

**Board of Finance  
Regular Meeting  
May 13, 2014**

**Minutes**

**Present:** Board of Finance Chairman Ben Witte, Members: Steve Tuxbury, Jim Fitzgerald, Reggie Smith, Maria Moore ( in at 7:10 PM), Alternates: Bill Coates, Steve Roth; Others present: First Selectman Dan Jerram, Bookkeeper Annie Witte, Tax Collector Linda Sheffield, Assistant Tax Collector Karen Wieduwilt, Members of the Public: Mike Comapnek, Troy LaMere ( in at 8:10PM), Bob Moore ( in at 8:10 PM), Selectman Jack Casey ( in at 8:10 PM), School Building Committee Members Bud Butler, Roy Litchfield, Architect Brian Solywada ( all in at 7:20 PM); Administrative Assistant Christine Hayward.

Members absent: Dan Charest

Board of Finance Chairman Ben Witte called the meeting to order at 7:00 PM.

Seating of Alternates:

Chairman Witte announced that no alternates would be seated to fill the missing members seats due to the fact that both absences were democrats and the alternates are republicans. He noted that a quorum was present.

**Approval of agenda:**

No changes to the posted agenda.

**Approval of Minutes:**

Chairman Witte stated that there were several sets of minutes that needed to be approved; noting that several of them were just received late that afternoon and asked if the members had a chance to review them. Mr. Fitzgerald, Mr. Tuxbury and Mr. Smith replied that they were comfortable going forward with taking action on them as they had arrived a bit early and had the chance to read through them prior to the meeting; Mr. Witte proceeded with the approval of the minutes.

**MOTION:** by Smith, second Fitzgerald to approve the minutes of the meeting dated March 25, 2014 as submitted.

Tuxbury asked that the minutes be amended with the following change: Under the heading "New Hartford Board of Education" strike the line that reads "they could consolidate which would bring in some revenue." He noted that this comment appears to be attributed to him; however, he did not make that comment and therefore would like to have it removed from the minutes.

Chairman Witte asked if anyone was opposed to that change, and hearing no opposition called for a vote on approving the minutes as amended.

*Aye: Fitzgerald, Smith, Tuxbury, Witte.*

*Minutes approved as amended.*

**MOTION:** by Tuxbury, second Fitzgerald to approve the minutes dated March 15, 2014 as presented.

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*Aye: Smith, Tuxbury, Witte      Abstain: Fitzgerald      Minutes approved as submitted.*

**MOTION:** by Tuxbury, second Smith to approve the minutes dated April 2, 2014 as submitted.

Member Smith noted that there appeared to be an error on under the heading “Revised Town Budget” The sentence reads “ A letter was received from Constable Dan Janco supporting the elimination of the constable.....”

**Smith motioned to amend the minutes** to read “A letter was received from Constable Dan Janco **OPPOSING** the elimination of the constable.” **Tuxbury seconded the motion.**

Chairman Witte called for a vote to approve the minutes as amended.

*Aye: Smith, Tuxbury, Witte      Abstain: Fitzgerald      Minutes approved as amended.*

Member Moore voiced her concern that the minutes were distributed so late in the day that it made it impossible to have a chance to review them prior to the meeting. Member Fitzgerald replied that all members received them at the same time; therefore everyone had the same opportunity for review. Ms. Moore asked that the Board postpone the approval of the minutes until all members had ample time to review them. Mr. Witte stated that he had polled the Board members present at the start of the meeting to see whether they wished to act on minutes tonight or hold off. He noted that they had decided to proceed with reviewing them; adding that the decision was made with a quorum present.

Ms. Moore questioned the legality of the quorum, noting that neither she nor Mr. Charest; the only two democrats on the Board, were not present when the meeting began. She questioned the lack of minority representation. Chairman Witte reiterated that a quorum was present and therefore the decision made stood as is.

**Opportunity for Public Comment:**

No public comments.

**Suspense List:**

Tax Collector Linda Sheffield was present to seek approval of the Suspense List from the Board of Finance. Ms. Sheffield explained that this is a list of delinquent accounts that have been deemed to be uncollectable. However, she does refer these to a collection agency. The collection agency adds a fee to the account that is paid by the delinquent taxpayer; there is no cost to the town for this service. \$8,960 has been collected by the agency since March. Accounts that appear on the suspense list are removed from the anticipated revenues of the town.

