

Subject to Approval

**Town of Simsbury Board of Finance
REGULAR MEETING MINUTES
Tuesday, March 29, 2016 at 5:45PM
Simsbury Town Offices – Board of Education Conference Room, 2nd Floor
933 Hopmeadow Street, Simsbury, Connecticut**

PRESENT: Linda Schofield, Kevin Prell, Moira Wertheimer and Barbara Petitjean (via phone).

ABSENT: Jeff Blumenthal and Robert Pomeroy, Jr.

ALSO PRESENT: First Selectman Lisa Heavner, Selectmen Chris Kelly, Sean Askham, Cheryl Cook, Elaine Lang and Michael Paine, Director of Administrative Service Tom Cooke, Interim Finance Director Sean Kimball, Board of Education Business Manager Burke LaClair, Town Engineer Jeff Shea, Public Works Director Tom Roy, Director of Planning and Community Development Jamie Rabbit, Police Chief Peter Ingervetsen, Police Captain Nick Boulter, Recreation Director Gerry Toner, Tax Collector Colleen O'Connor, Director of Social Services Mickey Lecours-Beck.

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.

MOTION: Ms. Petitjean, Mr. Prell second, **to amend the agenda to allow for budget discussion with Burke LaClair in advance of the Board of Selectmen budget presentation; unanimously approved.**

Simsbury Public Schools Business Manager Burke LaClair distributed to the Board a one-page summary as a follow-up to the last Board of Finance meeting and subsequent Board of Education meeting. In this summary, Mr. LaClair noted that the increase of the budget that was presented initially was 2.2% but now reflects an increase of 1.94% with adjustments made, including the CNR and NEASC changes. Mr. LaClair reported that his board received new information about one additional teacher retirement. He explained that the reductions total just under \$175K, a slightly better result than even the target discussed previously. Mr. LaClair reported that the Board of Education has voted to approve these modifications. In response to Ms. Schofield's inquiry regarding pension and OPEB figures, Mr. LaClair explained that while the pension figures have been finalized, and that it was the insurance that his office had been waiting on. He noted that those figures have been nailed down, resulting in a modest reduction. Mr. LaClair reported that both he and Interim Finance Director Sean Kimball have still not heard back on the figures relating to OPEB.

3. BOARD OF SELECTMEN 2016/2017 BUDGET PRESENTATION (PURSUANT TO SECTION 807 OF THE TOWN CHARTER):

First Selectman Lisa Heavner presented her board's 2016-2017 Budget. In a power point presentation, Ms. Heavner reported that Simsbury is among Money Magazine's Top 10 Places to Live. This budget responsibly preserves Simsbury as the beautiful place to call home in the most cost efficient manner, according to her presentation. Ms. Heavner reported that her Board

approved a budget of \$19,506,444, reflecting an increase of \$638,475 or 3.38%. She noted that it meets the Board of Finance's goal of a flat mill rate.

Ms. Heavner reviewed the objectives of the Board of Selectmen as they crafted their proposed 2016-2017 budget: to maintain fiscal responsibility by delivering quality services in the most cost effective manner; to provide responsible stewardship of Simsbury's natural resources and assets; to develop and plan for long-term economic sustainability; to modernize technology to provide transparency, increase efficiencies and meet the current and future needs of the town's residents. Ms. Heavner then reviewed some of Simsbury's noteworthy accomplishments. The designation as the 2015 Money Magazine Top 10 Best Place to Live in the U.S., the ranking of 6th Best Suburb in CT to Raise a Family (Niche.com), and the Library ranking second in Connecticut Library Journal Index of Public Library Service are just a couple of the many accolades Ms. Heavner had shared. Ms. Heavner also noted that her board gave careful consideration to existing economic conditions locally, in Connecticut and at the national level. She also noted the state legislation that may impact Simsbury such as the mill rate cap on cars although there has been a promise received from the state to "make whole" for Simsbury the difference in the loss of revenue, \$1,040,347. Ms. Heavner also noted another proposal from the state legislature regarding the share of state sales tax with Simsbury's allocation being \$775K this year. Ms. Heavner reported that the state has also passed legislation that will place a 2.5% increase budget cap beginning in 2018. Ms. Heavner then reviewed cost drivers to the budget. She then reviewed more than twenty-five examples of initiatives designed to produce cost savings.

