

Beacon Falls Board of Finance
10 Maple Ave.
Beacon Falls, CT 06403



BEACON FALLS BOARD OF FINANCE
Regular Monthly Meeting
April 9, 2013
MINUTES
(Draft Copy-Subject to Revision)

1. Call to Order/Pledge of Allegiance

Chairman Jim Huk called the meeting to order at 7:30.

Members present: Joe Dowdell, Brian Ploss, Robert Doiron, Jack Levine, Marc Bronn
(arrived at 8:05)

Others present: First Selectman Gerard Smith, Selectman Dave D'Amico, Selectman Chris Bielik, Town Treasurer Mike Krenesky, Town Finance Manager Manny Gomes, and about 15 members of the public

Chairman J. Huk noted a change to the agenda, adding Discussion after 8b. Updated budget with requested bond detail

2. Approval of Minutes – March 12, 2013, March 27, 2013 and April 3, 2013

Motion to accept the March 12, 2013 regular monthly meeting minutes, the March 27, 2013 joint budget workshop minutes, and April 3, 2013 joint budget workshop minutes: Doiron/Dowdell; all aye. J. Levine abstained as he was not at the March 12, 2013 meeting.

3. Comments from the Public -

Lauren Classey, 79 Munson Road: questioned a job posting in the newspaper for a crew leader in the public works department which was listed as an assistant foreman and wanted to know where this salary increase was covered in budget and asked why the position was raised from crew leader to foreman. She added that this should be an entry level position to save money.

Chairman J. Huk responded that the Board of Finance was not into that level of detail in the budget proposal.

She questioned why the position salary would be raised when replacing someone who is retiring.

J. Levine cited the proposed budget request for the public works crew leader, that this is a union position. The Board of Finance sets the department's budget but is not involved in the hiring and firing. If a department goes over their budget and made a request to the Board of Finance for a transfer, he would strongly object to approving a transfer to cover an overage for salary.

Chairman J. Huk stated the greater need of budget control and a need for better reporting tools to have a better understanding of the bottom line and mil rate.

J. Levine reiterated that the Board of Finance has control of the town finances, but is not into that level of detail in each department and that the Board of Finance sets a budget and controls the department totals.

L. Classey complained that the agendas are not posted to the town web site in a timely manner.

J. Levine responded that the Board of Finance is only required to file the agenda with the town clerk's office and it's up to the town clerk's office to post it.

Susan Cable, 196 Blackberry Hill Rd: noted that she informed the Board of Selectmen that she has over 200 signatures required to bring this municipal budget to referendum and was prepared to present it to the Board of Finance if they decided not to go to referendum. She added that she supported a raise in the First Selectman's salary, and mentioned changes made to ordinances that made the tax collector and town clerk fulltime positions. She felt that having a fulltime tax collector to collect more taxes would pay for this change. She added that it would be more beneficial to have a committee look at a raise in salary for the First Selectman's position.

Sheryl Feducia, 2 Bonna St: listed her concerns with several items in the current selectmen's budget: \$300K from sale of cell tower to offset future expenditures, refinancing debt with interest only payments, bonding for waste water treatment plant and the fire truck. She called this a "borrow and spend budget."

Chairman J. Huk clarified that this budget hasn't been approved yet, the bond will roll over and no decision has been made on the fire truck and fire house roof.

S. Feducia questioned some of the capital projects and why they were needed: \$30K for the library study, \$25K open space acquisition, considered that a luxury item, Public Works capital projects trucks refurbishments, she questioned the estimates and details, \$10K for plow she considered this unnecessary; she questioned the grapple attachment for public works.

Chairman J. Huk noted that these items were previously discussed at budget workshops and justified by the town department heads.

S. Feducia stated that when Region 16 fills a position of someone retiring, they look for the best suited person, which may not necessarily be at an entry level salary.

S. Feducia commented on the time commitment required for elected positions and that people should know what's entailed before they run for the office.

S. Feducia noted that the Region 16 budget hearing will be held on April 10, 2013 at WRHS.

Ed Groth, 13 Laurel Ridge: responded that tonight's Board of Finance agenda wasn't posted to the town web site because he did not receive it until this afternoon.