**MOTION:** by Smith, second Fitzgerald to accept the Suspense List as presented.

*AYE:    Smith, Fitzgerald, Tuxbury, Moore      (note: Chairman Witte did not cast a vote)    Unanimous.*

**School Security Project Update:**

Chairman Witte announced that since the members of the School Building Committee had not made it to the meeting yet, he would move this agenda item to later in the meeting.

**Bookkeeper's Report:**

Annie Witte, bookkeeper stated that since the Tax Collector was present at the meeting, she would ask the Tax Collector to update the Board on "collections." Ms. Sheffield stated that collections were at 98.2% at the end of April, which was a little ahead of where it normally is at that time. "We're in good shape," she said. Ms. Sheffield noted that a couple of large outstanding balances were paid which will be reflected in "prior year taxes" revenue.

Ms. Witte stated that a couple of notable items to report included the receipt of ECS and transportation funds and also noted that the old road grader had been sold for scrap, netting some miscellaneous revenue. Chairman Witte asked if what the status was of payments to Regional Refuse Disposal District 1; noting that last year there had been some relief in this line item. Ms. Witte replied that the Town did have to pay the third quarter assessment this year.

The question was asked if the WPCA had made any payment towards the 130K loan that was just modified at Town Meeting. Ms. Witte replied that the first installment of \$13,000 had been received; with the next installment not due until August. Member Fitzgerald asked if the \$120,000 debt service payment had been received; to which Ms. Witte replied that it had not. First Selectman Jerram interjected that it was his intent to call a meeting of the Subcommittee soon so that discussion could continue regarding the possible modification of the terms to this debt. He noted that it was difficult to meet during the budget season due to conflicts with scheduling when so many budget meetings were held and it is hard to expect volunteers to be available to attend so many meetings. Now that the budget is completed, focus can turn to the WPCA debt service discussions. Mr. Jerram noted that the recent Town Meeting that approved the modification to the \$130K loan, the implementation of an ordinance that created a Retirement Board with the authority to oversee the defined contribution plan, and the official acceptance of the Pension Plan which sunsets the defined benefit plan were all good financial steps forward. The next step will be to come to an agreement with the WPCA regarding the wastewater treatment plant debt service. He stated that the fiscal year ends June 30, 2014 and it was his intent to have an agreement of terms by then.

Member Fitzgerald voiced his concern that the WPCA will not pay their obligation; stating that they have owed \$120,000 to the Town since September of 2013.

Member Moore stated that she would like to see the legal basis for the "split" being 61%-39% to begin with.

Member Smith replied that the debt service is in the budget; which is a legal document that the voters voted on.

Member Fitzgerald stated that he wants to see the entire \$120,000 paid to the Town on or before June 30, 2014.

Board of Finance Chairman Ben Witte stated, for the record, that he made a formal request that the First Selectman call a meeting of the Wastewater Financing Subcommittee prior to the next Board of Finance meeting (June 9, 2014). Witte commented that "sitting in the 11<sup>th</sup> hour of the fiscal year with no payment strikes to many as a protest."

Mr. Fitzgerald replied that the Subcommittee does not have the authority to demand payment. He added that he requests that the Board of Finance authorize the Board of Selectmen to “write the check.” He noted that within 4 months, there will be a total of \$240,000 due. Mr. Witte noted ‘for the record’ that the payment is due within the fiscal year, extending the next \$120,000 to a due date of June 2015.

Member Smith reiterated that the 2013-2014 town budget was voted on with the “split” being recognized at 69%/31%. He stated that until a Town Meeting or a Referendum is held that amends that allocation; \$120,000 is the amount due to the town. The \$120,000 is listed as a revenue in the town budget and that revenue comes from the Water Pollution Control Authority (WPCA).

Member Moore challenged this belief, stating that the Town voted to take on the debt; the Town signed off on the debt; and therefore, the Town can do whatever the town wants with respect to this debt. She agreed that a Subcommittee meeting should be ended prior to the end of the fiscal year and then things can move on.

**First Selectman’s Report:**

First Selectman Jerram presented his First Selectman’s report, noting that discussion of the WWTP debt had been discussed and therefore he would move on to other items.

