

From: SimsburyCT Postings March 30, 2012 10:54:13 AM  
Subject: Board of Finance Minutes 03/13/12-Special Meeting  
To: SimsburyCT\_FinanceMin  
Cc:

BOARD OF FINANCE  
SPECIAL MEETING - 6:00 PM  
MARCH 13, 2012

#### CALL TO ORDER

Paul Henault, Chairman, called the special meeting of the Board of Finance to order on Monday, March 13th, at 6:00 PM, in the the Main Meeting Room at the Town Offices, 933 Hopmeadow Street, Simsbury, CT. The following members were also present: Nicolas Mason, Peter Askham, Kevin North, Jeff Blumenthal, and Barbara Petitjean. Also present were Mary Glassman, First Selectman, Mary Ann Harris, Finance Director/Treasurer, Diane Ullman, Superintendent of Schools, Burke LaClair, Board of Education Business Manager, Lydia Tedone, Chairman of Board of Education, Leslie Faraci, Commissions Clerk and other interested parties.

#### I. APPROVE MINUTES - February 28, 2012 (Special Meeting) & March 2, 2012 (Special Meeting)

Mr. Mason made a motion to approve the minutes of the February 28, 2012 Special Meeting with changes presented. The motion was seconded by Mr. Askham and was unanimously passed.

Mr. North made a motion to approve the minutes of the March 2, 2012 Special Meeting as presented. The motion was seconded by Mr. Askham and was unanimously passed.

Mr. Henault reminded everyone that the purpose of the meeting is to receive proposed budgets, ask questions of the Boards and then move the proposed budgets on to the Public Hearing, scheduled for April 3, 2012. If the Board of Finance does not agree with the proposed budgets, they would ask the Boards to go back and make adjustments. He continued by saying after the Public Hearing, if concerns still exist, then changes can be made at that time.

Mr. Henault thanked Ms. Glassman, along with the Board of Selectmen members, Tom Cooke, Mary Ann Harris and other Town Staff members for their

long hours dedicated to working on the budgets.

## II. BOARD OF SELECTMEN 2012/2013 BUDGET PRESENTATION - (pursuant to Section 907 of the Town Charter)

Ms. Glassman began by thanking the Board of Finance for the long hours they have dedicated to working with the Boards on these budgets. Ms. Glassman also thanked everyone on the Board of Selectmen and Town Staff for their work on the budget. Ms. Glassman explained that the format of the budget was different this year and is much more comprehensive than in years past. She thanked Ms. Harris and then passed out the new budget timetable. Ms. Glassman encouraged members of the public to go onto the Town website, which contains all of the budget information. Ms. Glassman walked everyone through the overall budget process, saying the budget that came to her office reflected a 3.63% increase from last year's budget, but considering the current economic conditions, she reduced that increase down to 0.69%. She mentioned this is the fourth (4th) year in a row that Simsbury has presented a Town Budget that reflects an increase of less than 1%. At that point, Ms. Glassman continued, the Budget went back to the Board of Selectmen for review and they added some items back into the Budget that they felt were necessary. Ms. Glassman outlined the items that were added back in to result in an overall increase from last year's budget of 0.99%.

Ms. Glassman began her presentation with a slide representing the change of the Selectmen's Budget over the past ten (10) years. She then continued with a slide representing the Board of Selectmen & Board of Education Budgets over the past 12 years. She wanted to show the public that they are two (2) separate budgets. Ms. Glassman moved onto a slide showing the General Fund levels and explained the importance of keeping the Fund Balance at a target level of 10% of the total budget, which was achieved in 2011. She then showed a slide listing the General Fund Revenues and highlighted some of the increases over last years levels. The General Fund Revenues were also illustrated with a pie chart which showed the fact that 90% of the Revenues come from Property Taxes which, Ms. Glassman noted, is a serious burden on the tax payers and needs to be addressed after the budget process. She moved on to a slide showing the Simsbury Mill Rate over the last ten (10) years. Next, Ms. Glassman discussed the Property Tax Collection Rates, Budgeted vs. Actual, which reflected the high actual collection rate of in 2011, exceeding the goal of a 98% collection rate. Mr. Henault interjected with an explanation of the Mill Rate and the correlation that high collection rate has to building up the Reserves. Ms. Glassman then reviewed the General Government Operating Budget and explained the breakout of the list. Mr. Askham asked about the percent funding of the Pension Plan, stating he wanted to know if there was adequate money in the budget to get up to more reasonable numbers. Ms. Glassman said they budget on the ARC, following the advice of the professional Pension Fund Advisors. This was discussed further by Mr.