J. Levine noted that the Board of Finance is only required to file it with the town clerk's office 24 hours in advance of the meeting which was done.

E. Groth commented on the First Selectman's proposed salary increase, he believed it is a low salary that no one can take this position unless they are retired or has other income. He believed that the pay should be competitive and comparative to other towns similar to Beacon Falls and recommended that the Board of Finance consider increasing the salary, and that it should be commensurate with the duties required.

Kathy Grace, 45 Cedar Lane: commented on the proposed salary increase for the First Selectman that it should be spread out over 4 years. She disagreed with doubling the salary with benefits in one year and the full impact of the raise wouldn't be felt until the next fiscal year. She commented that the current First Selectman's salary is similar to other towns and shouldn't be compared to richer towns like Bethany and Woodbury.

K. Grace questioned the public works job posting and why someone would be brought in at a higher level to replace someone retiring. She requested that the Board of Finance take oversight of this position. She stated the proposed budget was using smoke and mirrors.

L. Classey noted that public works crew leader was retiring effective April 16, 2013 as was announced at the April 8, 2013 Board of Selectmen meeting

Joann Overby, 129 Highland Ave: quoted an article in the Citizen's News that recommended attending meetings and be an informed tax payer. She referenced that the First Selectman was referred to as a CEO of a \$20million company, the residents are the shareholders, and questioned the anticipated lower mil rate with a higher budget.

J. Levine commented that the Board of Finance will set the mil rate and thought it was premature and misleading for it to be published in the newspaper first, and that it is the last step in the budget process.

Chairman J. Huk explained that the Board of Finance has to agree on what goes in the budget, then calculate the taxes to be collected and set the mil rate. He went on to say that the Depot Street bridge project had overruns, there are no immediate answers to how this happened but the expenses must be paid. The Board of Finance will need to find out how this happened and but wouldn't be able to investigate it in time for this budget proposal.

J. Overby questioned how much the refinancing will cost.

J. Levine noted these were interest only payments on 7 year old loans, additional items are still being discussed such as the Plan of Conservation & Development cost overrun which had no contract for the \$50K work and the projected \$7.6 million for sewer & road projects which can be banded in future years but are not included in the 2013-2014 budget.

J. Overby noted that the First Selectman's position has no job description, no set hours; but required approximately 100 hours per week; she continued to give a breakdown of the hours remaining in a week for non-job related activities. She suggested a study to look into this salary raise.

Chairman J. Huk noted that these items were previously discussed at budget workshops.

J. Overby questioned the budget increase for the building inspector.

M. Bronn noted that this was discussed at a previous budget workshop and that due to the state adopting new codes, more training is required to learn these new codes and it will take more time to conduct inspections; these are unfunded state mandates.

J. Overby commented that with less building going on in Beacon Falls, why must it increase.

R. Doiron commented that this has no bearing on projects or housing done in Beacon Falls but the town was facing a major code revision, the town must provide the services mandated by the state, which includes classroom time and that educating the building inspectors is extensive. These code changes have more revisions than they have in the last 20 years; the education process is on-going, not a one-year deal. This budget line item might not be as high next year, but is hard to determine, the town needs to purchase

manuals and documents. The Building Inspector will be more involved with projects under the new regulations. He noted this request was justified in a previous budget workshop. J. Overby questioned the police department budget and that if their training is no longer free, does the state help with this?

G. Smith added that the police department comprises of 1 resident trooper and 8 fulltime & part-time officers.

Chairman J. Huk added that at a previous workshop, the Board of Finance agreed to split their budget request for new police radios over 2 years. These radios must be switched to a new technology mandated by the state.

J. Overby questioned the Economic Development Commissions request for an increase of \$9K.

Chairman J. Huk explained that the Board of Finance agreed to this increase to have a marketing strategy for the town to attract more businesses to the town, and ultimately broaden its tax base.

J. Overby requested that the Board of Finance please be responsible and eliminate future costs so residents can afford to remain in Beacon Falls.

