

**Town of Simsbury Board of Finance
REGULAR MEETING MINUTES
Tuesday, March 15, 2016 at 5:45PM
Simsbury Town Offices – Board of Education Conference Room, 2nd Floor
933 Hopmeadow Street, Simsbury, Connecticut**

PRESENT: Jeff Blumenthal, Linda Schofield, Robert Pomeroy, Jr., Kevin Prell, and Barbara Petitjean (via phone).

ABSENT: Moira Wertheimer.

ALSO PRESENT: First Selectman Lisa Heavner, Selectmen Sean Askham, Cheryl Cook, Elaine Lang and Michael Paine, Interim Finance Director Sean Kimball, and Board of Education Business Manager Burke LaClair.

1. CALL TO ORDER:

Vice Chairman Linda Schofield called the meeting to order at 5:50PM.

2. PLEDGE OF ALLEGIANCE:

All present stood for the Pledge of Allegiance.

3. APPROVAL OF MINUTES – FEBRUARY 16, 2016 & MARCH 8, 2016:

Modifications to the February 16, 2016 Minutes include the following:

Page One, Agenda Item 4, First Paragraph, eighth line, the words "estimated cost sharing" should read "education cost sharing";

In all instances wherein the word "reevaluation" appears, it should read "revaluation";

MOTION: Mr. Blumenthal, Mr. Prell second, **to approve the February 16, 2016 Minutes as amended; unanimously approved.**

Modifications to the March 8, 2016 Minutes include the following:

Page One, Agenda Item 4, First Paragraph, fifth line, the words "full presentation may be viewed online via SCTV (Simsbury Community Television)" should read "full power point may be viewed on the town's website";

Page One, Agenda Item 4, Second Paragraph, third line, the words "...allowed the board to reduce over time..." should read "...allowed the board to reduce the size of annual increases over time...";

Page Two, Agenda Item 4, Third Paragraph, second line, the words "Mr. Blumenthal questioned the obligations for providing a certain level of professional development spending as part of the teachers' contract..." should read "Mr. Blumenthal asked if the obligations for providing a certain level of professional development spending as part of the teachers' contract was appropriate given prior years' expenditures";

MOTION: Mr. Blumenthal, Mr. Pomeroy second, **to approve the March 8, 2016 Minutes as amended; unanimously approved.**

4. ASSESSOR/REVALUATION DISCUSSION WITH DAVID GARDNER:

Assessor David Gardner addressed the Board regarding the revaluation process. He reported that the last revaluation process was completed as of October 1, 2012 and that those rates are still currently being used. He noted that the objective of the revaluation is to try to get to better uniformity in the assessments. Mr. Gardner noted that within the revaluation, the actual

assessment compared to the selling price or adjusted selling price of the properties that are included in the sampling have to be within 63% and 77% over the median, pursuant to the state regulations. He noted that the assessments are not tracking quite as closely to the sales as they were a few years ago and intends to get this back in line. Mr. Gardner expects the revaluation to include a careful field review as well as sending out questionnaires to property owners.

Additionally, Mr. Gardner explained that October 1 is the "lien date" and is the as-of date for value and the obligation that carries forward to the actual tax bill. He noted that regarding valuation of buildings, there are certain events that would change what is in effect as of October 1. For instance, a building that was previously under construction and receives a Certificate of Occupancy, would then receive a pro-rated assessment for the remainder of the assessment year. A building that catches fire and has to be torn down could be pro-rated off, Mr. Gardner further explained. He noted that a demolition of a building does not authorize him to make any adjustment in assessment until the next October 1 list.

Mr. Blumenthal asked whether there was a process through the Board of Assessment Appeals to seek a reduction in assessment; for example, in a case of a demolition. Mr. Gardner noted that it could be appealed through these means by February 20th of a given year and is unsure whether there is any exposure for appeal beyond that date.

MOTION: Mr. Blumenthal, Mr. Pomeroy second, to modify the Agenda moving Item #6 Approval of Cushman/Light Utility Vehicle ahead of Agenda Item #5 Discussion of Possible Supplemental Appropriations; unanimously approved.

Ms. Schofield noted that she is on the Performing Arts Center Board and would therefore recuse herself from speaking or voting on this item.

5. APPROVAL OF CUSHMAN/LIGHT UTILITY VEHICLE:

Ms. Petitjean noted that the request received from the Performance Arts Center (PAC) is unusual because it is out of cycle. She noted that they received a note from the Board of Selectmen that the group would like it for this year's season.

First Selectman Lisa Heavner reported that her Board did vote to approve this purchase off-cycle because the PAC views this as an essential piece of equipment for events. She indicated that she has received reports that it has broken several times and when that occurs, there is no ability to get drinks and ice to locations throughout the facility.