Ms. Heavner thanked Town Hall staff that was present for the budget presentation. She remarked with her congratulations to Sean Kimball, who she noted stepped in with very short notice in the middle of the budget process and is effectively doing two jobs explaining that the former Finance Director was able to utilize Mr. Kimball's assistance whereas Mr. Kimball does not have an assistant.

Ms. Heavner noted that department heads had requested an increase of \$1,291,786, or 6.81%. She noted that while none of the requests were unreasonable, the Board of Selectmen's proposed budget of \$19,506,444, with an increase of \$638,475, or 3.38%, and was done so only after making difficult reductions. She noted that it does represent essential needs. Ms. Heavner also briefly reviewed the approved capital budget as well as the approved capital projects on CIP recommended for the 1% supplemental.

Noting that the mill rate cap this year on the automobile tax is 32 and that next year is expected to be 29.5, Mr. Prell questioned what the impact will be next year. Ms. Petitjean noted that information has been received that the initial language of the bill only includes the "make whole" provision for the first year and would require subsequent legislation to provide funds for next year. Ms. Heavner agreed that there is an uncertainty in that regard. Ms. Wertheimer had questioned what was included in the 10% reduction over spending for last year within Public Works. Thomas Roy, P.E., Director of Public Works, explained that this is a result of a significant decrease seen over the last two years in natural gas, as they have been tracking utility use much closer over the last couple years utilizing a third party bill pay system. He noted that instead of just tracking dollars spent, they have been tracking much closer to actual volume of natural gas.

Ms. Wertheimer also noted that two bargaining units will be in negotiation this year and questioned whether there are set asides for salaries in this regard. Director of Administrative Services Tom Cooke noted that some preparation steps have been built into this without

knowing what the final outcome will be. Ms. Petitjean asked about the offsets for the cost driver increases. Ms. Heavner identified the \$85K for savings through the street light conversion and the \$30K for the town upgrade if the online bill financing is paid off. Ms. Petitjean questioned why there is a \$52K utility increase even though the town undertook a cost savings project. Mr. Roy noted that electricity is purchased in advance each and every year and currently the town is ending a three-year contract in December, 2016 and that there is a 5% increase built in. He noted that there are a number of buildings that are seeing increased use such as Scout Hall.

Ms. Petitjean also noted that the addition of the engineering position should be fully funded. Discussion followed regarding this position. It was explained that at a total cost of \$70K for the salary of the position, the Board of Selectmen were carrying \$50K and are in discussion with the Board of Education who may absorb the other \$20K.

Ms. Schofield noted the increased bank fees within the Library account as a result of patrons paying fines through the use of credit cards. She opined that it may be time to raise fines so that the cost of collecting said fines does not exceed the fines themselves. Ms. Heavner explained some factors that contribute to this such as the convenience factor as society becomes more and more "cashless" and the copy charges that are now collected.

Ms. Schofield noted that the water charges at the public works facility have gone up substantially. Mr. Roy noted that this is attributable to water rate changes and the fact that the facility will be operating a truck wash by the end of the year. Ms. Schofield questioned whether this offsets some other expense. Mr. Roy indicated that it does not but Ms. Heavner noted that it will reduce the risk component associated with employees standing outside on ice using a spray washer and that this will aid in being fully compliant with the Department of Energy and Environmental Protection regulations. She also noted that it does aid in extending the life of the equipment. Mr. Roy explained that his department will be washing more vehicles, including washing vehicles that were not previously being washed.