Joe Rodorigo, 42 Bonna St: described the proposed budget as a Christmas list of capital projects and wish list for department heads. He added that this is the worst budget he has ever seen. He questioned the \$30K for a library study; \$25K for open space acquisition that he believes the town already has enough open space, and added that when this fund was created in the past, former Boards of Finance have dipped into it to cover other shortfalls; and \$10K for plow. He thinks the Board of Finance is going about the budget the wrong way, borrowing and spending, he suggested stop spending and funding the wish lists until the tax base is there to fund this budget, until the town can afford to pay for it. He agreed that the economic development commission needs to be funded. He agreed with compensating the First Selectman more but questioned where the data came from used for comparison.

Chairman J. Huk stated that the information used for the First Selectman salary comparison was taken from the CCM.

4. **Treasurer's Report** – from Mike Krenesky
Reports were distributed to members for review.
5. **Tax Collector's Report** – from Ursula Henry
Reports were distributed to members for review.
6. **Town Clerk's Report** – from Len Greene, Sr.
Reports were distributed to members for review.
7. **Finance Manager's Report** – from Manny Gomes
Reports were distributed to members for review.
 - a. Board Clerk's Invoice: Motion to accept clerk's invoice requesting payment for the March 12 meeting, March 27 and April 3 budget workshops and associated administrative work and pay the bill as submitted: Doiron/Bronn; all aye.

- b. RFP for a town auditor – M. Gomes reported that this was out to bid with a deadline of April 26. He suggested that the Board of Finance pick 2 members to review the proposals.
J. Levine preferred that the entire Board of Finance look at all the proposals.
- c. Status of new financial software system – due April 15 – topic tabled until the next meeting
- d. Forecast of yearend balance – request for total
M. Gomes noted that last year there was a \$50K surplus from a \$7 million budget, but cautioned that this past year had storms and most likely the public works budget will run over budget. He also noted that the current tax collections are almost 98%. This budget proposed includes a 7.1% fund balance.
J. Levine stated that the Board of Finance hasn't made a decision on the tax collection rate.

Motion to add a report to the monthly Board of Finance meeting agenda given by the town finance manager for projections in total over/under budget and to recap any major concerns: Levine/Huk; all aye.

J. Levine reiterated that the Board of Finance needs to know where the town stands currently in the budget, which is critical during the budget process.

M. Gomes stated that he cannot accurately project tax collections.

Chairman J. Huk commented that projections would be estimates and asked the finance manager to provide them.

8. Budget Review

- a. Bond details –

M. Gomes provided a spreadsheet of the various debt service scenarios from Barry Bernabe of Webster Bank who was available for questions. The spreadsheet provided samples of capturing the savings over 5, 10 or 15 years, existing debt plus proposed debt.

M. Gomes explained that existing USDA loans are required to be paid in July 2013.

Borrowing \$3.7 million as a short term debt with bonding in July 2013 would make the first principal payment due in July 2014 and would carry over into the next fiscal year.

We hope to get \$300K in savings by refinancing the existing debt at a lower interest rate; however, the decision on when these savings will be taken has not yet been determined by BOF.

J. Levine questioned a payment spike in a new loan and suggested it was better to spread the savings out over several years to level out the costs; rather than making one budget year look great with an increase in the next. He preferred to see it more evenly spread out over the future years. He doesn't want to use the savings from refinancing to make the first few budgets look good.

Barry Bernabe presented several scenarios of debt savings using a 2% interest rate. By bundling the bonding in July, the town would save on the required fees.

Chairman J. Huk noted the relative savings in taking advantage of low interest rates and the Board of Finance would provide Mr. Bernabe more direction by the end of the meeting.

J. Levine stated that the current budget proposal shows debt service that assumes no savings and recommended setting aside any savings and not incorporate it into the budget. He also proposed bringing separate questions to the public for a vote if the town should bond additional money for the fire truck and the fire house roof and have the department heads at the public hearing to explain their requests.

Motion to have separate questions posed to the public about the town's operating budget, bonding the purchase of a new fire truck and the fire house roof replacement: Levine/Dowdell; all aye.

