

**Board of Finance
Regular Meeting
Tuesday, May 11, 2010**

Present: Board of Finance Chairman Ben Witte, Regular Members: Jim Fitzgerald, Alesia Kennerson, Reggie Smith, Jr., Laura Sundquist, Alternate Members Roy Litchfield, William Rieger, New Hartford Treasurer Gordon Ross, School Superintendent Philip O'Reilly, First Selectman Dan Jerram, Members of the Public: Bud Butler (member – WWTP Building Oversight Committee), Maria Moore (New Hartford Plus); Administrative Assistant Christine Hayward.

Absent: Board of Finance Member Dan Charest

Board of Finance Chairman Ben Witte called the meeting to order at 7:06 PM.

Seating of Alternates:

Alternate Rieger was seated for Member Charest.

Adoption/Revision of Agenda:

Member Smith questioned if the mil rate would be addressed at this meeting as it did not appear on the agenda. Chairman Witte replied that it would be added to the agenda.

Superintendent/BOE Report – Dr. O'Reilly:

Dr. O'Reilly presented his update to the Board of Finance. He noted that there were no new challenges to the present budget and stated that he was pleased with where things stood. He pointed out that there would be a savings in the electricity line item – the first such savings in many years. He projected a favorable outcome to the end of the year. Mr. Smith asked if the surplus would come back to the town as a way to offset the accrued time payouts that will occur in the future years. Dr. O'Reilly replied that he would like to designate some kind of a reserve account to be used for that purpose. Chairman Witte indicated that the Board of Finance could make such a designation at a future BOF meeting, if they so desired.

Dr. O'Reilly continued with his summary; announcing that two teachers have stated their intent to retire. Personnel buy-outs will amount to approximately \$14,500. Finance Board member Dr. Rieger asked for clarification regarding the current policy regarding the accumulation of personal days, to which Dr. O'Reilly replied that such accumulation is no longer allowed; payouts are only available to 'grandfathered' staff members. Member Smith stated that he would like to have some sort of projection regarding the future pay-outs --- when can they be expected and how much will they amount to?

Dr. O'Reilly was asked what effect the retirement of two teachers would have on personnel who had been informed that they would be losing their jobs. Dr. O'Reilly stated that there is a "call-back" list that will be used. Dr. O'Reilly mentioned that there will be some savings due to the fact that employees called back will not be collecting unemployment, therefore reducing the liability for that projected line item expense.

The boiler project was an open bid process. There is \$150,000 allocated as a capital expense and \$74,540 in grant funds available for the project. It has been decided not to use an engineer; a

consultant will be used instead. This is similar to the way the Regional #7 boiler replacement project was handled. It has been determined that oil tanks do not need to be removed as there is no sign of leaking. However, the fill cap areas may need to be updated. This will be a summer project with a total cost expected to be \$95,600. Mr. Fitzgerald asked if the controllers will be upgraded as part of the project. Dr. O'Reilly replied that the project does not presently address the controllers; if it is deemed necessary to replace the controllers, Dr. O'Reilly will come back before the board to discuss how to proceed.

The plant facility subcommittee has indicated that they would like to replace bulkheads that have are potential safety hazards and there are some other projects they would like to consider.

Dr. O'Reilly informed the finance board that the Board of Education has entered into a 5-year agreement with the bus contractor. Dattco will remain the bus provider. A competitive package was offered and Dr. O'Reilly stated that there will be a savings of approximately \$75,271 in the first year of the contract. Member Fitzgerald asked for clarification regarding in which fiscal year the savings would be realized. Dr. O'Reilly replied that it was fiscal year 2010-2011. Dr. O'Reilly continued his presentation and remarked that he has recommended restoring several positions (i.e. specialists positions, a part-time paraprofessional, a special education teacher and the Spanish teacher). There has been no decision made regarding these restorations.

