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Cc:

BOARD OF FINANCE
JUNE 16, 2009
REGULAR MEETING

1. CALL TO ORDER

The Regular Meeting of the Board of Finance was called to order at 6:00 P.M. in the Main Meeting Room of the Simsbury Town Offices. The following members were present: Paul Henault, Peter Askham, Candace Fitzpatrick, Nicholas Mason, Anita Mielert and Kevin North. Also present were Director of Finance Kevin Kane, Board of Education Business Manager David Holden, Police Chief Peter Ingvertsen, Director of Community Planning & Development Hiram Peck, and other interested parties.

2. MINUTES

Mr. Askham made a motion to approve the minutes of the May 19, 2009 Regular Meeting. Mr. North seconded the motion.

Ms. Mielert noted a correction on page 1. Both Mr. North and Mr. Askham agreed that Mr. North had made the motion to set the mill rate and asked that the motion be corrected.

The motion to approve the minutes as amended passed unanimously.

3. SUSPENSE LIST

Mr. Henault asked the Board to review the annual suspense list that was prepared by the Tax Collector. He asked if efforts to collect are ongoing. Mr. Kane indicated that they were and that it is automatically addressed every time someone registers their car. Mr. Henault asked if any accounts had been turned over to collection agencies. Mr. Kane said that some accounts have been and that many are out-of-state. Mr. Askham noted that some outstanding accounts pertained to deceased taxpayers. Mr. Kane stated that he would address these with the Tax Collector.

Mr. North made a motion to approve the Suspense List in the amount of \$35,279.31. Mr. Askham seconded the motion and it passed unanimously.

4. TRANSFERS FROM RESERVES

Mr. Henault referred to a memo from Chief Ingvertsen regarding an Emergency Management Performance Grant in the amount of \$10,881 to allow reimbursement to the Fire District contingent upon approval by the Board of Selectmen. The grant is for personnel and related costs for the Emergency Management Director. Chief Ingvertsen explained that the grant is a one-time allotment from Homeland Security. He stated that the Fire Marshal serves as the Emergency Management Director for Simsbury and that the funds must first go to the municipality and then on to the Fire District with corresponding documentation.

Ms. Mielert made a motion to authorize the transfer of \$10,881 for the 2009 Emergency Management Performance Grant. Mr. Askham seconded the motion and it passed unanimously

Mr. Henault referred to three transfer requests from Mr. Peck: \$25,000 for a State of Connecticut DEP for a study on low-impact development density near the Farmington River; \$49,900 for a grant for an Incentive Housing Zone study; and \$25,000 for a grant from the Connecticut Trust for Historic Preservation to conduct a study of the Town Center. Mr. Henault stated that it was his understanding that all of the grants relate to the upcoming charrette.

Mr. Peck stated that each grant is discrete each and in itself and has its own work product. The Incentive Housing grant study (\$49,900) has already been started by the consultant and part of it will produce a regulation that will fall under the Home Connecticut legislation that was recently passed and will address the possibility of developing higher density housing in various locations. Mr. Peck stated that Simsbury was one of the first eleven entities in the State to submit a grant application for this program and that the State has since stopped accepting further applications for this money. The Connecticut Trust for Historic Preservation grant involves creating destination tourism and specifically how it is related to the preservation of historic structures and flows directly into the work that the charrette will focus on in the Town Center. The Low Impact Development grant, which is typically associated with very sparse development, will instead focus on in-fill development in the Center with increased density with minimal impact on the river and resources nearby. It will fit in nicely with the Farmington River Enhancement Study that was conducted by DEP.

Mr. Kane stated that some of the funds have already been received and Mr. Peck stated that others are directly related to a work product.

Mr. Henault asked Mr. Peck to provide an overview of the \$102,000 that has been allocated to the charrette study. Mr. Peck stated that Code Studio from Austin, Texas has been selected as the consultant. They will be working with seven other firms across the country and will specifically focus on the Center, including the Meadows all the way to the river. Mr. Peck stated that \$40,000 which has been allocated in the existing budget, plus the three grants, total \$102,300. The total contract amount from Code Studio is \$97,300. Additional funds will be used for environmental expertise and legal expertise to assure that the new regulation fits within Connecticut law. Mr. Peck stated that the \$49,900 grant designates approximately \$32,000 to be used for a specific study to be done by the Incentive Housing Zone consultant and that the remaining \$12,300 will be allocated to the charrette.

