

A **REGULAR MEETING** of the Board of Finance was held in the City Hall Auditorium on Tuesday, January 15, 2013.

Present were Mayor Ryan Bingham, Corporation Counsel Raymond Rigat, Board of Finance members Bill Lamoin, Laurene Pesce, Mark Bushka, Thomas Scoville, and Frank Rubino. City Treasurer Arthur Mattiello, Board of Education Director of Facilities David Bascetta, Superintendent of Schools Cheryl Kloczko and Comptroller Alice Proulx were also present. Board of Finance member Brian Paganini was absent.

Mayor Bingham called the meeting to order at 5:00 p.m.

MINUTES

On a motion by Mr. Rubino, seconded by Mrs. Pesce, the Board voted unanimously to accept the minutes of the Regular Meeting held on November 20, 2012. Mr. Bushka abstained.

On a motion by Mr. Bushka, seconded by Mr. Lamoin, the Board voted unanimously to accept the minutes of the Special Meeting held on December 10, 2012.

OPEN TO THE PUBLIC

On a motion by Mr. Rubino, seconded by Mrs. Pesce, the Board voted unanimously to open the meeting to the public. There was no one present who wished to speak.

BUDGET TRANSFERS

On a motion by Mr. Bushka, seconded by Mr. Rubino, the Board voted unanimously to authorize the budget transfers for fiscal year 2012/2013 listed in the City Comptroller's memos, (**Addendum 1**) having been approved by City Council on January 7, 2013.

Mr. Bushka asked Ms. Proulx to explain 'Citywide-Budget Adjustment'. Ms. Proulx said those were the final adjustments that were pending when the budget was passed.

When Mrs. Pesce questioned the wages saved by delaying the hiring of three firefighters, Ms. Proulx explained that the delay was from July to the beginning of September only, not July through December.

Mr. Lamoin asked about the Vehicle Replacement fund and Ms. Proulx explained it was established two years ago with the understanding that the City would be better served to budget it in one department at the beginning of the budget process, and then allocate it to the different departments after the budget is passed. That way there's no manipulation of the information in the budget process, she said.

Mr. Rubino asked for an explanation of the \$400,000 transferred to Bridge Repairs. Ms. Proulx explained that the Public Works Director requested this to help him manage and control the funds. She said this is an easier tracking mechanism for him, separate from the other capital reserve funds.

Ms. Proulx confirmed to Mr. Bushka that the equipment maintenance chargeback is the same thing as vehicle replacement.

FORBES SCHOOL ROOF PROJECT

On a motion by Mrs. Pesce, seconded by Mr. Rubino, the Board considered authorizing the allocation of \$400,000 from the City's Undesignated Fund Balance to serve as the City's portion of the Forbes School Roof Replacement Project, and to be replaced from the Board of Education FY13/14 budget.

Mayor Bingham explained there were serious concerns about using the Undesignated Fund Balance, as it would create a negative tag by the credit rating agencies. He asked Mrs. Kloczko if there other ways to fulfill State requirements for funds reimbursement, such as using the General Fund or some other placeholder.

Mr. Bascetta said the funds need to be designated from somewhere or the State won't allow the Board of Education to go forward with the reimbursement process. The City's governing body has to demonstrate that it is committed to the project, he said. Mrs. Koczek added that next year's budget won't suffice as they cannot apply for the State grant until they have cash in hand.

Mayor Bingham said they are in agreement that the project should go forward but they must avoid the Undesignated Fund Balance.

Mr. Mattiello explained the ramifications of using the Undesignated Fund Balance. He said it's risky and it's costly, having already cost the City some penalties in the higher interest rate available during the last bonding. The City has used the Undesignated Fund Balance from 2007 through 2011 for City operations to keep taxes down, he said. Moody's rated the City in June 2012, when debt was 35.4 million, Mr. Mattiello said, and added that they downgraded the City from AA2 to AA3, the last stop before dropping into a B category.

Mr. Mattiello explained the rating was dropped because of the multi-year use of the Undesignated Fund Balance for the operation of the City. Our Undesignated Fund Balance in 2007 was 11 million dollars or 10% of our operating revenue. Ten to eighteen percent is healthy he said, but right now we've dropped down to 3.6 million or 3%. Mayor Bingham started reversing the trend by putting something in bringing the Undesignated Fund Balance up to 4.3%, but it's still not a healthy position, he said.

