

**Board of Finance
Regular Meeting
Tuesday, January 12, 2016
MINUTES**

Present: Board of Finance Chairman Jim Fitzgerald; Members Reggie Smith, Steve Tuxbury, Ben Witte, Dan Charest, Bart Baxter; Alternates Bill Coates, Robert Nilsson;

Others Present: First Selectman Dan Jerram, Treasurer Gordon Ross, Bookkeeper Annie Witte, Superintendent of Schools Brian Murphy, Board of Education Member Josh Adams; Administrative Assistant Christine Hayward; Members of the Public Bob Howson, John Burdick, Joe Toro, Tom Buzzi, Karl Hermonat, Maria Moore, Bob Moore, Arnold Helt, David Helt, Alesia Kennerson, Laura Garay, Regina Wexler, Mary Lou Rayno, Pat Spaziani, Bud Butler, Dan LaPlante, Donna LaPlante, Marcia Jones, Trisha Brett, and several others.

Board of Finance Chairman Jim Fitzgerald called the meeting to order at 7:06 PM.

Seating of Alternates:

All regular members present, no need to seat alternates.

Adoption/Revision of Agenda:

No changes to agenda.

Approval of Minutes:

MOTION: by Smith to approve the December 7, 2015 Board of Finance special meeting minutes as presented; seconded by Witte.

AYE: Witte, Baxter, Smith, Tuxbury, Fitzgerald Abstain: Charest
Motion passes, minutes approved.

MOTION: by Tuxbury to approve the December 8, 2015 Board of Finance regular meeting minutes as presented; seconded by Smith.

AYE: Witte, Baxter, Smith, Tuxbury, Fitzgerald Abstain: Charest
Motion passes, minutes approved.

Opportunity for Public Comment:

Chairman Fitzgerald noted that it appeared that there were several residents present to address the Board and he asked how many were present to discuss the potential closing of Bakerville School. A number of hands were raised; leading the Chairman to state that he would allow 30 minutes to address this issue, with a three minute time limit for each speaker. He then asked if anyone present wished to address a topic other than the school closing. Ms. Maria Moore indicated that she had something different to address.

Chairman Fitzgerald offered the floor to Ms. Moore.

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Mrs. Maria Moore handed a copy of a letter she had written to the acting recording secretary for attachment to the minutes. She noted that she had given copies of her letter to Chairman Fitzgerald for distribution to all Board of Finance members. She then addressed the Board by reading her letter out loud.

Mr. Thomas Buzzi of 651 Niles Road addressed the Board of Finance regarding his concerns of closing Bakerville School. He stated that he was bringing his commentary before the Board of Finance because he felt that the Board of Education had been pressured by the Board of Finance to make a decision to close Bakerville School. He indicated that he has been circulating a petition that objects to this closure and currently has 400 signatures. He commented that the discussion of closure needs to be handled differently than it has been. He noted that there are many, such as he, who chose to live in New Hartford because of the great school system and more particularly because of the charm of a school like Bakerville Consolidated. He made reference to a recent article in Connecticut Magazine that ranked New Hartford 4th out of 46 small towns; a major factor of that rating was education (which ranked 2) and community involvement (also receiving a 2). He stated that he has been a resident for 8 years and never even knew where the “downtown school” was located. His focus has been the Bakerville area of town. He went on to say that as a past resident of the neighboring city of Torrington, he has witnessed what happens to a school once it is vacated. He referenced a school that was closed years ago and has sat and is becoming a disgrace and an eyesore. He asked that there be reconsideration of the decision to close Bakerville School. He noted that he will be attending the next Board of Education meeting and will deliver the same message.

Mr. Karl Hermanot of 433 Cedar Lane indicated that he was present to speak on the same topic; noting that he echoed the sentiments expressed by Mr. Buzzi. He questioned the rationale of holding a public vote for matters such as the reconstruction of a bridge and the vote to appropriate funds for school renovations; yet no one has considered bringing the closure of a school before the voters. His largest concern is that he does not feel that there has been any real savings shown to the Taxpayers, should the school be closed. He is also concerned about the impact on property value that such a closure may have on properties in the area. He, too, asked for reconsideration of this decision.