Ms. Schofield questioned the information provided by Mr. Roy regarding the number of miles resurfaced and why some years include so many more miles. Mr. Roy explained that not all roads are the same in level of effort. He noted that this year will include the Mountain Farms area which involves a slew of cul-de-sacs, curbing, and quite a few catch basins all resulting in a much slower process. Mr. Roy explained that not all resurfacing is the same in terms of cost per square yard.

In response to Ms. Schofield's question on batteries for the Tasers, Ms. Heavner explained that she had a discussion with Police Chief Peter Ingervetsen and he agreed that he will absorb the cost elsewhere in his budget. Ms. Schofield noted that her general concern is to be mindful when purchasing items like Tasers or possibly body cameras, what the impact that may result in operating budgets. Ms. Schofield also commented on the increase in salary for two registrars who had not received an increase in eight years. She opined that from a fairness perspective, these two elected officials should be given the same consideration as every other town employee and also noted that from a planning perspective, it is a better idea to see modest increases to reduce any sharp budgeting impacts from trying to play catch-up.

Ms. Petitjean reminded the Board that regarding the roads in town, there was an effort to catch up with a maintenance program to bring them back up to a desired level, which was all part of a multi-year program. She noted that there was then a desired annual \$1.2M figure to allow the roads to remain maintained. Ms. Petitjean sought a figure on what has been spent each fiscal year on roads. Ms. Heavner noted that the figure she put out was just a placeholder to be used

as part of a planning document. Mr. Roy explained that the average estimated life of a well resurfaced road using modern asphalt is about seventeen (17) years. He noted that it used to be twenty plus years but due to some of the changes in environmental regulations and how asphalt is made, newer asphalt does not last as long as older asphalt did. He noted that Simsbury has 165 miles of roadway, and this divided by seventeen years results in \$1.2M per year to be on a seventeen year resurfacing schedule. He noted that this seventeen-year cycle also assumes some crack seal three to four years out and then a second crack seal at years seven or eight. Mr. Roy reported that Simsbury has reached a point where none of the roads require reconstruction, although a few areas of roads may require reconstruction. He noted that reconstruction costs are four times as costly as resurfacing. Ms. Heavner noted that the figures are subject to inflation and fluctuation in the cost of asphalt. Ms. Schofield reminded the Board that there were three infusions of \$2.5M in capital to bring the roads up to a desired level, with this year being the last of the three. Ms. Petitjean noted that because the roads have been paid through the capital account, either the operating budget needs to go up by \$700K at some point in the future or the way it is being paid for right now requires permanent capital contributions to get to the \$1.2M. Ms. Petitjean also questioned Mr. Roy how long before the \$2.5M will be spent out. He noted that it will likely be spent over three years.

Ms. Heavner explained the history behind bonding the roads, noting that it was done around the time of the Great Recession of 2008. Ms. Schofield likened it to a homeowner, losing their job, so borrowing through use of a credit card for purchase of a necessity but yet still having the same day to day expenses to cover plus the cost of the interest for borrowing in addition to the principal cost. She noted that it is tough to walk back those expenses, and ultimately does likely result in a tax increase the year that it is done.

Ms. Schofield questioned whether the Board of Education was able to review the budgeted appropriations for advertising and electricity. Mr. LaClair explained that both were reviewed and that the Board of Education was still comfortable with these two line items, noting that they view them as conservative figures.

The Board recessed at 7:05PM and reconvened at 7:10PM.

