

Town of Simsbury Board of Selectmen – “Subject to Approval”
BUDGET WORKSHOP REGULAR MEETING MINUTES
Thursday, March 10, 2016 at 5:30PM
Simsbury Town Offices – Main Meeting Room
933 Hopmeadow Street, Simsbury, Connecticut

PRESENT: First Selectman Lisa Heavner, Selectmen Sean Askham, Cheryl Cook, Christopher Kelly, Elaine Lang and Michael Paine.

ABSENT: None.

The Board of Selectmen Regular Meeting Budget Workshop was called to order at 5:32PM.

1. PLEDGE OF ALLEGIANCE:

All present stood for the Pledge of Allegiance.

2. PUBLIC AUDIENCE:

Ms. Joan Coe of 26 Whitcomb Drive voiced her concerns with various areas of the proposed budget including, but not limited to, the following: the FY2016 Estimate column being identical to FY2016 Budget in some areas and the inclusion of an allocation for Main Street Partnership. Additionally, she opined that revenue received from building permit fees ought to be utilized for maintenance.

3. PRESENTATIONS:

A. Captive Insurance.

Ms. Jenny Emery, a consultant to CREC, appeared before the Board to present information on captive insurance. First Selectman Lisa Heavner explained that a decision on this option will need to be made within the next few weeks and that it has been built in as an assumption into the proposed budget. Ms. Heavner noted that a memo is also expected from Bob Lindberg of Arthur J. Gallagher & Co. who serves as the Town of Simsbury's Insurance Advisor. She noted that captive insurance is basically a regional approach used as a savings mechanism which is allowed by the state legislature for the first time this year. Ms. Heavner reported that a recent meeting of the Board of Selectmen Finance Subcommittee had concerns about risk exposure that Ms. Emery would address.

Ms. Emery noted that she is a retired insurance consultant who has worked with public entity pools and captives across the country and had received a call from CREC who was seeking an independent consultant. She began by summarizing that the numbers are great, the model looks good for the group as a whole and Simsbury in particular. She explained that ultimately the administration would be approaching the Board for approval on a resolution that allows the town to become a member of this specialty insurance company, this group captive for stop loss. She noted that typically the Board would not be involved with who the town buys the stop loss coverage from but the resolution is necessary because being a member is different than purchasing commercial insurance.

Ms. Emery shared a few slides to explain how captive insurance functions. She noted that this specialty insurance company is going to be a licensed insurance company regulated by the State of Connecticut, kind of like where the town already buys their property and liability coverage. Ms. Emery explained that the reasons why a group would come together to do something like this is to stabilize costs and save money long term, to collaborate for the longer term benefits, and to possibly learn from the other members of the group things that influence how the town provides benefits to employees such as wellness programs.

Ms. Emery presented a slide with five sample towns, and noted that what is common among the potential participants is that they already self-insure. She noted that Simsbury already self-insures their health benefits, explaining that the town self-insures the first \$250K loss. She explained that when considering whether it is risky, she opined that the town has already engaged in a risk by self-insuring that first tier. Ms. Emery also pointed out though that it has proven very beneficial, noting a reserve fund is set up for the potential fluctuation, with a stop-loss purchased above that first level. She explained that what the captive is

looking to do is take a layer between the individual member's attachment points, (for Simsbury: \$250K; for Granby who is less able to handle the volatility, it is \$125K), and allow all the members to self-insure for more, up to \$500K, but do so collectively. What this does is smooth the results by pooling the risks together, Ms. Emery explained. She noted that it leverages the purchasing power and a better deal is struck with the re-insurer above \$500K per loss. Ms. Emery then explained how there is also a smaller expense margin used with this model than a commercial carrier would allow as well as a smaller risk margin.

Ms. Emery noted that this model works very well across the country in all lines of risk, reporting that there are 80,000 local public entities that get some or all of their risk financing through this kind of mechanism, and it works particularly well with this specific type of coverage for this second, upper level noting that Simsbury would not be sharing first dollar risks with other people.

Mr. Sean Askham questioned what the incentive would be in light of the fact that Simsbury's attachment point is higher than a town like Granby. Ms. Emery explained that the pricing would be very different, comparing it with the different deductibles offered on auto policies, noting that it will be priced to reflect how much risk is being kept versus how much risk is being passed on. She also noted that underwriting may direct potential members to increase their attachment points. Ms. Emery explained that what the group is currently doing is building the governance structure and building the underwriting policies and philosophies just like an insurance company would. She noted that one of the advantages of joining at the onset rather than waiting a few years is that one of the policies will be that anyone who wants to join in the future will have to have a net benefit impact on the whole group meaning that whatever the average risk profile is of the initial starting group, it can only get better.