Mr. Mason asked about the timetable for the projects. Mr. Peck stated that there will be a kick-off open hearing for the public with two of the consultants on August 10th from 6:00 to 7:30 at Eno Hall and that the consultants will be touring the Town and meeting with stakeholder groups on August 11th. The charrette will take place from September 11th to September 16th and will involve at least three public open sessions. Regulations will then be crafted and presented to the Zoning Commission hopefully by the end of the year. Mr. Peck stated that they are also simultaneously in the process of revising the existing Zoning Regulations and developing a Planned Area Development regulation.

Ms. Fitzpatrick made a motion to approve the transfer of \$49,900 for the Incentive Housing Zone grant. Mr. Askham seconded the motion and it passed unanimously.

Mr. Askham made a motion to approve the transfer of \$25,000 for the Connecticut Trust for Historic Preservation grant. Ms. Fitzpatrick seconded the motion and it passed unanimously.

Mr. Askham made a motion to approve the transfer of \$25,000 for the Connecticut DEP Low Impact Development/Density grant. Ms. Fitzpatrick seconded the motion and it passed unanimously.

Ms. Mielert stated for the record that she is associated with the National Trust for Historic Preservation, but that she is not on the Board of the

Connecticut Trust for Historic Preservation and, therefore, does not have a conflict of interest.

5. FINANCIAL REPORTS

Board of Education

Mr. Holden provided the Board with an 11-month budget analysis. He stated that, on the revenue side, the Board of Education received all of their 2008/2009 State grants that would go into the Town's General Fund and that ECS money received was \$950 more than was projected. He said that the district has one less tuition-paying student than was originally projected. He noted the receipt of \$41,893 from a Homeland Security grant for the security improvements that have been made at each school.

On the expenditure side, Mr. Holden projected a surplus of approximately \$10,000. The Director of Human Resources left for a position in another district and the position will not be filled until July 1st. The anticipated fuel oil deficit is significantly less due to the receipt of a \$59,000 State School Fuel Assistance grant as well as ongoing conservation efforts. Technology and new equipment purchases were also deferred due to the projected fuel oil deficit.

Mr. Henault asked if there was any change in full-time equivalent staffing. Mr. Holden replied 16.3 positions will not be filled and the number could increase.

Board of Selectmen

Mr. Kane stated that, based on revenues received through May, he is projecting a total of \$84.8 million, which would result in a projected surplus of approximately \$200,000. But, he also noted that there will be reductions in reserves due to transfers, resulting in \$7.2 million remaining in reserves (an 8.5% undesignated fund balance). Relative to the Sewer Use Fund, Mr. Kane noted that the debt service is being paid and that the fund balance is currently sufficient, but that the Board should consider reviewing the fee structure in the future.

Mr. Kane stated that revenues are less this year in the Residential Rental Properties Fund, noting that there was a large appropriation this year for improvements and that some of the properties are currently not rented. Ms. Mielert noted that some of the properties can be divested and some can not and suggested that the Board of Selectmen should address the feasibility of divesting any properties that can be in order to reduce the Town's

liability. Mr. North concurred. Ms. Fitzpatrick wondered if these properties count toward the low income housing ratio.

Mr. Kane noted that some of the properties have large repair issues, such as foundation cracks. The expense to address some of these repairs on even one property would wipe out the fund.

Mr. Kane noted that the Animal Control fund will show a loss for the year, but has a large fund balance.

Relative to the Simsbury Farms Fund, Mr. Kane stated that, if he adds the June figures from last year to the eleven-month numbers of this year, he is projecting a loss.

Mr. North asked for the other Board members' sentiments on addressing the continued viability of the rental property program. Ms. Mielert stated that, although properties such as the Sugarloaf and Town Farm properties may not be divested due to trust agreements or the terms in which they were given to the Town, the Simsbury Farms properties were given to the Town fee simple. Ms. Fitzpatrick thought that a recommendation should be made to the Board of Selectmen to address this issue. Mr. Henault stated that he would follow up with the First Selectman.