Henault, Ms. Harris, Mr. Askham and Ms. Glassman.

Ms. Glassman then moved onto a slide breaking out the Special Revenue Funds; comprised of Simsbury Farms Complex, Water Pollution Control and Residential Rental Properties. The next slides were regarding the Capital Non-Recurring Fund (CNR) and showed the requests vs. proposed. She highlighted the reductions made from the requested to arrive at the proposed. Mr. Askham asked if they have a calculation as to if the fund could go negative. Ms. Harris said she reviewed that fund and they are fully funding those pieces of the pie, on a five year schedule, for the CNR budget. She said last year the balance of the account was \$612,000. Mr. Askham and Ms. Harris discussed the balance on that account. Mr. Mason asked Ms. Glassman about the priority ranking of the projects and about the items that were cut out that could still be of concern. She explained that the ranking is from Town Staff and the priority rank comes from the Board of Selectmen. Mr. Askham asked about the \$53,500 proposed for Simsbury Farms with regards to the CNR Fund. Ms. Glassman explained that comes from Simsbury Farms Special Revenue Fund. Ms. Harris explained it goes through as an operating transfer and it has been done in the past. Mr. Askham asked if it was included in the total and they answered, yes, it is. Mr. Askham said again, he needs to see the worksheet showing the cash flow of the CNR account.

Ms. Glassman then highlighted some of the completed projects including; Memorial Field Parking Lot, Hopmeadow Streetscape and Firetown Road Box Culvert. Then she mentioned the large current project of Simsbury Farms Complex.

Mr. Sawitzke and the Board discussed the WPCA and how their projects are funded.

Mr. Askham asked Ms. Glassman if they had budgeted a sufficient amount for adequate tree trimming. She responded that they did increase the amount for tree trimming, and CL&P has also significantly increased their tree trimming budget for Simsbury. Mr. Askham again asked about the net impact of Storm Alfred to Reserves. Ms. Glassman said they are still waiting for reimbursement on the hurricane, and she hopes there will be some further information on the Alfred reimbursement shortly. The logistics of accepting FEMA reimbursement funds was discussed. Then the revaluation funding was discussed briefly as a result of a question from Mr. Henault.

Mr. North questioned the decision to include Information Technology (IT) under Financial Services within Tab 5 of the package. Ms. Harris said the manager reports to her, so it made sense for reporting purposes.

Ms. Petitjean asked Ms. Glassman about the decrease in funds for road

paving (-34%). She expressed her concern regarding the condition of roads in Town. Ms. Glassman explained that there is a well-thought out, systematic plan/schedule, spearheaded by Mr. Roy, and the Board of Selectmen budgeted for the requested amount in order to follow that strategic plan. Support of Mr. Roy's plan was expressed by a number of the Board of Finance members.

Mr. Henault said they would move the Budget on to Public Hearing, but may come back to her, even before the Public Hearing, for additional clarification on some issues. Ms. Glassman said she understood and was fine with that.

Mr. Henault then suggested that the Board of Finance members send him their questions so he could compile them and get them to Ms. Harris. At this point, the Grand List was discussed.

Mr. Blumenthal made a motion to move the Board of Selectmen Budget, as presented for 2012/2013, onto Board of Finance Public Hearing on Tuesday, March 27, 2012. The motion was seconded by Mr. Mason and was unanimously passed.

### III. BOARD OF EDUCATION 2012/2013 BUDGET PRESENTATION - (pursuant to Section 906 of the Town Charter)

Mr. Henault thanked Dr. Ullman, Lydia Tedone, the Board of Education members, and Burke LaClair for their hard work on creating this budget. Mr. Henault also thanked Dr. Ullman, as this is her last budget season prior to her retirement, for her work to bring fiscally conservative budgets to the Board of Finance.

Ms. Tedone began this portion of the meeting with a presentation, Simsbury Board of Education Budget Highlights. Ms. Tedone began with an overall picture of the Budget showing a total budget of \$63,916,112, which represents an increase of 1.78%. She continued with a slide showing a budget history, saying she feels they are presenting a fiscally responsible budget. Ms. Tedone then moved onto a slide illustrating per pupil expenditures with some comparative data. She then explained the major drivers of the budget. The next slide was regarding K-12 Enrollment History, showing a 5-year decline in student population (these numbers do not include additional Choice Students). Ms. Tedone spoke about the K-12 Staffing History and then pointed out the decrease, corresponding to the decrease in students. Ms. Tedone then spoke briefly about the ongoing efforts to contain costs and improve programs. Ms. Tedone's final slide was a Budget Summary and then turned the presentation over to Mr. LaClair.