Mr. Askham asked about the capital contribution that would need to be made. Ms. Emery explained that CREC has applied to the state for a grant. She noted that if this does not come through, CREC has access to lines of credit that the Insurance Department will accept.

Mr. Michael Paine questioned whether this a resident captive within Connecticut or offshore. Ms. Emery noted that Connecticut's captive law was passed only a few years ago, that no reason exists not to do it here coupled with the fact that there is a lot of political support to do it in Connecticut. She noted that very early on, it was decided that there was very little reason to look elsewhere and noted that this captive is modeled after Vermont which is the dominant captive domicile in the country. Mr. Paine questioned whether the distribution of the surplus capital at a later date is done so on a membership equal basis. Ms. Emery noted that the bylaws will provide that the surplus capital goes back to the members in an equitable fashion determined by the board of directors taking into consideration what the member has paid in, the member's longevity with the captive, and the actual experience. She noted that from her experience, it is not that the captive dissolves but instead gets to a point where they know they can release some and it gets released to the people who created it in the first place.

Ms. Emery noted that the governance model is an elected board of directors but would be appointed initially and that the intent is that Simsbury would have a seat on the initial board of directors.

B. Mill Rate.

Ms. Heavner pointed out that when the Board of Selectmen's budget comes in with a budget increase, it is not a mill rate increase or a tax rate increase, noting that the town's budget is only 20% of the overall budget (26% if capital is included). She explained that what goes into setting the mill rate are the three budgets: the Board of Education (70% of the overall budget), the town's budget (19-20%), and the capital budget and fire district budget. Another factor in setting the mill rate is tax collection rate assumption which is a responsibility of the Board of Finance, according to Ms. Heavner. She explained that another factor in setting the mill rate is considering other revenues, such as grants like the state's ECS (Education Cost Sharing). Ms. Heavner noted that this year's budget features state grants that she had alluded to in her initial budget presentation characterizing them as unusual, namely the sales tax revenue (\$775K) and the "make whole" revenue from the mill rate reduction on cars. Ms. Heavner reported that currently the mill rate used for cars is the same as the one used for homes. She explained that the state has mandated though

that the mill rate used for cars must be lowered down to 32, creating a \$1M gap in revenue for Simsbury. Ms. Heavner explained that the state has promised to “make whole” the town for this reduction in revenue. She also noted that the building permit fees are another consideration as they are an estimate as is grand list growth, or growing the tax base. The grand list growth this year was 1.04 which she noted was the largest in the Farmington Valley and was the largest the town has experienced since she began serving on the Board seven years ago.

4. OVERVIEW OF BUDGET:

A. Social Services.

Director of Social Services Mickey Lecours-Beck reviewed her proposed budget. She explained the areas that she was seeking increases in and why. Among them were a \$500 requested increase for the annual veteran’s lunch, a \$300 requested increase for evictions work, and a \$250 requested increase for copy and printing services. She noted that the \$1,500 increase under Conferences is a change from the Finance Department to reflect the mileage used by staff for visiting seniors. Ms. Lecours-Beck also reported that personal thank you letters are sent for every donation received, explaining the \$300 proposed increase to Postage. She noted that the Dial-A-Ride contractual increase is \$2309. Additionally, Ms. Lecours-Beck reported that 87.5% of the free programs to residents are offered without utilizing tax dollars, attributing them to donations and state grants. Finally, she noted that Simsbury utilized the help of 118 volunteers who logged 5,781 hours.

Ms. Heavner praised the efforts of this department and the wonderful assistance they provide.

Slight discrepancies were noted with figures carried from one page to the next. Mr. Askham noted that the correct figure of the increase appears to be \$14,075.

B. Culture, Parks, and Recreation.

Recreation Director Gerry Toner reviewed his proposed budget. Mr. Toner noted that Culture, Parks, and Recreation Commission Chairman David Bush and Commissioner Gerry Wetjen were also attending this workshop and are available to respond to any questions Selectmen might have. He began with a slide presentation outlining the commission’s mission statement followed by the department’s responsibilities, noting the staff is charged with the care of park and facility maintenance. Included in that is the maintenance of 535 acres of parks, over 2,400 acres of Open Space, and ongoing maintenance of 40 athletic fields and facilities including the Simsbury Recreation Complex, Simsbury Performing Arts Center and Farmington Valley Greenway. He noted staffing has been reduced from ten full-time employees in 1988 to nine full-time employees now with two funded by the Board of Education. He noted that 750 programs are offered annually in addition to 50 summer camps serving over 2,000 youngsters. Mr. Toner provided detailed statistics regarding services offered through his department.