6. SIX YEAR CAPITAL IMPROVEMENT PLAN

Mr. Henault noted that there are currently a tremendous number of projects on the Six-Year Capital Improvement Plan, the dollar amounts of which far exceed the Town's capabilities to fund them. Mr. Kane provided the Board with a memo outlining approved capital projects relative to future bond issues and their impact on the debt policy.

Mr. North stated that Mr. Kane's analysis can now be used by the two boards to utilize the assumptions produced and determine how they could comply with the bonding capacity. For example, what would the Six-Year Capital Plan look like if that is all the money that the Town had available in those out years. He suggested that perhaps the two boards could do a side-by-side capital plan with the available dollars apportioned in the same ratio as their respective fixed assets. Mr. Mason stated that he thought it would be a reasonable exercise that both boards engage in such an exercise so as to establish their priorities prior to any multi-board meeting.

Mr. Askham asked how depreciable assets were allocated between the two boards. Mr. Kane stated that it was approximately a 50/50 split, with the

Town side a little higher.

Mr. Henault felt that the Board should also have discussions around adhering to the 7% debt guideline vs. considering priorities that might push the debt policy to the 8%-10% range (such as was done for the high school project).

Mr. Askham felt that, in light of the current difficulties being faced with the operating budgets, it is more important to maintain existing assets rather than build anything new and that expansion would be secondary to maintenance.

Mr. Kane stated that the First Selectman met with the departments several weeks ago and will have another staff meeting tomorrow regarding bondable costs and prioritization of projects.

Ms. Mielert agreed with Mr. Askham and thought that capital maintenance should be the top priority. Mr. North wondered if a detailed accumulated depreciation listing might represent a proxy for a strategic plan for maintenance on each of those assets. He noted that the Board has no real document for measuring success relative to maintenance of assets as there is no capital replacement plan.

Mr. Mason suggested that the Board use the summer months for planning and dealing with capital issues. He suggested making the mill rate spreadsheet more dynamic by pushing it out three years to see the effects of various decisions. Mr. Kane agreed with that approach as, if the Board wants to simultaneously increase its debt policy and not increase taxes, then there would have to be a reduction in operating budgets since increasing either budget ultimately would result in an increase in taxes.

Mr. Holden stated that the Board of Education had an initial meeting with the First Selectman to discuss a joint approach to capital. He added that they do have a 20-year schedule in place for all the school roofs, which are inspected each year. They are looking for any opportunities (such as the underground tank replacement program years ago) in which they can work cooperatively with the Board of Selectmen. There will be staff sessions held in June and a Board of Education meeting in July.

7. OTHER BUSINESS

Pre-Audit Meeting

Mr. Askham stated that he attended a pre-audit meeting with the auditors.

He indicated that the audit will start in the first week of October, financials will be submitted to the Board of Finance in September and will be finished by the end of November. The risk assessment strategy was discussed and the auditors were asked to identify any control environment weaknesses.

6/30/09 Appropriations and Encumbrances

Mr. Henault referred to two requests from Town Engineer, Richard Sawitzke that were distributed to the Board. The first was a request to hold open two CNR appropriations that will expire on 6/30/09, one in the amount of \$27,093.79 for the Firetown Road bridge project as well as another in the amount of \$21,501.00 for a Data Processing-Technology Needs Assessment. Mr. Kane stated that he did not have a problem with this request.

Mr. North made a motion to keep both requests open. Ms. Mielert seconded the motion and it passed unanimously.

The second request was to hold open two encumbrances for OPM grants that will close on 6/30/09: one in the amount of \$10,000 for signage and the other in the amount of \$10,000 for a bench and lighting, both related to the TVA's Tariffville Green Project. Mr. Kane stated that the work on these projects has not yet been completed and suggested that the Board approve the request.

Mr. North made a motion to keep both encumbrances open. Ms. Fitzpatrick seconded the motion and it passed unanimously.

8. ADJOURNMENT

Ms. Fitzpatrick made a motion to adjourn the meeting at 7:15 P.M. Mr. Askham seconded the motion and it passed unanimously.

Paul Henault, Chairman
Clerk

Debra L. Sweeney,