At this point, Mr. Askham inquired about the Pension funding, saying he is

concerned about adequate funding. Mr. LaClair said they pay on the ARC, per the actuaries' recommendations, but they are currently looking at sustainability. Mr. LaClair discussed this topic further with the Board. Mr. LaClair described the contents of the budget binder, which was distributed to the Board members. He started by revisiting the topic of per pupil expenditures with a history, showing the trends. Mr. LaClair continued by going into more detail about the budget summary, highlighting that 61 out of 75 major accounts are at 0% increase, or reduced, from 2011-2012 and then Mr. LaClair described the areas in which increases do exist. He said a significant area of increased cost is within the technology category. Mr. Henault asked for an example of an out-of-district placement and the costs associated with that. Dr. Ullman said there are some students where the nature of their disability is such that we cannot sustain their educational program within our boundaries. She explained further about what these cases might look like, and she noted that compared to most districts, the number of students we have to place out-of-district is low (due to strong in-house programs and good cooperative programs). Dr. Ullman noted that the State reimbursement for special ed students will be slightly lower than in the past.

Enrollment numbers, choice students and cost per pupil numbers were again discussed by Mr. LaClair and the Board members. Dr. Ullman spoke of program improvements always being made, referencing the 8-period day within the High School. Mr. Mason asked if they were at the point where they could evaluate any impact that change has made thus far. In response, Dr. Ullman said it is clear that the students are now able to take advantage of the strong elective program, which they were unable to do before due to lack of time. Mr. Henault asked if they were through the reaccreditation program, and Dr. Ullman said they are half way through.

Mr. Henault asked how they are planning to fund the full day kindergarten program proposed to start Fall 2012. He asked Dr. Ullman to carry the Board through the subject. She started by giving a timeline of when this process started and how they got to the point they are now at, which is planning to start full-day Kindergarten in September 2012. She said it would have been adopted within the past six (6) years, but there has not been a time when it could be funded. She explained the most attractive option, in the Board of Education's opinion, was to increase Choice enrollment to the 3% threshold, bringing additional grant funding to the district. Part of the bargain of taking the additional kids, Dr. Ullman explained, is providing a full-day kindergarten program for these students. After this option was presented to the Board of Education, they asked Dr. Ullman to gather community input to gauge the general feel of the parents with regards to full-day kindergarten. She explained the results were overwhelmingly positive, with 90% of parents being in favor of the change. Dr. Ullman communicated those results to the Board of Education and on March 9th, they

communicated to the parents they could move forward with the program, which can be completely funded by grant money. She continued by saying she thinks this creative solution can provide an opportunity for the entire community at no cost to the Town. Dr. Ullman said she understands the Board of Finance members may have questions about the accounting of this all, but that it is no different that what they have done in the past with other grant monies. Mr. Henault opened it up to questions from the Board members at this point.

Mr. Askham began by asking if these kindergarten costs all qualify for the grant. Dr. Ullman told him, absolutely yes and that she has been in touch with the attorneys at the Choice office and asked all the questions. He then asked about the excess money from the choice program, showing \$970,500 for 2012/2013, up from \$447,000 (2011/2012) and \$294,000 (2010/2011) and asked where the money is going. Dr. Ullman said there are increased magnet school costs, they hired an intervention specialist, and they funded a variety of services for the choice students. When asked further about the legality of the money allocation, Dr. Ullman assured the Board that she has fully vetted this topic. Mr. Askham asked Dr. Ullman what she has planned for the balance of the money (\$140,000) after all of the expenses were allocated. She replied that they are not exactly sure, but in her view, that money is targeted towards these Choice students. She said any time she can structure things to target choice students, and also benefit other students, is ideal.

Mr. Askham then asked how much grant money is spent, off-books, that the Board does not see. Mr. LaClair said they have \$2.3MM worth of grants for the 2011/2012 year. He reviewed some of these grants and Dr. Ullman said they are audited on each grant and held to a very high standard in terms of where they use the funds. Mr. Henault asked if the per pupil expenditure number is inclusive of the grant money. Mr. LaClair said he believes it excludes the grant money.

Mr. North said that, without regard to the merit of the program, he is fundamentally troubled by the fact that they are just now discovering there is a huge amount of off-budget income and expense. He also mentioned that he has been told in the past that it costs Simsbury more, per Choice student, than the Town receives from the program. That being considered, Mr. North said, he is not sure he is convinced of the accounting. He continued by saying with the dire financial state of the State, what will happen to this grant money in the coming years. Mr. North said that obviously full-day kindergarten is an irreversible program change and he is uncomfortable knowing that these grants could go away and leave the community with a financial burden. Mr. North said, as a Board member, he does not feel adequately equipped to assess the risk without seeing all of the financials, some of which are currently off the books and therefore,

not transparent to the public.