Member of the Public Denton Butler questioned the line item shown for an administrator's salary, noting it showed an overage. Dr. O'Reilly explained that the overage will be counterbalanced by a savings in the health insurance line item. The position will be a contract with CREC and they will provide the health benefits, therefore resulting in a savings in the Board of Ed's health insurance line item.

Mr. Butler also questioned if the Board of Ed has investigated the use of interns from the Connecticut State University system as substitutes. He stated that the cost is approximately \$10,000 per year. Dr. O'Reilly replied that Principal Kate Rieger was currently researching an intern program offered by St. Joseph's College. Dr. O'Reilly cautioned that although the programs sound like "good deals," there are risks involved.

Dr. O'Reilly completed his presentation and no further discussion ensued.

MOTION: by Fitzgerald, second Litchfield to approve the minutes of the March 9, 2010 meeting as presented.

Unanimous.

MOTION: by Fitzgerald, second Smith to approve the minutes dated March 23, 2010 as presented.

Unanimous.

MOTION: by Litchfield, second Witte to approve the minutes dated April 13, 2010 as presented.

Ms. Kennerson noted that the paragraph included in the First Selectman's report devoted to the Gillette Road Bridge was a bit misleading and required clarification regarding the age of the bridge. She stated that the sentence that read "we got 11 years use of it, and he questioned if the repair is really pressing now" implies that the bridge is only 11 years old. She suggested that the

sentence be changed to read “we’ve had 11 years additional use of the bridge since the original notification to repair it was received and he questioned if the repair is really pressing now.”

Minutes were approved as amended, with Member Smith abstaining.

Opportunity for Public Comment:

Wastewater Treatment Plant Upgrade Building Oversight Committee (WWTP – BOC) member Denton (Bud) Butler told the Board of Finance that the new treatment plant would be receiving flow in the early part of next week. Following the initial flows, the plant is expected to be on line. It is possible that substantial completion could be as early as the end of June. Mr. Butler expressed his concerns regarding the operations of the Water Pollution Control Authority (WPCA). He noted that the WPCA has, in his opinion, made little progress with completing several of the documents that will need to be presented to the DEP in order to have access to the Clean Water Funding. The BOC met with the WPCA in January of 2009 and alerted them to the reporting requirements that need to be met in order to be in compliance with the DEP.

Budgeting information and a rate schedule have not yet been forwarded to the DEP. Mr. Butler also noted that the WPCA has not made any strides in applying for funding for additional lines. He stated that the USDA has over \$6 billion in funds that may no longer be available after July. There has been no action taken to secure an application or make any advances towards obtaining additional funding for line extensions.

Butler also expressed his concern regarding the ability of the new plant to sustain itself on the basis of user fees. He mentioned that there are State Statutes that limit rate setting. He stated that there are percentages of income levels that cannot be exceeded when setting rates. He urged the Board of Finance to follow up and question the WPCA as to where things stand. Board of Finance member Laura Sundquist expressed her thanks to Mr. Butler for “letting us know the concerns you have.”

Board of Finance Chairman Ben Witte commented that “it appears that there is a conflict between the WPCA and the BOC.” He noted that information has been received from both sides and that at times, it is conflicting. Mr. Witte noted that members of the WPCA are appointed by the First Selectman and the Board of Selectman. He expressed his opinion that the Board of Selectmen should be the ones to question the WPCA as to where things stand with completing requirements for funding.

Board of Finance member Jim Fitzgerald stated that the WPCA needs to run like a business. He expressed his desire to see a 5-year plan, commenting that he has asked for this information before and he has been told it exists, yet he is still waiting to see it. Chairman Witte replied that WPCA member Bill Michaud had originally planned to be at this meeting to present such a plan, however, he had sent notification that due to his work schedule, he would not be able to make it.

Mr. Fitzgerald continued to state his concerns that the WPCA is not being run like a business and that they don’t seem to have a handle on how to operate efficiently. He pointed out that there has been no progress in obtaining additional hook-ups to help generate revenue. He commented that the WPCA “needs to be put in place by the First Selectman.”