4. BOARD OF SELECTMEN CAPITAL IMPROVEMENT PLAN (PURSUANT TO SECTION 803 OF THE TOWN CHARTER):

Town Engineer Jeff Shea reviewed the capital improvement plan projects in order of scale. Among the projects reviewed and discussed were:

- *Multi-Use Connections & Master Plan Updates \$1,160,000* - Mr. Shea noted that this includes a continuation of a project that had been in CIP previously and that work had been done on some master planning down at the Meadows and Tarrifville Park. He noted that the funding for this year will hopefully leverage a couple of grant applications, especially the section of trail from the Farmington Valley Greenway to Route 315/Curtis Park as well as the joint application with Bloomfield for the section of trail from the town line down Route 187 down to Tarrifville.
- *SF Golf Course Improvements \$125,000* – Mr. Shea noted that this is a continuing project to the golf course and includes dredging of their two water supply ponds to create more capacity noting that over forty years, the ponds have silted in. Ms. Petitjean questioned whether this project has a potential of delay in spending for a portion since most of the spending on this project is out in FY2020. Recreation Director Jerry Toner indicated that this is really a stand-alone project.
- *Park Improvements \$30,000* – Mr. Shea explained that this project is to complete a road improvement project at Memorial Park that is quickly deteriorating because of heavy use. Ms. Heavner explained that the Board of Education also uses this road to improve safety concerns and alleviate traffic concerns at Central School.
- *Athletic Field Improvements \$30,000* – Mr. Shea explained that this project is primarily for routine upgrades to turf irrigation at the Memorial Park Athletic Fields. Mr. Toner explained that the irrigation systems up

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there are mostly twenty-five to thirty years old, noting that one field is down now because one system is currently being repaired.

- *Greenway Improvements \$240,000* – Mr. Shea explained that this project is a combination of a Bike-Pedestrian Master Plan, and will take a high level look in terms of what improvements need to be made and what opportunities might exist to expand or improve the plan. He noted that \$40K is for the plan and \$200K is for upgrades to pavement and fencing, roadway crossing and bollards, as this bike plan is twenty years old. Ms. Petitjean reminded the Board that when these items are put in a Capital Plan, taxpayers will still be paying for the projects ten years from now. She noted that a consideration with putting the cost of plans in Capital is whether they will have a ten-year life and will add value to tax payers eight years from now. Ms. Heavner noted that the Master Plan for Simsbury Farms has been the guiding document for twenty-five years.
- *Open Space Planning Improvements \$400,000* – Mr. Shea noted that while this has been in the budget, it has been refined with the acquisition of 1 Old Bridge Road and the Ethel Walker Master Plan being completed. He noted that what now needs to be reviewed is operations, maintenance, security, and resources. Mr. Shea noted that the construction in this project is \$300K for enhancements to 1 Old Bridge Road including demolishing the existing structure and likely constructing a pavilion and improving access to the river for boating. Ms. Heavner noted that it will also include a review to be certain that the retaining wall is stable at this location.
- *Street Lighting Purchase / Lighting Improvements \$775,000* – Mr. Shea noted that this project is for the purchase of the street lights to take the place of leasing the fixtures. Mr. Roy noted that a notice to proceed was given to the consultant for April 1 with a hopeful acquisition for July 1. It was noted that \$85K - \$90K in savings, figured conservatively at ten months, were built into next year's budget.
- *Simsbury Veteran's Memorial \$100,000* – Mr. Shea reported that this is a budgeted figure and that the project will be going back out to bid.
- *Plan of Conservation & Development and other Land Use Studies \$222,500* – Mr. Shea noted that this figure represents the Plan of Conservation and Development as well as an update to the Zoning Regulations and Weatogue Zoning Regulations. Ms. Petitjean reiterated her concern with putting planning studies into Capital.
- *Highway Pavement Management \$2,500,000* – It was noted that this had been discussed earlier in the meeting.
- *Window Replacement \$44,000* - Mr. Shea noted that part of municipal building maintenance includes window replacement at Town Hall, exterior building painting of dormers and fascia boards at Town Hall, boiler room improvements at Eno Memorial Hall, and installation of pressure reducing valves at several municipal buildings. In response to a question about operating cost savings regarding the window replacement, Mr. Shea noted that improvements to energy efficiency will occur but savings have already been noted in the gas budget.
- *Dam Evaluations and Repairs \$145,000* – Mr. Shea noted that inspections were completed last year at the town's five dams: West Mountain Dam, Library Lane Dam, Simsbury Farms Pond Dam, Lake Basile Dam, and Town Forest Pond Dam. He explained that while the inspection reports have not been received yet, they are hearing from consultants that there are items that need to be addressed with the dams such as removal of vegetation and repairs to spillways.
- *Town Facilities Master Plan \$400,000* – Mr. Shea reminded the Board that there are 18 major structures along with 22 minor structures that the town owns and maintains. He noted that this plan will include taking a high level look to plan long term which will include looking at the envelope of the buildings, looking at mechanical and space allocations and then also future space opportunities. He noted that this will endeavor to develop a long term plan for the next twenty to twenty-five years.
- *Public Works Complex Infrastructure Improvements \$450,000* – Mr. Shea noted this is a continuation of a project from previous years, to update the facility to meet current standards and improve safety. Ms. Petitjean inquired whether there is an operating savings component to this one. Mr. Roy opined that there will be a significant savings to heating costs at the building based on the fact that existing roofs will have insulation added where in some instances there is none and in some cases, will add thicker, more appropriate insulation to the rest of the buildings.
- *Town Hall Site and Safety Improvements \$385,000* – Mr. Shea noted that this project will include improving pedestrian and vehicular safety, a review of the handicap accessibility, the sidewalk system, improving security for the Police Department in the rear of the building, and carving out additional space with installation of a retaining wall.
- *Portable Generator Infrastructure \$175,000* – Mr. Shea explained that this project continues to improve the resiliency of the Town's capabilities during storm events. He noted that a portable generator was purchased as part of last year's CIP in cooperation with the WPCA. This project will continue the necessary recirculating that is required at Town Hall to provide redundancy if the generator were to go down as it did during the last