In response, Dr. Ullman said while the can provide the Board with additional information regarding the grant money received, to commingle the funds with the operating budget is not good practice. Mr. LaClair added to that by directing the Board members to a sheet within his budget showing the unrestricted revenues (page 6) and reviewed those revenues. The accounting on these monies were discussed further. Mr. LaClair said these funds are all provided and while they can be more transparent to the public, the Board members should be clear, as they are presented in the book and have been in the past as well.

Mr. Askham asked what would they do if the money per Choice student was decreased. Mr. LaClair said that would not happen overnight, and Dr. Ullman said this is a stipulated agreement and in order to change the formula, they would have to go back to court, which provides further security. Mr. Blumenthal said that fact alone makes this grant one of the most secure we have. Mr. Henault asked what happens if they scrap this plan and stay at the level of Choice students at which they are now. Dr. Ullman said she thinks, eventually, if the threshold is not reached the Commissioner will have the ability to place students, which is not yet the policy.

Mr. Askham said it is the Board's job to assess the risk of this venture and that is why these questions are being asked. Dr. Ullman said if there was any threat of this funding, she would not take the new students. Mr. Mason asked about any potential cons to this program and Dr. Ullman said it is hard to find any cons. She continued by saying this program provides the students with a better chance to meet their goals within a rigorous curriculum and said we will be at a disadvantage if we do not do this. It was noted that both Glastonbury and Granby are also going to full-day and it was discussed how each town will finance the program. The costs of the program were discussed briefly as well as class size changes.

Mr. Blumenthal commended the Board of Education for the work they have done in such a short period of time to creatively approach this issue and produce the information they have presented. He said he thinks this program will be great for the Town of Simsbury.

Mr. Askham again expressed his concern that this creative use of the funds will be allowed. Dr. Ullman said she has over a dozen conversations with public officials and attorneys at the State and she continued to get the exact same answer. Mr. Askham asked her to get it in writing and Dr. Ullman said she can get a letter from the Attorney at the State Department of Education. She also assured Mr. Henault that this has no connection to Senate Bill 24. At this point, Mr. North reiterated that while he is inclined to be a supporter of the program, he is not comfortable with the costs not showing up in the operating budget. Mr. Henault suggested they

create a separate grant budget and make it available to the Board. Dr. Ullman said that would not be a problem.

At this point, it was discussed further how the grant money should appear in terms of accounting. Mr. North said if the new operating initiatives are not included in the Budget, he will vote against moving it on to Public Hearing, saying it is bad policy to not have this transparent to the public, even though he is in favor of the program. The accounting on the other grant funds were discussed as well. Dr. Ullman said they can include an appendix, as part of the budget, showing these restricted funds. Ms. Glassman discussed how they use Special Revenue Funds to reflect these types of monies. Mr. Henault said he would confer with Dr. Ullman and Mr. LaClair, get a letter from the Attorney at the State Department of Education, speak with the auditors about the accounting of this and then discuss how to represent the funds.

Mr. Blumenthal made a motion to move the Board of Education Budget, as presented for 2012/2013, onto Board of Finance Public Hearing on Tuesday, March 27, 2012. The motion was seconded by Ms. Petitjean and was passed by a vote of five (5) to one (1), with Mr. North voting against.

Mr. North made a motion to break for a period of five (5) minutes before reconvening the Board of Finance Special Meeting. The motion was seconded by Mr. Askham and was unanimously passed.

Mr. North made a motion, at 9:00PM, to reconvene the Board of Finance Special Meeting. The motion was seconded by Ms. Petitjean and was unanimously passed.

#### IV. APPROVE CAPITAL PROJECTS

Mr. Henault began by giving a timeline of how they have reached this point in the process and now they are ready to move the capital projects on to Public Hearing, March 27th. Ms. Glassman began by saying they are moving two (2) projects forward to Public Hearing this year; Ethel Walker Phase IIA and District Network Infrastructure. She continued by saying there are a few other priority projects that they hope will be funded by other sources, pursuant to previous discussions with the Board of Finance. Those projects include; Dispatch Radio Console Replacement, Owens Brook/West Street/Greenway Improvements, Truck Wash, Emergency Generator Improvements, and Town Teledata Infrastructure. Ms. Glassman said the Board of Selectmen is looking for clarification on how these projects might be funded. Mr. Askham at this point, said that one of the things they had discussed was using the remaining capital from the debt service budget (appx. \$376,000). He then mentioned the possibility of funding some of the remaining projects, that could not be covered by that excess capital now, after the FEMA reimbursement comes back (anticipated to be around July 2012) and pay