Chairman Witte asked First Selectman Jerram what his thoughts were. The First Selectman replied that he could not contest what Mr. Butler said. He noted that the WPCA is unlike any

other Board/Commission; noting that they are a ‘fee for service’ entity. Jerram agreed that he had some concerns regarding the ability for the WPCA to meet timelines. He cited their recent difficulties with developing an RFP for a wastewater operator as one example, and also mentioned the lack of a completed ordinance. At this point, Chairman Witte interjected that this discussion should not continue as he was uncomfortable getting deep into the topic without members of the WPCA present to answer to concerns.

Mr. Fitzgerald suggested that a joint meeting of the WPCA, BOF, BOC and the BOS be held so that everyone could participate in a discussion. Board of Finance member Roy Litchfield added that “there are big dollar problems” that will be coming along that will need the attention of the Board of Finance.

Discussion continued regarding the matter with members of the Board trying to ascertain exactly what information they really want. What are the issues at hand? First Selectman Jerram offered to have a discussion of the WPCA as an agenda item on the next Board of Selectmen meeting. Mr. Fitzgerald indicated his desire to have the WPCA present a financial picture to the Board. Mr. Butler agreed that a 5-year plan “with all of the assumptions and declarations” needs to be presented. Chairman Witte ended the discussion by stating that it had already gone too far for one night. He urged the First Selectman to have a discussion with the WPCA and then report back to the Board of Finance.

Treasurer’s Report:

Gordon Ross announced that the ECS money was received and had been placed into the short term investment account. He also informed the Board that the Tax Collector has reported that the collection rate is holding at 98%.

First Selectman’s Report:

Mr. Jerram stated his pleasure that the budget has passed, noting, however, that there was a low turnout at the polls. Several projects are in line to be done during the summer months. Quotes were being sought for resurfacing of 4 major roads --- Southeast, Kinsey, Steele and Burwell. The Industrial Park washout has been reviewed by the Inland-Wetlands Commission. They have requested that the town seek the services of an additional soil scientist to get a second opinion regarding the situation. The commission will take this additional report into consideration prior to determining the extent of the scope of remediation. The Browns Corner revised site plan will be presented to Planning & Zoning. Board of Finance member Alesia Kennerson asked if everything was all set to go to begin work on Browns Corner immediately after site plan approval was granted. Mr. Jerram replied that things would progress as quickly as they could. Jerram noted that guard rail posts are a priority right now. Numerous posts have been replaced throughout town.

Board of Finance Member Laura Sundquist asked what determines the number of polling places in town. She noted that the recent referendum had a very low turn out and wondered about the finances involved to staff and operate two places for such a small group of voters. Mr. Jerram explained the Registrars have brought up this issue in the past. However, they don’t want to be responsible for making the decision to change to one polling place. They feel uneasy making such a recommendation.

Audit – Fiscal year ending June 30, 2010.

Chairman Witte informed the Board that the Board of Finance needs to select an auditor and advise the State as to their choice of auditor by June 1, 2010.

A proposal for audit services was sent to Chairman Witte by King, King & Associates, CPAs for audit services for the fiscal year ending June 30, 2010. The fees proposed showed an increase of 2% (\$23,920 for Town Audit; \$1610 for WPCA audit). Mr. Witte requested that they hold their fees to last year's pricing (\$23,450 for Town Audit; \$1575 for WPCA audit). A reply was received that the firm would honor that request but also added that due to federal funding received by the WPCA and the Board of Education (Grants funded by the ARRA) this year, the town may be subject to a Federal Single Audit. This will require additional reporting. It was suggested by the auditors that if this extra reporting is required, the costs associated with the extra time and effort be passed on to the entities that have benefited financially from the grants that may trigger this requirement. Mr. Witte stated that both the WPCA and the Board of Ed have been informed that they will need to share in any additional costs incurred due to the increased reporting requirements. They have agreed to this.

