways have been evaluated. While current practice is to wait on a repair until a road has deteriorated to its worst state, it is more cost effective to invest wisely in keeping up good roads so that they last longer. The consequences of deferring maintenance will result in road reconstruction, which is 4-5 times more expensive than resurfacing. Crack sealing maintenance costs \$2.25 per square yard, surface treatments cost \$7.50 per square yard and reconstruction costs \$34.00 per square yard. The aim is to be proactive, make smart choices and stop being reactive, resulting in better roads for less money.

Mr. Toner gave an overview of the golf course improvements that are being requested by the Board of Selectmen:

- \$350,000-Golf course improvements

The golf course was completed in 1972 and has had a number of maintenance issues since then. A Master Plan completed by Armstrong Associates in 1997 identified a number of areas that needed to be addressed, many of which were funded and completed. There has been a decline over the last 12 years in overall play and revenue, particularly in non-resident revenues, which go towards subsidizing resident fees. Economic conditions are challenging and competition is stronger than ever with new courses in the area.

The project consists of issues that were identified in the Master Plan, but never completed, and corroborated by a user survey done in 2009: sand bunker renovation and construction, tee box repair and leveling, and completion of the final phase of drainage work. Cost savings would be realized as the project could be done in-house. Benefits would include reduced maintenance hours and attracting new play.

4. PUBLIC AUDIENCE

Joan Coe, 26 Whitcomb Drive, felt that, given the current economic conditions, the Board of Finance should have vetted these projects before presenting them as they were not on in the six-year plan. Since they were going to be paid for through sewer reserves, she felt that the sewer projects were appropriate, but the paving project was excessive. She felt that it is the duty of the Board of Finance to eliminate projects before they go to Public Hearing.

[Mr. Goman offered the correction that the three capital projects presented by the Board of Education are in the Six-Year Capital Improvement Plan and have been for some time.]

Ed Dudley, 24 Southbridge Court, stated that the Simsbury Farms recreational complex is a Town asset that needs to be properly maintained and protected, comparable to protecting a house from a leaking roof. He felt the repairs are needed in order to give the golf course a competitive edge so that it can generate revenues from outside the Town, which helps subsidize the entire Simsbury Farm complex that is used by all residents, not just the golfers.

David Towle, 7 Avery Way, agreed with Ms. Coe that the projects do need a lot more vetting by the Board to see what really makes sense. He questioned why there was approximately \$600,000 of bikeway resurfacing included in the paving management project. He felt that there should be less bonding for these projects and that they should be out of the current year's revenue. He asked why the Simsbury Farms project would require extra dollars if it was being done internally.

[Mr. Toner explained that two of the Simsbury Farms projects would use in-house labor and the third would be bid out entirely. The requested funding would be for rental equipment, materials and supplies. Approximately \$200,000 would be for bunker construction and \$150,000 would be for the other two, minus bonding costs.

Mr. Roy explained that portions of the bike trail that was built on the former rail trail are now 20-25 years old (West St. & Owens Brook area), are deteriorating and are creating hazardous walking areas. He said that the same concept of maintaining roadways so as to avoid more costly repairs applies to the bikeway paths.

Mr. Henault noted that these projects have come to the Board of Finance from the Board of Selectmen (the Board of Education projects first go to the Board of Selectmen for approval). The Board of Selectmen votes on all the projects and then sends them to the Board of Finance, who has a Public Hearing. He explained that the Board would not be taking any action on the projects this evening.]

Gerry Wetjen, 29 Wood Duck Lane, President of the Simsbury Farms Men's Club, stated that they are looking at ways to increase rounds, which, in turn increases revenue. He said that there are now about 30 golf courses competing within a 30-minute drive. The bunkers and tees work was identified as needing to be done 12 years ago and has not yet been done. He reiterated Mr. Dudley's comments that increased play increases revenue which subsidizes the Simsbury Farms complex.

Danny Dodd, 14 Lincoln Lane, felt that the improvements proposed are needed. He agreed that maintenance needs to be kept up. He said that the Simsbury Farms course is one of the best he has ever seen and noted that

people come from Massachusetts to play on it. He said Simsbury is a great town and worth the investment.

David Bush, 4 Catherine Lane, Vice Chairman of the Parks and Recreation Commission, stated that the Commission has explored the proposed expenditure very carefully and voted unanimously that it be pursued as a necessary improvement to the golf course facility. He also was in favor of the other projects as they all fit a common theme, namely, if you do not maintain your primary assets, they decline in value, and will no longer be useful.

Reg Zurinkas, 56 Musket Trail, stated that he is a member of the Connecticut State Golf Association, which has scheduled the Connecticut Senior Amateur at Simsbury Farms in 2011 and there will be 160 of the best golfers coming to Simsbury. He felt that there is no better way to advertise our town and our golf course than approving the golf course improvement project.

Joan Coe felt that, if the golf improvement project is so important, then it should be put into their operating budget.

Mr. Dudley countered that a capital project allows for a project to be paid for over the years and that it was good common sense and economic sense to have the project be a capital project.

Mr. Henault presented the timetable for the Board of Selectmen/Board of Education capital budgets, noting that, if approved, the projects will be forwarded to the Board of Selectmen to approve the legal language and then be sent forth to Town Meeting. The Board of Finance will be approving the capital projects at their March 16th meeting. The Board of Selectmen must approve the legal language on the fiscal year 2010/11 proposed capital projects by March 22nd and send them forward to a Special Town Meeting. A legal notice in the newspaper must appear by March 30th for an April 4th Special Town Meeting, where all projects will be voted upon except the paving project, which must proceed to a town referendum. Mr. Henault strongly encouraged residents to make their wishes known by attending and voting at the Town Meeting and voting at the referendum.

5. ADJOURNMENT

Mr. Henault closed the Public Hearing at 8:40 PM.

Paul Henault, Chairman & Moderator
Clerk

Debra L. Sweeney,