G. Smith noted that he spoke to building inspector, Doug Colter who estimated the fire house roof replacement would be less than \$100,000.

M. Bronn questioned M. Gomes about the debt service; M. Gomes repeated that the old 2006 bands must be rolled over. M. Bronn requested keeping the debt service at a relatively stable level.

b. Updated budget with requested bond detail

General discussion:

Chairman J. Huk asked if the Board of Finance members were comfortable with the proposed budget presented.

Depot Street bridge overruns of \$375,000 as reported in the town audit.

M. Gomes explained that this shortfall happened years ago, but only realized because the bills weren't paid until August 2012.

The construction costs came in under budget and the town lost grant money by going with the lowest bid. The town tried to move the construction grant money to the engineering piece, but it wasn't allowed. Upon selecting the lowest construction bid, Beacon Falls left grant dollars on the table that could not be reallocated.

The engineering cost was higher than planned, the town applied for grants. The engineering cost was offset by a state grant of \$175K. The inspection cost was higher than planned as well.

J. Levine commented that the townspeople need answers as to why these overruns occurred.

Motion to request that Jim Galligan provide detailed explanations by April 19, 2013 in writing to Karen Wilson to include timelines, causes of these overruns, who signed the change orders and who was notified of overages for the Depot Street bridge project to have for the public hearing: Huk/Doiron; all aye.

Discussion:

R. Doiron asked what the original cost estimate was and why wasn't the engineering firm held accountable for the discrepancy, and requested an explanation on what the increase was from (change orders, scope of work changed, project delays).

G. Smith emphasized the need for town representatives to sit in on the engineering meetings.

M. Gomes noted that the piece that was over budget was the firm that provided the original estimate.

B. Ploss commented that the engineering firm should have notified the town of any changes and suggested Jim Galligan or a representative from this firm attend the public hearing to answer questions.

G. Smith noted the town would incur a fee if a representative attended the public hearing. Suggestion tabled until a written explanation is available.

The Streetscape project went over budget and was under funded.

The Blackberry Hill Rd project had overruns and was under funded.

G. Smith explained that the Plan of Conservation and Development was a mandated document and has a cost overrun. The cost to be covered by grant money never materialized. Brian Miller was hired without a contract; he was paid out of the consultants budget line item. It was a \$50K expenditure, \$20K was paid. There is a \$10K balance due and not budgeted.

c. Vote on budget

Chairman J. Huk asked if the Board of Finance members were prepared to bring this budget proposal to a public hearing.

J. Levine commented the published reports on the mil rate were misleading; the fate of the cell tower sale proceeds and refinance savings need to be decided by the Board of Finance.

J. Levine requested a discussion of the \$300K for designated fund balance under other financing sources.

Chairman J. Huk quoted from the ordinance that the Board of Finance's obligation is to report the expenses and revenue to the town; less the local taxes; and calculate the mil rate based on tax collection.

J. Levine asked which tax collection rate would be used; 96% had been used in the past, in that scenario the mil rate would go up .8 mil.

M. Gomes noted that the current tax collection rate was almost 98% and if the \$300K refinance savings revenue were also included, that would bring the general fund balance up to 7.1%.

Chairman J. Huk asked if the Board of Finance members were prepared to accept this proposed budget without preparing for upcoming expenses that are known.

J. Levine suggested using the \$300K savings from refinancing all or part as revenue to prepare for future expenses.

There would be a 1.2 mil increase if based on a 96% tax collection rate, and not counting the \$300K as revenue.

J. Levine suggested using use 96% collection rate, not count \$300K as revenue to get a true bottom line, and then present it to public while having separate questions for the fire truck, fire house roof, and the cell tower sale proceeds.

Motion to send proposed 2013-2014 budget to public hearing less the designated fund balance of \$300,000: Levine/Huk; all aye.

J. Levine suggested having another joint budget workshop with a list of items to settle including the debt service.

Motion that calculations for the purpose of the public presentation be based on a 96% tax collection rate: Levine/Doiron; all aye.

Chairman J. Huk requested updated cost estimates on the water treatment plant project from Woodard & Curran, as well as when a sewer tax can go into effect.