MOTION: by Smith, second Fitzgerald to engage the services of King, King & Associates, CPAs to perform audit services for the Town of New Hartford for the fiscal year end 2010 audit; and to accept their quote for services in the amount of \$23,450 for the Town of New Hartford audit, with an additional charge of \$1,575 for the WPCA reporting and also possible additional charges estimated to be between \$1800 - \$2000 for federal audit requirements; those additional costs to be divided between the Board of Education and the WPCA.

Unanimous

Mil Rate Discussion:

Chairman Witte stated that there had been changes in the Grand List figures from the prior year. He noted that there was a decrease of \$627,000 from the previous Grand List. This will be a 15K impact in lost revenue. When the Board of Finance calculated their projected mil rate during the beginning of the budget season, they estimated a mil rate increase of 0.08. Witte asked the Board for their input.

Member Litchfield stated his desire to see a 0% increase in the mil rate; noting that this could be accomplished by adjusting the collection rate and also noted that there was an opportunity to use surplus to offset any increase. Member Smith asked what the actual collection rates have been. Mr. Witte replied that the rate has averaged at 98% for the past few years. He commented that the Board of Finance did not adjust the Grand List following the completion of the Board of Assessment appeals last year and that it impacted the surplus, making it a tight year. Member Smith stated his concern with the State budget and the uncertainty of the revenues. Mr. Witte stated his reluctance to change the collection rate; he felt that funds from the collections above the expectations may be needed to help fill the hole left from the surplus being used to balance this year's budget. Member Sundquist commented that she admired trying to get to a zero tax increase, but felt that it would be more prudent to go for a small increase. Ms. Kennerson and Mr. Fitzgerald agreed that a small increase would be ok. Fitzgerald suggested rounding it to 0.1. Dr. Rieger stated that he was comfortable with a slight increase. Witte commented that the Board may want to change the collection rate next year if the economy does not recover, but he did not feel that it should be changed this year. First Selectman Jerram was asked his opinion

and he stated that a change from 0.08 to 0.1 was a nominal increase and he would support it. He commended the Board for their actions in keeping the tax rate at a slight increase.

MOTION: by Sundquist, second Rieger to set the FY 2010 -2011 mil rate at 24.0 and keep the collection rate at 96%.

Member of the public Butler expressed his disappointment with the Board of Finance for not sticking to a 0% increase. He commented that the Board had begun the budget process asking for a 0% increase and he expressed his consternation that the Board had not honored their commitment to this goal. He stated his belief that the residents were being overtaxed due to the fact that the collection rate is not adjusted to reflect actual collections. He remarked that there is already a cushion in place due to the non-adjusted collection rate and therefore a 0 percent tax increase could be accomplished with enough revenue to cover expenses.

Board of Finance member Fitzgerald responded that although initial discussions were of a 0 % increase, the proposed budget that was delivered to the public showed an increase of 0.08 and was not at 0. The public supported the budget as presented.

Chairman Witte noted that the excess revenue from the tax collections is used to offset the next years budget and is not put into surplus, therefore it does assist the residents with their tax rate. Resident Maria Moore interjected that she agreed with Mr. Butler that the taxpayers were being overtaxed due to the fact that the Town collects more than what they need to cover expenses.

MOTION: by Smith, second Fitzgerald to move the question.

Unanimous.

Chairman Witte asked for a vote on setting the FY 2010-2011 mil rate at 24.0, with a collection rate of 96%.

AYE: Fitzgerald, Kennerson, Sundquist, Rieger; Opposed: Smith
Motion passes.

(Smith noted for the record that he was opposed due to the uncertainty of the state budget)

MOTION: by Rieger, second Smith to adjourn at 8:55 PM.

Unanimous.

Respectfully Submitted,

Christine Hayward, Administrative Assistant

(Substituting for Christy Tellier, Recording Secretary)