storm and will also serve to provide capability of retaining heat at other municipal buildings, according to Mr. Shea.

- *Sewer Main Extensions / Repairs - Massaco Street \$104,000* – Mr. Shea noted that this project will include replacement of 600 linear feet of sewer on Massaco Street that is in poor condition.
- *Hopmeadow / Center Area Sewer Repairs \$100,000* – Mr. Shea noted that this is a continuation of the project from last year. He noted that this project would allow for rehabilitation of the sewer at this location through a slip line process and spot repairs at specific locations.
- *Skidsteer Track Loader with Brush Cutter \$83,103* – Mr. Shea explained that this is a piece of operational equipment for the WPCA that will aid in the maintenance of easements in terms of clearing right of ways.

Mr. LaClair then reviewed the CIP projects on behalf of the Board of Education. He briefly reviewed the District Network Infrastructure with a total allocation of \$450K. He then reviewed the Henry James Renovation Phase II, a \$1.95M project, with the focal point being to do work that can be done during the summer of 2017. He explained the schedule for this work as related to the state grant process. Mr. LaClair explained it will include the first floor hallway, second floor hallway, fire suppression system, replacing the elevator, working on the gym, the HVAC, plumbing improvements, flooring, and lockers on second floor. Mr. LaClair also reviewed the turf field replacement at Simsbury High School, explaining that they have gone out to bid subject to the approval of funds. Ms. Petitjean questioned when the turf field was installed and whether there is any guarantee that it is going to last ten years. Mr. LaClair noted that it was installed in 2005 and that the estimated life span is ten years so the district has reached that minimum. Finally, Mr. LaClair reviewed Phase II of Climate Control, a project with an appropriation of \$950K, which will allow work in additional areas in all seven schools.