Mr. Toner noted that the single largest driver in his budget is the area of Facilities Maintenance. Hazardous trees are the biggest issue that the department faces. Mr. Toner praised the golf course maintenance staff, describing the savings derived from the undertaking of regrading the second green in-house, completing it at conservatively half the cost if they had to bid it out, at \$25K.

Mr. Toner then focused on a slide that presented a comparative analysis of similar towns to Simsbury wherein they all have special revenue funds in one form or another. He noted that he tried to show where Simsbury lines up from a general fund standpoint with a per capita spending of \$34.94. Ms. Heavner noted the significance of this slide. She noted that Mr. Toner’s budget has zero contingency in it and noted that both Parks & Recreation and Public Works are very weather dependent.

Mr. Toner discussed a problem with pay scale and the ability to find pool workers. He noted that when the state minimum wage increases, it impacts his budget.

Noting a discrepancy between the presentation and page 67 of the First Selectman Recommended FY17 Budget, Mr. Askham clarified that this budget’s overall request is \$635,768. Ms. Heavner noted that the

requested increase for Facilities Maintenance was \$11K and this was cut to \$5K. It was noted that if there was an increase to be returned, or an add-in, to this department, Mr. Toner would like to see it made to Facilities Maintenance.

C. Planning/Economic Development.

Director of Planning and Community Development Jamie Rabbit shared his department's mission statement. Mr. Rabbit detailed the staffing level in his department, the six commissions and the function of each. He reported that in FY2015, the department handled over 2,000 building permits, over 2,000 building inspections, and 861 permit reviews which includes structures, uses, and signage permits. Mr. Rabbit noted that for FY2016, as of March 1, 2016, the department has taken in slightly over 1,300 permits, 1,500 building inspections and 712 permit reviews. He noted that with regard to revenue, as of March 1, 2016, the department has collected \$899K, correlating to a 27% increase in revenue, noting that it's a blip as this department typically budgets \$600K for revenue. Ms. Heavner noted that \$750K is budgeted for revenue for FY2017.

Mr. Rabbit reviewed the budget increases, noting that his department has a budget of \$596,937, which includes a \$42K or 7.67% increase.

Ms. Cheryl Cook questioned the capital request for the POCD (Plan of Conservation and Development) as far as what the \$222K will provide. Mr. Rabbit explained that the POCD determines how decisions are made at the land use regulatory stage, lays guidance for how land should be zoned, how styles and types of housing should be developed throughout the community, where industrial zones should and shouldn't be, where workforce housing should and shouldn't be, where commercial zones should and shouldn't be, and basically lays out the framework of how the town should develop for the next ten years. Ms. Cook inquired whether consultants are hired for this purpose. Mr. Rabbit noted that an RFQ (Request for Qualifications) will be released in April, 2016 for this six month to eighteen-month process that involves public hearings, public outreach, surveys and facilitated town meetings to engage public input. Mr. Rabbit reported that new legislature last year mandates that a sewer districting plan also be developed and included as part of the POCD.

Mr. Rabbit also reported that the Zoning Regulations are being reviewed and updated. He noted that the studies are not regulatory and so would therefore like to take some of the study aspects and build them into the regulatory side to provide clearer guidance to the developers so that the permitting time frame can be condensed. Ms. Heavner reminded the Board that developers are seeking speed and certainty so this work is consistent with the guidance from the Economic Development Commission.

Director of Administrative Services Thomas Cooke opined that the Engineering Department has done very well in terms of flexing with part time employees and with the use of retaining engineering contractors when necessary, especially with the explosion of work having managed to stay on top of it.

MOTION: Ms. Cook, Mr. Askham second, **to amend the agenda to move Town Clerk to follow Planning/Economic Development; unanimously approved.**

D. Town Clerk.

Town Clerk Carolyn Kelly reviewed the many functions of her office, noting that her budget is relatively small compared to other departments. Ms. Kelly noted that her office is the official gate keeper to the records. She explained that her department gets their direction from state statute which lays out what they do, how they do it, and what they collect for fees. She detailed the five main areas her office covers: elections, land records (deeds, mortgages, etc.), vital records (births, deaths, marriage records), records disposition, and then the miscellaneous functions such as hunting, fishing and dog licenses. She reviewed the many functions related to each of these five areas.

Board members praised the development of the brand new commission app which allows a user to view the member make-up of the town's boards and commissions as well as provides a volunteer form for any persons interested in joining a board.