Ms. Kelly O’Dell Longhi of 9 O’Keefe Lane addressed the Board. She stated that she was an educator and that she and her husband had looked at a house in Canton; but walked away after doing some research regarding class sizes in the school. They chose to live in New Hartford due to the smaller class sizes. She stated that she is concerned that the decision to close the school is premature. She is concerned that closing this school will lead to larger class sizes. She stated that “Bakerville School is an icon and she would be sad to see it go.” She reiterated that this decision should be reconsidered.

Ms. Amy Damboise of 24 Barberry Drive informed the Board that she is the mother of 2 special needs children; one of which attends the local schools. She is very concerned about the potential of increased class sizes due to the impact it will have on instruction. She noted that her child currently can receive services in the classroom due to the small class size, but noted that if the class were larger, this may not

be an option. Costs of instruction would then be increased; which then has a negative impact on the budget. She urged the Boards of Finance, Selectmen and Education to work together and revisit this decision.

Ms. Trisha Brett of 450 Town Hill Road addressed the Board; noting that she had not intended to do so, but chose to show her support for NOT closing the school. She stated that she likes New Hartford for its small town charm and appreciates the great schools and the small class sizes. She said that one must keep in mind that “1st grade today is much different than 1st grade in ‘our day’” She stated that she was in agreement that closing of an elementary school may have an effect class size; which concerns her. She stated that she had been present at the October Board of Education meeting and walked away from that meeting with a different understanding of where things were going; she was under the impression that a larger Preschool would be moving to Bakerville and that there would be an opportunity for increased revenue.

First Selectman Jerram ended the comment session by presenting a file containing 17 letters sent by various residents concerning the Bakerville School closing to Chairman Fitzgerald.

Line Item Transfers, if any for consideration and approval by the BOF for FY 2015-2016 YTD:

First Selectman Jerram stated that he had no items for consideration at this point.

Prior to moving on to the topic of the audit report, Chairman Fitzgerald clarified, for the record, that the agenda item listed at VII – New Hartford Elementary Public Schools did not have anything to do with the potential of closing Bakerville School. He wanted to be sure that folks knew that they did not have to stay through the discussion of the audit in fear that they may miss out on a discussion related to Bakerville. Several attendees took advantage of this clarification and left the meeting room.

Annual Town Audit Report, Fiscal Year Ending June 30, 2015 – Presentation by King, King & Associates, CPAs

Christopher King and Debbie Franklin of King, King and Associates, CPAs were present to review the 2014-2015 Fiscal Year audit with the Board of Finance. Mr. King stated that the audit went very well; noting that there were only a couple of minor issues that need to be attended to. He quickly reviewed various pages of the audit, asking if there were any questions from any of the Finance Board members. He highlighted some particular sections; specifically a section that dealt with the Pension Plan. He noted that recent changes in Government Accounting Standards have caused some changes to the information now required to be reported by actuaries when presenting information related to pension funds. Mr. King stated that the town is funding the pension in accordance with what the pension fund administrator actuaries are recommending, but that reporting requirements make it seem like there is a deficit in the investments. King noted that this is a very difficult concept to grasp, understand and explain – but the bottom line is that he has no concerns over the level of current funding. First Selectman Interjected that the town has sunsetted its pension plan, with no new hires having the option to participate in the plan. New employees are participating in a defined contribution plan, similar to a

401(k). This has reduced some of the future debt liability of the town. Board of Finance Member Bart Baxter asked if there would be a substantial increase in the fund allocation needed for next fiscal year; the response was that there may be an incremental increase in the funding; but it is not expected to be substantial. Jerram noted that the value of the plan has increased over the past few years.