Ms. Petitjean thanked Mr. Kimball for his efforts in creating a worksheet that seeks to be looking out into the future, for multiple years. Ms. Petitjean noted that even with the Capital conversations and in creating Capital budgets, the town has never done the charting and made them in a manner that would understand when they would be bonded, what that would cost and how they would fit within the 7%. She reported that she and Mr. Kimball came up with a way to look at all the moving pieces, noting that they all interact with each other. Ms. Petitjean explained that included in the analysis is the unassigned fund balance, and what are the needs and demands on that versus what the needs and demands that are going to come forward in the operating budget in the future. She noted that part of this worksheet involved looking at the debt and understanding affordability and even creating cashflows. Ms. Petitjean explained that she and Mr. Kimball had reviewed what items could be paid for with cash in the early years to be able to minimize future borrowing to maximize what they deemed to be affordable.

A worksheet entitled "Unassigned Fund Balance - Future Year Challenges Identified" was then reviewed, explained and discussed. Ms. Petitjean noted that the general goal of the Board regarding the unassigned fund balance is to keep it around 12%. She noted that as of June 20, 2015, the unassigned fund balance was at 12.9%. Ms. Petitjean then explained that items such as tax collection rate at 99.5% rather than 98.5%, netting \$800K in extra revenue, as well as \$450K in building fees collected above what was budgeted, both play into the projected FY2016 revenue favorability. She then reviewed suggested projects for using up to the 1%, or approximately \$900K, of reserve money to pay for capital or one-time purchases. Ms. Petitjean noted that in reviewing this data over multiple years, and what is already known that can impact the town in future years, the Board needs to consider what the necessary increases in the operating budget will need to be in order to keep up whatever comes out of all the plans and studies in terms of recommendations for maintenance.

In looking ahead to the unassigned fund balance for June 30, 2017, Ms. Petitjean explained that an important consideration is the fact that the sales tax revenue which will be received this year

from the state (\$775K) may not be received in out years. She also noted that currently the full amount of the 7% debt ratio has not been budgeted and instead is at 6.56%. Mr. Kimball then referred to the Mill Rate worksheet to explain that every year the overall budget has increased and that what is being referred to is the Debt Retirement and Capital Line, which has been budgeted at \$6,166,000 which is only 6.56% even though the limit is 7%. He explained that if the budget is increased by \$435K, bringing that up to 7%, it allows the town to effectively pay cash on the debt, which is an easier way to smooth the debt service.

Another slide, entitled "Simsbury CIP - Debt Capacity Analysis", which included a bar graph depicting debt service out through 2031 was also part of the discussion.

5. BUDGET DISCUSSION AND POSSIBLE ACTION – MOVE BUDGET ONTO PUBLIC HEARING APRIL 6, 2016:

MOTION: Ms. Wertheimer, Mr. Prell second, to move both the Board of Selectmen budget and the Board of Education budget to the public hearing with the caveat that \$20K for the salary of the engineer needs to be built into their budgets without raising the total of the two budgets; unanimously approved.

MOTION: Ms. Wertheimer, Mr. Prell second, to move the Capital Plan as presented onto the public hearing; Motion passed with Ms. Schofield, Ms. Wertheimer, and Mr. Prell voting aye while Ms. Petitjean abstained.

MOTION: Ms. Wertheimer, Mr. Prell second, to move the budgets as presented to Board of Finance to the Public Hearing for the Board of Selectmen 2016-2017 Operating Budget, the Simsbury Board of Education Budget, as presented tonight, Capital and Non-Recurring Fund Budget, Water Pollution Control Operating Budget, Residential Rental Properties Operating Budget, Simsbury Farms Special Revenue Fund Operating Budget, Capital Improvement Plan (in accordance with Charter Section 803(b)), Non-Public Schools and Highway-Paving Management for the LOCIP reimbursement grant to the Public Hearing to be held on April 6, 2016 at 6:00PM at the Simsbury High School Amphitheatre; unanimously approved.

6. OTHER BUSINESS:

No other business was discussed.

7. ADJOURN:

MOTION: Ms. Wertheimer, Mr. Prell second, to adjourn at 9:41PM; unanimously approved.

Respectfully submitted,

Pamela A. Colombie
Commission Clerk