Jerram noted both unions are in negotiations (the town employees and the highway department); noting that he is waiting for some healthcare numbers before proceeding to meet. Member Moore asked if there was consideration regarding having the two unions join the Regional 7 healthcare package. Jerram replied that it was being looked into.

**School Building:**

School Building Committee Chairman Bud Butler informed the Board of Finance that he had just come from a Board of Education meeting where the Board members unanimously approved to seek an additional \$120,000 for School Security upgrades. Mr. Butler distributed hand outs showing project costs.

Member Fitzgerald asked “how could there have been such a ‘miss’ with respect to the estimated project costs and the bid results?” School building committee member Litchfield replied that this project was put out to bid twice; the first try had only one qualified bidder show up to bid. At that point, it was decided to go out for a 2<sup>nd</sup> time, in order to get competitive bids. This time 3 qualified bidders bid; however, the initial bidder did not re-bid. The companies that responded tend to be larger companies and it is possible that had a smaller company bid on it, the numbers may have been lower. Litchfield noted that there is a limited timeframe proposed to do the work; since it is hoped to have the majority of this work completed during the summer break; There are a few components to the project – abatement, doors and windows. There is also significant lead time with placing the order for doors and windows.

Chairman Witte questioned why the estimates and the ‘real’ numbers for doors are so far off. Architect Solywada of Kaestle-Boos replied that when the Grant paperwork was submitted (almost a year ago), an estimator had contacted vendors and contractors for pricing. At that time, the numbers were accurate. Since then, the costs have escalated.

Board members questioned the costs of individual items charged to different schools (i.e. doors for Bakerville, as compared to Antolini as compared to New Hartford Elementary). Butler and Litchfield noted that those charges

are misleading as there really isn't any particular value assigned to each school – it is the overall cost of the item that is important. The bidder may not have actually done the estimating to calculate exact cost of each item for each school; this is more of an example and not reflective of true costs. Litchfield agreed that there may be some value to asking for clarification as to each of those items, but overall it is the total cost that needs the approval.

Chairman Witte commented that it is fair to say that the Building Committee has a fairly good track record when it comes to providing oversight on projects and asked the Board of Finance members "what is the Board of Finance willing to fund to move this forward?"

Member Moore stated that she would be more comfortable if CREC Construction Services were to be utilized to give "a look at this." Butler replied that the Schools have used CREC before and that their services are not new to the Board of Education; however, they do pre-budget numbers and set up the paperwork but they do not involve themselves in the construction end. Mr. Butler asked Ms. Moore what she hoped to gain by their services; noting that "it won't change the contractors price; so what do you want them to do?" Moore replied that they could look at the design and see if they would do it differently. Butler answered that it would delay the project.

Member Fitzgerald asked if there was the possibility of any additional grant funding? Mr. Butler replied that the Committee has asked this question and the answer is 'no' – they also asked if there was a decision to remove one of the schools from being part of the project, would the funds applied to that school be able to be reallocated to offset costs at the remaining 2? The answer to that was also 'no' – each school is a stand alone project of its own.

Member Tuxbury asked what would happen if the project were to be re-bid; without the accelerated time for completion. Butler replied that it would not be able to be a project for this school year and that it can only be assumed that the costs would rise even higher. He noted that the Grant deadline states that the project will be completed by June 2015.

Questions were asked what the savings might be if one of the schools were not included in the project. Mr. Butler noted that this is not a decision that anyone on the School Building Committee would want to make. It would not be them to make this decision. However, the contractor was asked about this possibility and they were told that there would not be much of a savings. The oversight for the project would remain the same whether it is 2 or 3 schools (supervisor time would just be split differently, but the total would be the same) Some material costs may be reduced, but the larger expenditures are associated with Antolini and New Hartford Elementary; and those are obviously not the school that has been the topic of a possible closure.

Fitzgerald asked if the \$120,000 additional funds being requested are in addition to the \$90,000 already approved for the Board of Education. Mr. Witte replied that this is a separate issue.

Member Smith asked, "what happens if we decide not to do this?"

Chairman Witte replied, "why wouldn't we let the Town decide?" The parameters have changed, but it is a project that they approved.

Smith countered that "it is very close to the original number project number that was defeated at referendum."

Butler interjected, "that initial project was a cost of \$565,000 without any guarantee of State reimbursement."

Mr. Fitzgerald commented on a letter that was sent to the Board of Finance from First Selectman Jerram. The letter seemed to indicate that this project did not have the support of the Board of Selectman.