Mr. Ferguson Jansen, a representative from PAC, explained that the request is for a purchase of a Diesel quad with a dump back complete with a fork lift capable of lifting up to 1500 pounds. Mr. Jansen emphasized that the proposed purchase is not for a golf cart. Ms. Heavner noted that it was the expectation by the Board of Selectmen that it would be a piece of equipment owned by the PAC and that the town would no longer have to do maintenance, storage, or assume liability for incidences that might result with it.

MOTION: Mr. Pomeroy, Mr. Prell second, to approve the purchase of the Cushman; Motion passed with Mr. Blumenthal, Ms. Petitjean, Mr. Pomeroy, and Mr. Prell voting aye while Ms. Schofield abstained.

6. DISCUSSION OF POSSIBLE SUPPLEMENTAL APPROPRIATIONS FOR FY2016 PURSUANT TO SECTION 809(c) OF THE CHARTER:

Ms. Petitjean explained that this agenda item ties around the discussion of the budgets and how tight the requirements given to the Board of Selectmen and Board of Education were. She acknowledged that while the Board of Selectmen have not yet formally presented their budgets, the Finance Board has had the opportunity to be privy to the starting point of the town's side. Ms. Petitjean reported that one of the things the Board of Finance can do is to use up to 1%, or approximately \$900K, of reserve money to pay for capital or one-time purchases to help smooth the budget process. She noted that the discussion would focus around possible and proposed ideas that might make next year's budget picture more favorable for both the Board of Selectmen and Board of Education.

Interim Director of Finance Sean Kimball reviewed approved items for pre-pay including the Cushman purchase, the Heart and Hypertension payment, and the \$20K encumbrance for planning studies. Ms. Heavner explained that the \$20K was just a missed encumbrance between the transition of the Planning Directors that took place.

Whether or not the \$35K for the revaluation had already been voted on was going to be reviewed.

Ms. Heavner reviewed the \$92K energy upgrades at Town Hall and the library which were done with on bill financing, noting that the return on investment will not be seen for two to four years, but should eventually realize \$30K savings annually.

Ms. Petitjean reminded her board that they had requested both boards to come in with projected budget increases at 2.0%. She noted that the Board of Education has presented with a higher projected increase, 2.2%, with one reason being due to an additional need in capital non-recurring (CNR) needs for additional equipment. Ms. Petitjean noted that it would be possible to hold their CNR flat by taking \$115K of the new additional spending in CNR and pay cash for it now out of the fund balance.

Board of Education Business Manager Burke LaClair opined that this was reasonable in a year where they had added expenses and noted that it would be very helpful.

Ms. Heavner reported that Director of Public Works Tom Roy, PE, like many municipalities, has been researching the purchasing of street lights from Eversource where savings may be derived from service maintenance through a contractor and conversion to LED lighting. She reported that the possible savings here are \$115K. Ms. Heavner noted she would obtain more specific information from Mr. Roy regarding the street lights, whether the work could be done by September, 2016 and whether the work could be done in phases.

The \$25K for the NEASC (New England Association of Schools and Colleges) accreditation process was also noted as being included on this partial list.

Ms. Heavner noted that she is proposing including \$100K in the Board's CIP (Capital Improvement Program) for gap funding for the Veterans Memorial, noting that initial bids came in more than the group had raised. Ms. Heavner noted that in order to take advantage of the STEAP (Small Town Economic Assistance Program) grant of \$150K, the Veteran's Group has to have all funds available to them for the project. In response to the question regarding the size of the total project, the figure was noted to be \$450K with \$200K raised through donations, \$150K grant, and the balance of \$100K from this CIP allocation.

Ms. Heavner reported that Mr. Roy had discussed the possibility of replacing the windows at Town Hall that could result in energy savings.

Mr. LaClair reported that he and Mr. Kimball have been working together to get the OPEB (Other Postemployment Benefits) numbers but still do not have these. Mr. LaClair indicated that he would like to have these as well as their insurance rate set this week. Mr. LaClair noted that the Board of Education meets Tuesday and his goal is to provide them with the updated information in advance of that so that they may consider OPEB, Pension, review of information this Board spoke about both last meeting and this meeting. He noted that he would like to share with the Board of Education, if there is indeed consensus from the Board, there is help on the CNR and NEASC.

7. PFM BONDED DEBT ANALYSIS:

Ms. Petitjean reported that she is still waiting on responses to inquiries she posed to Consultant William J. Fazioli of Public Financial Management, Inc.