E. Finance.

Interim Director of Finance Sean Kimball noted that the IT department, the Tax Collector and the Assessor are all within the Finance Department. Referencing the Finance Department of the budget, he noted that the actuals have been trued up. Mr. Kimball reported that former Finance Director Joseph Mancini had sought to do an RFP on an auditor. However, Mr. Kimball noted that while he recommends doing it every three or four years, as it is a best practice, it might be beneficial to hold off a year as whoever is appointed as the new Finance Director might appreciate the historical knowledge of the current auditor.

Mr. Kimball reminded the Board that Mr. Mancini had recommended and saw the need for another position within this department but recognizes that this is a very tough budget year. Ms. Heavner agreed that this is a weakness within this budget, noting that there is no administrative support for this office.

Ms. Cook questioned whether any savings can be had in terms of printing and copying. Mr. Christopher Kelly concurred, noting that beyond the costs of printing is the labor involved with every adjustment made. It was noted that a line item for the purchase of tablets for the Board should be explored.

F. Tax Collector.

Mr. Kimball explained that he is available to respond to any questions regarding the proposed budget for the Tax Office, and representatives can be at Monday evening's meeting if need be.

Mr. Kimball noted that having the two part-time personnel to fill that one full-time role has proven to work out wonderfully, as it was endorsed by this Board a few years ago along with the support of the Union as it has allowed for better coverage and greater flexibility in this department.

Mr. Kimball explained the increase in bank fees is related to more people utilizing the online payment option.

G. Assessor.

Mr. Kimball presented the Assessor portion of the proposed budget. He noted that the full-time increase is due to the hiring at a higher step than what had been previously planned, noting that it was necessary in order to get her from West Hartford.

Mr. Askham questioned why FY2016 Estimate column appears to not change from the FY2016 Budget column. Ms. Heavner noted that Year-to-Dates can be printed although they are not always accurate because some year to dates come to spend in April. Mr. Cooke noted that if something is on track to be way off in one way or the other, it is something that would be flagged.

H. Information Technology.

Mr. Kimball presented a brief power point presentation that Computer Manager Richard Bazzano had created, highlighting some of the accomplishments of the IT department including: expansion of the fiber optic build-outs in the Senior Center, Water Treatment Center, Public Works and Simsbury High School, extended IT applications services and support throughout these remote facilities, network storage and data recovery improvements, Police MDT video cameras storage and Taser technology, successful migration to the Nutmeg network for cloud-based services, and town wide department enrichment.

Mr. Cooke noted that grant money was received to install a voice system out at the Culture, Parks, and Rec out at the Farms and were also able to share the technology with the Board of Education allowing them to change their phone system at Town Hall.

Mr. Cooke reported that the Board will likely hear a request for funding for BlumShapiro from the Board of Education to take a look at IT operations. He explained that BlumShapiro have real expertise in the area of cyber security.

I. General Government.

Mr. Cooke reviewed the Central Administration/Administrative Services portion of the proposed FY2017 budget. He noted that a 1.4% contingency increase in the Salary account for Central Administration. Mr. Cooke explained that the Contractual Services line is for an allocation for a single system to work with the Finance system, the SunGard system. He noted that SunGard is a very inflexible system and that they do not want to purchase another system that won't interface with it well. Mr. Cooke reported that more research is going in to this item.

J. First Selectman's Office/Central Administration.

Ms. Heavner noted that the Special Activities line is a new line as it was previously spent in years past but not included in the budget. Mr. Cooke explained that the Continuing Education is an item that is a benefit included with many bargaining units.

The *Admin Services – Conferences and Education* line was discussed as Mr. Cooke had explained that only one person was being sent rather than two. Ms. Heavner reported that this is an important line and for the last three years, due to expenses associated with the travel, neither has attended. It was noted that if there was an increase to be returned, or an add-in, to this department, Ms. Heavner would like to see it made to this line.

Mr. Cooke reported that the *BOS-Community Services – Special Activities* was increased by \$9K because this is the account that takes care of things like the Memorial Day Parade and Hometown Hero.

Regarding the Economic Development Commission budget, Ms. Cook questioned the possibility of cutting the Farmington Valley Visitors Association allocation. Ms. Lang noted that the publications would likely cease to mention Simsbury's local events. It was noted that a request could be made to ask them to bring forward a summary. Mr. Cooke noted that the Cell Tour also needs to be researched.

5. POSSIBLE ACTION/DISCUSSION:

No business was discussed.

6. ADJOURN:

MOTION: Mr. Askham, Ms. Lang second, **to adjourn at 8:47PM; unanimously approved.**

Respectfully submitted,

**Pamela A. Colombie
Commission Clerk**