First Selectman Jerram replied that the Board of Selectmen had concerns with the total cost of the project, now being very close to what was originally defeated by the voters. Jerram stated that the economy remains soft and he noted that the New Hartford townspeople recently voted no to the Regional School budget; stating that he takes this as a sign that taxpayers remain concerned about spending. Mr. Witte replied that since this project was subsequently approved to be paid for using undesignated fund balance; there is no additional debt being incurred by the taxpayers. Jerram stated that “the Board wants to see the job done, but not necessarily at the \$500,000 + level.”

Chairman Witte stated that the letter provides no direction regarding altering the costs of the project. He felt that the lack of direction from the Board of Selectmen “leaves people hanging.” Witte stated that over time, the associated cost of a school security project will only increase, reiterating his stance that the people should decide.

Member Fitzgerald stated that he was not opposed to taking the matter to a Town Meeting.

**MOTION:** by Fitzgerald, second Smith to approve the following: The Board of Finance approves an 120,000 additional expenditure for increases in costs to the School Security project to be brought forward for approval by the Legislative Body at a Town Meeting to be set by the Board of Selectmen.

**MOTION:** by Smith, second Fitzgerald to amend the motion to include “ to be taken out of undesignated fund balance”

Member Moore stated that she was concerned about the dollars allocated to Bakerville School due to the uncertainty of the status of that school.

Mr. Butler acknowledged that concern and suggested that Ms. Moore take that up with the Board of Education. Butler added that he is very familiar with the discussions related to the possible closing of Bakerville School as he is the one who made a motion at a meeting of a School consolidation meeting to consider doing just that. Board of Finance Member Tuxbury stated that closing one school is not going to provide substantial savings to the Town.

Chairman Witte called for a vote on the amended motion which stated: The Board of Finance approves an 120,000 additional expenditure to be taken out of undesignated fund balance for increases in costs to the School Security project to be brought forward for approval by the Legislative Body at a Town Meeting to be set by the Board of Selectmen.

*Aye: Fitzgerald, Smith, Tuxbury, Witte  
Amended motion passed.*

*Opposed: Moore*

**Set Mill Rate:**

Discussion ensued regarding setting the mill rate.

Chairman Witte explained that there are factors that contribute to proper budgeting. If spending is the problem that results in an overexpended budget, then cutting back on spending relieves that problem. If there is a revenue problem, then you can increase the collection rate to coincide more with the actual collections. Currently, excess revenues are brought into the budget to offset expenses.

The Current collections rate used is 97.5%. Member Fitzgerald noted that Tax Collector Linda Sheffield had stated earlier that evening that she is already at 98.2% right now. Member Moore stated that she felt “ethically, we shouldn’t be taking in more than what is needed.” Member Roth disagreed, stating “there is nothing wrong with taking in the extra revenue.” Member Coates agreed, stating “Fiscally, it is the right thing to do.” Moore commented that “if we set the mill rate using 97.5%, we will end up with a surplus.” Chairman Witte replied “we are pulling that extra back in as a revenue” Member Smith added that “no one know how much surplus you will wind up with at the end of the year; by using it to fund the budget, it is fair.”

**MOTION:** by Smith, second Tuxbury to set the mill rate for the 2014-2015 fiscal year at 27.680

*Aye: Fitzgerald, Tuxbury, Smith*

*Opposed: Moore*

*Motion passes.*

**Other Items to Come Before this Board:**

Member Fitzgerald stated that he was concerned that personal e-mail is used for business related to the Town. He asked if town e-mails could be assigned to members.

Member Moore asked “would anyone have access to these e-mails?” It was noted that all Town e-mails are subject to Freedom of Information requests.

Administrative Hayward was asked what it would take to get this implemented. She stated that she would need to check with the IT Administrator to see what limitations there may be. She was unaware of server requirements for retention of additional e-mail correspondence and also was unsure of access to the server to retrieve the correspondence would need to be set up. Chairman Witte stated that he would prefer that research be done prior to taking any formal action on this matter.

**MOTION:** by Smith, second Tuxbury to adjourn at 8:51 PM.

*Unanimous.*

*Respectfully Submitted,*

*Christine Hayward, Administrative Assistant  
(substitute for Penny Miller, Recording Secretary)*