8. BUDGET DISCUSSION:

Ms. Schofield explained that the Board had requested the Board of Education to review potential savings for outsourcing for cafeteria and facilities management. Mr. LaClair reported that it is a long process between the state and federal governments to go out to bid on these programs, because the two government entities have to approve the actual bid documents prior to them going out. He noted that there is an acknowledgement that they need to keep an eye on the balance of this fund, noting the struggle since the changes in the National School Lunch Program. Mr. LaClair noted that this is one that is shared among many districts due to the ways that the menus are now mandated differently and takes an increased effort needed to keep participation rates up. He noted that if the program cannot break even, they are going to be forced to consider going out to bid. Ms. Schofield noted that part of Mr. LaClair's report on this account indicated it has enough in reserve to cover the losses. She questioned the origin of these reserves. Mr. LaClair noted that this is a separate fund. He explained that the Board of Education has a Grants Fund, General Operating Fund and a separate Cafeteria Fund. He pointed to page 84 of the CAFR (Comprehensive Annual Financial Report), indicating that the Cafeteria Account has a fund balance of \$166K, and noted the loss of \$15K. Mr. LaClair explained that this fund has seen fluctuations for decades but has become a particular challenge over the last several years to break even. He noted that the goal of the fund is to break even, and not to create reserve.

Mr. LaClair noted that outsourcing maintenance is a much less common occurrence with public schools, noting that there is also contractual language about not outsourcing. Ms. Schofield noted that from her understanding of companies that accept outsource bids, it is done so without lay-offs and instead the outsourced company assumes the management and purchasing of supplies. She also explained that she was unsure of the experience of other towns in terms of the documented cost savings, noting that would be critical in looking into this further.

Mr. LaClair shared with the Board research of a comparison between propane and natural gas as an alternate fuel source for buses indicating propane as a much more efficient source of fuel. Mr. LaClair reported that all the buses operate on diesel currently. He noted the district would be able to convert over to five in a year as part of a pilot program provided that it remains as part of the CNR budget through the Spring referendum, with a schedule of two to three per year thereafter.

Mr. LaClair noted that there are cooperative efforts between the Town and the Board of Education, reporting that he has met with Director of Administrative Services Tom Cooke

annually on this. Mr. LaClair acknowledged there has been a great deal of cooperation with the wellness program sponsored by Cigna and the Affordable Care Act compliance. He noted they have the same financial system, which includes Human Resources, Payroll and Benefits. Mr. LaClair reminded the Board about the Town's RFP regarding HR software solutions which will be shared with the Board of Education. He noted that the Board of Education and the Town intend to look closer at where they could work more closely together to integrate these functions. In response to an inquiry from Mr. Blumenthal, Mr. LaClair noted that they have not been able to identify any cost savings directly related to staffing but have focused on greater efficiencies in an effort to avoid a need for additional staff. The use of Voice Over Internet was provided as an example of this.

Mr. LaClair reported that the Board of Education has received a proposal for solar panel installation and has been reviewing the process with Mr. Roy. Ms. Schofield had questioned whether this is likely to occur over this summer. Mr. LaClair noted that the vendor was in need of additional data in order to provide a better estimate. He explained that once that part was updated, a more formal agreement process would need to be worked out through the Board of Selectmen to allow the 40kw array to proceed.

Mr. Prell asked about Project Choice. Mr. LaClair provided details on the history regarding the program, noting that Simsbury has a long twenty-year history with the Open Choice Program and explaining that the town was an early adopter in making seats available in the district. He also directed Board members to the area within the Board of Education's proposed budget that details the sliding scale for payments related to this program. Mr. LaClair noted that the district makes available only the number of seats that will not affect class size. The grants received and how they are calculated, as part of this program, were discussed.

Through projecting an Excel worksheet, Mr. Kimball then reviewed the modeling tool utilized by the Long Range Planning Committee noting the effects of the loss of The Hartford as well as proposed development. Ms. Petitjean noted that the document includes the projects that could potentially offset the loss of revenue from The Hartford. She further explained that prior to beginning a planning year, there are negotiated salary increases on both Board(s) of Education and Selectmen which are typically a couple percent. Small amounts of growth are reviewed by the Board of Finance which this document indicates, Ms. Petitjean explained. She noted that while the Town is facing losing \$1.5M from The Hartford, and then as shown in this document, offsetting half of that with the growth, the growth is being used this year to pay for the budget increases. She noted that the document reveals next year is somewhat problematic followed by almost a full recovery the following year, and more than full recovery the following year. What is missing though, she cautioned, is the number for the negotiated salary increases. Ms. Petitjean also pointed out that the incremental expenses specifically associated with these units has not been identified.