FORBES SCHOOL ROOF PROJECT Continued

Mr. Mattiello noted that the two recommendations Moody's had were to significantly increase our reserves or continue to further deteriorate the use of these funds. Our financial advisor stated that earmarking \$400,000 would be considered a deterioration of our Undesignated Fund Balance. Whether we spend it or commit it, it's very risky to do that, he said.

Mr. Mattiello urged the Board to approve the money for the roof, but not to commit it from the Undesignated Fund Balance. There are other Capital Funds in the City budget which contain over 3 million dollars right now, he said, and added that there could be ways of using those funds to do what you need to do. He said it's his obligation as City Treasurer to warn the Board that committing \$400,000 from the Undesignated Fund Balance will cause our rating to go down more.

Mrs. Pesce said the problem is that Moody's won't include all that money in those reserves. Ms. Proulx said Torrington was given credit for having those Capital Reserve Funds but Moody's is locked on the Undesignated Fund Balance as part of their criteria.

Mrs. Kloczko asked if the Undesignated Fund Balance could be changed to Capital Reserve Fund, because the Board of Education is not going to take any money. They just have to show the State that there's money there to cover it. She asked if the City could just sign off saying 'the money is there, we'll never touch it'.

Mr. Scoville arrived at 5:18 p.m.

Mrs. Pesce asked Mr. Mattiello and Ms. Proulx to suggest another account to use. Mr. Mattiello said there are three Capital Accounts -- Vehicle Replacement, Capital Reserve, and Capital Projects, each with a little over a million dollars.

Ms. Proulx said she was concerned about getting a commitment to replenish those funds because these are funds set aside for very specific, approved projects. Mr. Bascetta said they are looking to see what Education projects could be rescheduled. In answer to Mr. Lamoin's question, Mr. Bascetta said about \$200,000 is earmarked by the Board of Education for Capital Funds.

Mrs. Pesce noted that this money isn't going to actually move out of the City budget on either side until after July 1st and although the ultimate cost to the City may be \$400,000, we do in fact have to expend a million fifty in order to get the reimbursement back. Mr. Bascetta agreed, and said that the Board of Education Capital budget always meets the full required of the cost of the job.

Mr. Rubino asked if this \$400,000 will be a budgeted line item in the Board of Education 2013/2014 Capital budget. Mr. Bascetta said one million fifty is the actual figure and said the roof project was originally part of the Capital Plan to be done in 2013/2014.

Mr. Bascetta noted that there have been changes in the State's requirements and they want to be sure that the City's money there. He said the Board of Education is concerned about the reimbursement rate dropping if we wait any longer to submit our plans application.

Mr. Bushka asked what the ramifications would be for City Council having approved the Undesignated Fund Balance, if the Board of Finance now approves it from a Capital Fund.

Mayor Bingham explained that he asked City Council to approve the resolution pending Board of Finance approval. He said if the Board of Finance is suggesting it is taken out of Capital Funds, it can be brought back to the next City Council meeting.

He noted that the State doesn't care about the Board of Finance's decision, they only care about the City Council resolution. Since the Board of Finance is the budgeting authority, the State is asking City Council for something that they can't offer.

Mayor Bingham said that taking it out of Capital Funds is exponentially better than using the Undesignated Fund Balance, but there's no formal budget in place now to replenish the funds. He added that he's certain that we'll get there at some point in the next five months.

In answer to Mrs. Pesce's question, Ms. Proulx said no referendum is required because the money is not coming out of the general fund budget.

Mrs. Pesce asked how the solar installation and the roof replacement might impact one another. Mr. Bascetta said the best time to do a solar project is when you have a new roof underneath it so you don't have to disturb it for 25-30 years after that. He said he is going to make sure the roof materials are applicable to a solar installation and that anything underneath is properly prepared to ballast the photovoltaic. He explained that it's going to be done as two different projects to the State, with two different companies that will tail each other. Once the roof is done, the solar project will start right after that, he said.