them as a reserves transfer and in next year's budget. The logistics of how this would be accomplished were discussed as well as the potential FEMA reimbursement. Ms. Glassman then discussed the priorities of these projects, as voted on by the Board of Selectmen, with Dispatch Radio Console Replacement being first (\$185,000) and Owens Brook/West Street/Greenway Improvements being second. She asked that they considering taking the remaining balance, after the Dispatch Radio Console Replacement, from the \$376,000, and put that towards the Owens Brook/West Street/Greenway Improvements. She said they will then decided where that remaining money gets directed within that project. Mr. North asked if she was comfortable putting that greenway project in front of the generator improvements, to which Ms. Glassman replied the priority list was voted on by the Board of Selectmen. She also said if they do not start that project, they will loose a \$20,000 grant. Ms. Petitjean expressed her concern with the fact that they are planning to take the money out of Reserves later on to fund some of the previously referenced projects. Ms. Petitjean said her rationale for her concern is that Reserves are supposed to be for emergency situations, which these are not. Mr. Askham said there is still emergency authority money, and that this only taps one part of the Reserves. Mr. North said they are not really planning to do anything until the FEMA reimbursement status is known for certain, so they are deferring those items for later conversation when that reimbursement amount is known.

The origin of the funds for the WPCA Walcott Pump Station Rehabilitation was discussed.

Mr. Henault then asked about the possibility of considering the Emergency Generator Improvements to be bonded.

Mr. North made a motion to move forward to Board of Finance Public Hearing on Tuesday, March 27, 2012 the following; Ethel Walker Phase II (in the amount of \$2,050,000) and the Board of Education District Network Infrastructure Project (in the amount of \$1,800,000). The motion was seconded by Ms. Petitjean and was unanimously passed.

Mr. North made a motion to move forward to Board of Finance Public Hearing on Tuesday, March 27, 2012 the following; cash expenditures from the Debt Service Budget in the amounts of \$185,000 for the Dispatch Radio Console Replacement and an additional \$190,000 towards the partial completion of the Owens Brook/West Street/Greenway Improvements Project. The motion was seconded by Mr. Mason and was unanimously passed.

Mr. North made a motion that the two (2) Emergency Generator Improvements included in the CIP Summary (in the amounts of \$162,000 & \$80,000) be moved forward to Board of Finance Public Hearing on Tuesday, March 27, 2012, for the purpose of consideration for boding for the CIP Program (2012/2013

Budget). The motion was seconded by Mr. Blumenthal and was unanimously passed.

Mr. North made a motion to remove the following from the CIP Proposals; \$257,500 for the DPW Truck Wash, \$125,000 for the Town Teledata Infrastructure, and the balance of the Owens Brook/West Street/Greenway Improvements Project in the amount of \$168,000 (which will be moved to 2014). The motion was seconded by Mr. Askham and was unanimously passed.

Mr. North made a motion to move the WPCA Walcott Pump Station Rehabilitation project forward to Board of Finance Public Hearing on Tuesday, April 3, 2012 and that the CIP be corrected to reflect the \$100,000 Farmington River Stream Bank Stabilization Project has be moved to CNR. The motion was seconded by Mr. Blumenthal and was unanimously passed.

V. UPDATED BUDGET CALENDARS The meeting dates were discussed and it was decided the March 20th Regular Meeting would be canceled. It was decided to move the meeting originally scheduled for April 17th to Thursday, April 12th. It was then discussed that there needed to be a scheduled Special Meeting following the Public Hearing on March 27th. The Public Hearing for Operating that was originally scheduled for April 3 was moved to the same night as the Public Hearing for Capital on March 27th. Legal notices and timing for these meetings were discussed.

VI. CORRESPONDENCE Mr. Henault noted that many of the Board members received correspondence regarding the Board of Education budget and he thanked those for their feedback.

VII. PUBLIC HEARING AND SPECIAL MEETING - MARCH 27th This was previously discussed within Updated Budget Calendars agenda item

VIII. OTHER BUSINESS

There was no additional business from any of the members.

ADJOURNMENT

Mr. North made a motion to adjourn the Special Meeting of the Board of Finance at 9:37PM. The motion was seconded by Mr. Mason and was unanimously passed.

Respectfully submitted,

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Paul Henault, Chairman  
Commissions Clerk

Leslie U. Faraci,