Ms. Petitjean then shared the concerns of the Board in terms of "new money" coming in from the State. She reminded them of the capping of tax increases on cars, noting that while this year the State has promised to fully reimburse the difference, no commitment has been made for the following fiscal year, which would result in a drop in revenue of \$500K. Ms. Petitjean also noted the assumption of \$775K associated with the sharing of sales tax with the towns. Ms. Petitjean reported that the Board has concerns with approving a budget carrying both of these assumptions potentially facing a situation where they are not received, necessitating them to be paid through reserves. Ms. Heavner reported that CCM and COST met with Connecticut House of Representatives Speaker Brendan Sharkey who had indicated that he intends to

support these two earmarks. Ms. Heavner also noted that she had spoken with Representative John Hampton just prior to this meeting who had not heard that being on the cut.

Ms. Petitjean noted that the Board of Education's enrollment projections will need to be reviewed and examined.

Ms. Schofield then reviewed a power point presentation put together by the Long Range Planning Subcommittee largely through data obtained from OPM (Office of Policy and Management) who in turn obtains much of their data from individual towns through the town's CAFRs. The presentation included towns similar to Simsbury in terms of homes and businesses, according to Ms. Schofield such as Avon, Farmington, Glastonbury, and West Hartford. Among the areas for the various sample towns were Per Capita Education Expenses, Per Capita Board of Selectmen Expenses, Per Capita Debt, Per Pupil Expenses, Taxes Per Capita, Mill Rates, Average Home Square Footage, Median Home Days on Market, Percent of Total Budget Spent on Education, Percent of Total Budget Spent on Board of Selectmen, Cumulative Budget Increases, Per Capita Income, Median Household Income, Debt as Percent of Equalized Grand List and School Enrollment.

Ms. Petitjean explained the history behind the inclusion of the portion of the Board of Education's budget, *Simsbury Public Schools Expenditures Including General and Restricted Grant Funds*, which may be found in the pink pages of their proposed FY2017 budget. Ms. Petitjean noted that to create transparency, this part of the budget was developed about four to five years ago during the discussions of full day kindergarten.

Ms. Petitjean explained that she would like to review what has actually been spent on roads for the last five years and to review what is needed going forward to keep the roads at the right level. She noted that her goal is to get this back into the operating budget and has discussed the same with Mr. Kimball. Her suggestion included moving the Town Aid Road back over into the General Fund and then to utilize the existing remaining balance in the Town Aid Road Special Revenue Fund which is where this money was being put to create a process where expenses can be paid and get it all back into Operating Account.

Ms. Heavner explained that the Facilities Maintenance Program Fund includes Town Aid Road, Eno Memorial Hall, Antoinette Eno Wood, Horace Belden Income, Pease Cemetery Trust, and Hazard Mitigation. She noted that for the last decade, this is the fund that has been used for basic, minor expenses pursuant to a replacement schedule developed by the Director of Finance and Director of Public Works. Ms. Heavner noted that a beginning fund versus end balance may show about \$500K a year but that it is not truly as there is money coming in and going out throughout the year. She explained that a reserve in this fund is purposeful because when a piece of equipment breaks, there needs to be reserve in order to pay for replacement.

Ms. Petitjean opined that for purposes of transparency, capital purchases should be transparent to the town and should be put through the budget process, allowing the town to vote to on the full amount of the expenditures.

Mr. Blumenthal noted that one concern is the unpredictability of a bigger ticket item that was not put into capital and whether managing it that way might restrict the repairing of equipment unless there is favorability in the first six months of a budget, shift from another line in the budget or within the 1% capital. Ms. Petitjean suggested this could be addressed through building a maintenance line in the budget.

Ms. Heavner explained that a reason Mr. Roy had thought it should be included in Town Aid Road is because that is a fund that will stay there over time. For instance, Ms. Heavner noted that they had saved for two years for the purchase of a sand sweeper, which would not be able to be done in a line item budget.

Ms. Petitjean noted that a maintenance schedule can address those concerns. She noted that she would like to see the Selectmen pay for the roads in the current budget so that the Town isn't borrowing to do roads every two years. Ms. Petitjean requested a comprehensive analysis of roads, equipment and road paving. Ms. Heavner noted that her office would be able to provide the requested data.

Discussion ensued regarding how to share the \$200K budget gap between the Board of Selectmen and Board of Education. Different models for a proportionate were discussed with it being decided that both should seek areas to find cuts.

9. OTHER BUSINESS:

No other business discussed.

10. ADJOURN:

MOTION: Mr. Blumenthal, Mr. Prell second, **to adjourn at 8:52PM; unanimously approved.**

Respectfully submitted,

**Pamela A. Colombie
Commission Clerk**