Mr. King reviewed some of the “findings” that are listed in the Audit. He noted that all of them have been addressed by management and steps are being taken to rectify any areas of concern. Chairman Fitzgerald questioned trial balance maintenance asking if the current finance software is capable of doing what needs to be done. Mr. King replied that the paid consultant should be able to assist in setting up a subsidiary ledger using Excel with the control being the finance software. A brief discussion ensued regarding the issue of not being able to locate a copy of the lease for a copy machine located in the office of the Town Clerk. It was noted that the vendors have been contacted for a copy of the lease, but that it had not yet arrived. All leases will be kept on file in the Office of the First Selectman. The missing lease is an agreement that was entered into several years ago.

Following the completion of the audit presentation, Finance Board member Charest noted that he would like to review the pension line item during budget discussions.

New Hartford Elementary Public Schools:

a.) Superintendent, Brian Murphy

b.) Board of Education Chairperson, Sue Lundin or former Chairman, Josh Adams

Superintendent of Schools Brian Murphy and Board of Education member Josh Adams were present to provide a quick update on matters relating to New Hartford Public Schools.

Superintendent Murphy was pleased to report that the matter of the outstanding \$90,000 invoice for services related to CREC Magnet School tuition has been retired. He noted that there are currently 15 New Hartford students attending CREC magnet schools at a cost of \$4,500 each. This translates to an anticipated bill of \$67,000 which needs to be addressed by June 30, 2016. Mr. Murphy noted that he will be adding a line item specifically for CREC tuition to the budget, so that there is clarity and knowledge of these costs.

Murphy informed the Finance members that there are several line items in the budget that have deficits. The custodian line item is anticipated to be over by \$9,800; Salaried employees – Administrative Assistant will be over by \$2400 and Fiscal Assistant will be over by \$2500. He indicated that these over-expenditures can be offset using savings from the Health Insurance line item.

There were no questions posed regarding this update.

Reports:

Bookkeeper's Report:

Town Bookkeeper Annie Witte reported that Tax Collection rate is at 63.12% and noted that the Tax Collector recently transferred \$1.5 million into the general fund. Grant payments from the State continue to trickle in. Witte noted that word has been received that Transportation and Education Cost Sharing Grants for next year have been reduced by \$37,910.

Member Tuxbury asked if there were any concerns regarding revenue for this year? Witte replied that there were no concerns.

Member Tuxbury asked if there was any idea yet of what the costs associated with the unbudgeted 27th pay period might be? Witte replied that she anticipates it as in the neighborhood of \$9,000.

Witte noted that the Pension line item is currently over expended; but this is due to an invoice received for services performed (estimates of future pension benefits) for some members working for the Board of Education.

First Selectman's Report:

Mr. Jerram noted that in addition to the Transportation and ECS reductions for next year, there is also a decrease in PILOT that amounts to \$18,700. He also noted that cuts to transportation will also effect the budget of Regional #7; therefore to anticipate that reduction to have direct impact on the member towns.

The First Selectman stated that the lack of inclement weather is having a positive impact on the highway budget; but noted that all of that could change in an instant. It is too early in the season to forecast how that budget will wind up.

He informed the Board that a drainage project at Brodie Park is nearing completion and that tree work (cutting and clearing) is constantly ongoing.

Selectman Jerram was pleased to report to the Finance Board that a recent "on line auction" to dispose of used town owned equipment/vehicles had been a success. He stated that the total received from the sale was \$14,981.00. He was especially pleased with the sale of a Ford F35; a local dealer had only offered \$500.00 as a vehicle trade in. Jerram had made the decision not to trade it due to the low offer and noted that this turned out to be the correct route to take.

The Carpenter Road Bridge project is back on track. Negotiations with the abutting property owner resulted in the town promising to pay a fee of \$4,500 to use the land for temporary construction purposes. The town attorney has opined that if this had to go through the court system to gain access, the costs would have been substantially higher.

Member Smith asked about the road width. Jerram replied that he is currently investigating making the bridge a bit narrower than originally designed. Smith cautioned him to be conscious of the widths needed to properly plow and maintain the roadway.