G. Smith noted that the road service would have to be included in this future cost estimate and a sewer tax was not definite as it is tied to grant money.

J. Levine suggested using the cell tower sale proceeds be put in escrow for future debt service against upcoming waste water treatment plant costs.

B. Ploss agreed with J. Levine's suggestion.

Chairman J. Huk commented that with no 5 year capital plan it is difficult for the Board of Finance to forecast upcoming costs.

Motion to leave the debt service for the 2013-14 budget amount the same as the 2012-13 amount and defer any savings: Levine/Huk;

Discussion: pay some of the principal in the first year

M. Gomes asked what debt service schedule the Board of Finance wants; response was to move the savings back.

J. Huk suggested looking at broad scenarios to address long term concerns to be presented to the public. The Board of Finance will discuss and vote on at the next workshop.

9. Set necessary meeting dates

The Boards of Finance and Selectmen will have a join budget workshop on Tuesday, April 23, 2013 at 7:00 PM in the town hall assembly room.

10. First Selectman Report - First Selectman Gerard Smith

- a. Transfers – G. Smith reported that the stove at the senior center died and it is the town's emergency shelter. He requested a transfer of \$1,600 from budget line item 10-83 1170 contingency fund to senior citizens center building maintenance line item 10-79 1943 to fix the existing stove: **Levine/Huk**; all aye.

11. New Business – tabled

- a. Board of Finance reporting requests
 - i. Monthly purchases
 - ii. Account Balance spreadsheet
 - iii. Expense projection

12. Correspondence - none

13. Comments from the Public

Paul Brennan, 13 Highland Ave: commented about the proposal to replace the existing fire truck. He explained that the current truck was built in 1989 and is 25 years old and according to the manufacturer's recommendation, fire trucks built prior to 1991 should be placed in reserve status and replaced. The current truck requires a \$2K per year mandatory maintenance, plus an additional \$8,500 was spent for its maintenance. Its front and rear

springs are showing rust, it will need new the tires as it is mandated for tired to be replaced every 7 years regardless of the use. Pump packing for this vehicle is not available because the company went out of business; the fire department had to repair the front bumper themselves. He added that the current apparatus has only lap belt seat belts, not shoulder harnesses and open seating, which is no longer allowed. He cautioned that the town is exposed to potential lawsuits if any fire crew is hurt on a call. He referenced the recent lawsuit in Waterbury when a fireman was killed on a call. A new fire truck would change the town's ISO rating. The current apparatus rating is coming due in the next year or two.

Chairman J. Huk asked what the potential impact to homeowners' insurance would be if fire truck is taken out of service.

Fire Chief Mike Pratt asked if the public would have separate budget items to vote on. J. Levine confirmed that the Board of Finance voted to have separate budget items along with the impact to the budget.

Sue Dowdell, 32 Wolfe Ave: requested that \$11,000 remain in the library study budget line item to cover preliminary library plans required when fund raising and applying for grants.

L. Classey requested the clerk capture all her comments to be reflected in the minutes.

Joe Rodorigo appreciates the work the Board of Finance members have done on the budget, and cautioned "unringing bells" once money is committed, it won't be easy to take back in future budgets. He also noted the upcoming Region 16 increases with construction projects. He suggested using the fund balance to counter any increases.

B. Ploss requested Joe Rodorigo be present at the public hearing meeting to bring up these comments. B. Ploss commented that the town can't move forward when it's held hostage to the Board of Education budget.

Chairman J. Huk added that Board of Education discussions are not relevant to this meeting.

Joe Rodorigo stressed the need to get an Economic Development coordinator to bring more tax revenue to the town.

M. Krenesky commented that public comment should not be a debate, nor discussion, nor answering questions, and the time allowed to speak should be limited.

14. Adjournment

The next regular monthly meeting will be Tuesday, May 14, 2013 at 7:30 PM.

Motion to adjourn the meeting at 10:46 PM: Doiron/Ploss; all aye.

Respectfully submitted,
Martha Melville
Clerk for the Board of Finance