Mr. Jerram noted that the School Building Committee has come before both the Board of Education and the Board of Selectmen seeking approval to increase the scope of the ADA portion of the renovation project using the "savings" from the roof project. Chairman Fitzgerald asked if the School Building Committee would be bringing this request before the Board of Finance for consideration. Jerram stated that the Board of Selectmen can modify the scope of the project as long as the referendum approved dollar amount is not exceeded. Chairman Fitzgerald expressed his concern at this; commenting that

“taxpayers don’t want to see additional funds used for something they did not authorize.” Jerram replied that Board of Selectmen has not made any decision regarding this request and noted that they are still discussing this request. Jerram noted that the Building Committee would like to go to out to bid in February/March so that the project can be done during the summer months.

First Selectman Jerram informed the Board of Finance that the WPCA has requested \$20,000 to engage the services of Engineers CDM Smith to perform an evaluation of both the water and sewer assets prior to soliciting bids for a potential sale of those assets. The Board of Selectmen is in agreement that knowing the value of the assets would be a plus when making a decision regarding the sale. The analysis will also include what benefits would be afforded to the ratepayers should such sale occur. Mr. Jerram stated that the Board of Selectmen has asked that the Board of Finance consider how to fund such a request. Jerram noted that a Special Town Meeting has been called for January 21, 2016 and that an additional appropriation for the \$20k is on the call of the meeting. This was placed on the call as a placeholder due to legal requirements regarding publication of the call. However, it is up to the Board of Finance to decide whether or not they want to take this to Town Meeting. Several members of the Board asked questions regarding the reasons for a potential sale of assets; expressing concern that the sewer users would not benefit from anything if only the water assets were sold. Jerram explained that a study would provide answers to many of the questions being asked. Mr. Witte concurred with this, adding, “there’s a lot of discussion and questions regarding the separation of the assets; this study would provide a value so that there is a position to negotiate.”

Fitzgerald asked when the WPCA would return the \$20,000 to the town. Jerram replied that this is not a request for a loan, but rather a request for the town to evaluate the system.

Discussion then turned to how to fund this request; with overall feedback leading to find it within the current budget and not seek an additional appropriation at a town meeting. Member Charest remained unconvinced that the town should fund this request from the WPCA until such time that the users were more informed about what a sale of assets would do to them. Discussion regarding using undesignated surplus to fund this request ensued.

Jerram stated that there were some remaining funds in the capital budget that could be used toward this expense if the Board of Finance would authorize a transfer into the General Government Operating budget; specifically into the line for General Government Engineering. He said that the police car line had approximately \$3,000 remaining and the small truck line item had \$11,000 remaining. He indicated that he would find the remaining \$5000 within the operating budget. Member Smith asked where, exactly, the \$5,000 would come from. First Selectman Jerram replied that he would have to take a closer look at all of the line items before he could answer that, but he was very confident that he could find it. Jerram asked that Bookkeeper Annie Witte take a moment to get the exact dollar amounts remaining in the Police Car and Small Truck Capital line items so that the transfer request would be exact.

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MOTION: by Witte to transfer the following unexpended capital fund balances to the general government engineering line item for the purpose of conducting a water and sewer asset valuation study: \$3,045.27 remaining from police car; \$11,527.00 remaining from Ford 550 for a total of \$14,572.27; seconded by Tuxbury.

Smith reiterated his request that the First Selectmen have the information, for the next Board of Finance meeting, regarding which line item in the operating budget would be used to cover the remaining appropriated amount.

Member Charest stated that he would prefer this request be brought to a Town Meeting for discussion and action.

AYE: Smith, Witte, Baxter, Tuxbury

NAY: Charest, Fitzgerald

Motion passes; transfer approved.

Other Items to Come Before the Board:

Member Smith extended a formal welcome to new Board of Finance member Bart Baxter.

Adjournment:

MOTION: by Charest to adjourn at 9:25 PM; seconded by Smith.

Unanimous

Respectfully Submitted by,

Christine Hayward, Administrative Assistant

Substitute for Board of Finance Recording Secretary Penny Miller