Mrs. Pesce amended her motion to authorize the allocation of \$400,000 from the City's Capital Reserve Fund to serve as the City's portion of the Forbes School Roof Replacement Project, and to be replaced from the Board of Education FY13/14 budget. Mr. Rubino amended his second. Mrs. Pesce noted that conceptually it's really important for us as a City and as a Board of Finance to do these kinds of projects that

FORBES SCHOOL ROOF PROJECT Continued

do have some reimbursement potential to them. She said wouldn't count on the 75% reimbursement rate, but any investment of this kind is still a wise investment of our funds. Mrs. Pesce said using our funds as leverage to get money back is important.

Mr. Bushka asked how long it will take for the State to send us a check for the 75% reimbursement. Mr. Bascetta said that generally they are not too bad, once they inspect the project and close it out, the money is there. Mr. Bascetta said we'll have it within a month or two.

Mr. Scoville asked when we'll know if the reimbursement rate is going to be 75%. Mr. Bascetta replied that once the application is submitted, they will sit down with the State. As of now, on the books, when you go to the State website, we're at 75%, he said.

The vote was taken and the Board unanimously approved.

BUSINESS BY MAYOR AND MEMBERS OF BOARD OF FINANCE

On a motion by Mr. Rubino, seconded by Mr. Scoville, the Board voted unanimously to consider business by the Mayor and members of the Board of Finance.

Mr. Lamoin asked if the Traffic vehicle needed to be re-discussed, because he thought it had already been approved. Ms. Proulx said it had, and Mayor Bingham said they are all set.

Mr. Rubino asked about the Audit. Ms. Proulx said she is waiting for the management letter.

Mr. Mattiello offered to send the Board members a copy of Moody's rating for their review. Mr. Scoville said that would be helpful.

Mayor Bingham reported that he is initiating the budget process and Department Heads are working diligently on putting their budgets together. He said we are waiting with baited breath to see what happens in Hartford which will have an absolute direct impact on what happens here in Torrington. He has notified Dept. Heads that although we want to have a good budget and assume the best, we also have to prepare for the worst. If budget cuts come, depending on how significant, we'll need to have a changing landscape of City and Board of Education administration. Hopefully that doesn't happen but we're going to advocate our best and see what happens

ADJOURNMENT

On a motion by Mr. Scoville, seconded by Mr. Lamoin, the Board voted unanimously to adjourn at 5:42 p.m.

ATTEST: JOSEPH L. QUARTIERO, CMC
CITY CLERK

Respectfully Submitted,
Carol L. Anderson, CCTC
Asst. City Clerk

ADDENDUM 1

City Of Torrington



FINANCE DEPARTMENT
 140 Main St.
 Torrington, CT 06790

Appv'd By Bd. Of Finance

Date: 11/15/2012

To: Mayor Bingham, City Council, Board of Finance
 From: Alice Proulx, City Comptroller *AP*

Date: 1/15/13 *Uuden.*

Re: Transfer Requests

Approved by City Council
 Date: JAN 07 2013

I respectfully request authorization to complete the following budget transfers for fiscal year 2012/2013.

Uuden

Vehicle Replacement:

0010.0049.5351.0001	0010.0004.5351.0001	\$2,158.71	Building
Citywide-Vehicle Replacement	Vehicle Replacement		
0010.0049.5351.0001	0010.0027.5351.0001	\$11,670.18	Engineering
Citywide-Vehicle Replacement	Vehicle Replacement		
0010.0049.5351.0001	0010.0022.5351.0001	\$83,281.51	Fire
Citywide-Vehicle Replacement	Vehicle Replacement		
0010.0049.5351.0001	0010.0032.5351.0001	\$52,904.49	Parks
Citywide-Vehicle Replacement	Vehicle Replacement		
0010.0049.5351.0001	0010.0023.5351.0001	\$119,711.46	Police
Citywide-Vehicle Replacement	Vehicle Replacement		
0010.0049.5351.0001	0010.0025.5351.0001	\$1,569.91	Public Works
Citywide-Vehicle Replacement	Vehicle Replacement		
0010.0049.5351.0001	0010.0031.5351.0001	\$217,013.74	Street
Citywide-Vehicle Replacement	Vehicle Replacement		
		<u>\$488,310.00</u>	

Equipment Maintenance Chargeback:

0010.0049.5275.0001	0010.0031.5275.0001	\$457,094.00	Street
Citywide-Equip. Maint Chargeback	Equip. Maint. Chargeback		
0010.0049.5275.0001	0010.0022.5275.0001	\$120,320.00	Fire
Citywide-Equip. Maint Chargeback	Equip. Maint. Chargeback		
0010.0049.5275.0001	0010.0023.5275.0001	\$283,743.00	Police
Citywide-Equip. Maint Chargeback	Equip. Maint. Chargeback		
0010.0049.5275.0001	0010.0027.5275.0001	\$9,964.00	Engineering
Citywide-Equip. Maint Chargeback	Equip. Maint. Chargeback		
0010.0049.5275.0001	0010.0004.5275.0001	\$5,425.00	Building
Citywide-Equip. Maint Chargeback	Equip. Maint. Chargeback		
0010.0049.5275.0001	0010.0032.5275.0001	\$92,818.00	Parks & Recreation
Citywide-Equip. Maint Chargeback	Equip. Maint. Chargeback		
0010.0049.5275.0001	0010.0013.5275.0001	\$2,096.00	Planning & Zoning
Citywide-Equip. Maint Chargeback	Equip. Maint. Chargeback		
0010.0049.5275.0001	0501.8888.5275.0001	\$13,281.00	Equipment Maintenance
Citywide-Equip. Maint Chargeback	Equip. Maint. Chargeback		
0010.0049.5275.0001	0010.0001.5275.0001	\$1,162.00	Assessor
Citywide-Equip. Maint Chargeback	Equip. Maint. Chargeback		
0010.0049.5275.0001	0010.0025.5275.0001	\$1,732.00	Public Works Admin.
Citywide-Equip. Maint Chargeback	Equip. Maint. Chargeback		
0010.0049.5275.0001	0010.0016.5275.0001	\$245.00	Senior Center
Citywide-Equip. Maint Chargeback	Equip. Maint. Chargeback		
0010.0049.5275.0001	0010.0019.5275.0001	\$6,869.00	Public Safety-Misc.
Citywide-Equip. Maint Chargeback	Equip. Maint. Chargeback		
0010.0049.5275.0001	0501.8888.4800.0000	\$41,853.00	Equip Maint Chargeback
Citywide-Equip. Maint Chargeback	Equip. Maint. Chargeback		
		<u>\$1,036,602.00</u>	

Thank you for your consideration in this matter.

ADDENDUM 1

City Of Torrington



FINANCE DEPARTMENT
140 Main St.
Torrington, CT 06790

Appv'd By Bd. Of Finance

Date: 12/5/2012

1/15/13 Unan
~~Date: Approved by City Council~~
Date: JAN 07 2013
Unan

To: Mayor Bingham, City Council, Board of Finance
From: Alice Proulx, City Comptroller *ap*

Re: Transfer Requests

I respectfully request authorization to complete the following budget amendments for fiscal year 2012/2013. These amendments reflect savings from delayed hiring of (3) firefighters and (1) street department employee.

0010.0022.5103.0000 Fire - Regular Wages	0010.0049.5991.0000 Citywide-Budget Adjustment	\$30,338.00	Fire
0010.0031.5103.0000 Street - Regular Wages	0010.0049.5991.0000 Citywide-Budget Adjustment	\$16,310.00	Street
0010.0031.5104.0000 Street - Overtime	0010.0049.5991.0000 Citywide-Budget Adjustment	\$2,650.00	Street
0010.0031.5753.0000 Street - Employer FICA	0010.0049.5991.0000 Citywide-Budget Adjustment	\$1,450.00	Street

Thank you for your consideration in this matter.

ADDENDUM 1

City Of Torrington



FINANCE DEPARTMENT
140 Main St.
Torrington, CT 06790

Tel:
Fax:

Appv'd By Bd. Of Finance

Date: 1/15/13 *uman*

January 2, 2013

Approved by City Council
Date: JAN 07 2013
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To: Mayor Bingham, City Council, Board of Finance
From: Alice Proulx, City Comptroller *AP*

Re: Transfer Requests

I respectfully request authorization to complete the following transfers per request of Public Works Director Jerry Rollett

0310.8888.5890.0102	0240.8888.4900.0000	\$43,926.67	Capital Projects
Transfer Out-Capital-Engineering	Transfer In-Bridge Repair		
0310.8888.5890.0105	0240.8888.4900.0000	\$199,154.88	Capital Projects
Transfer Out-Capital-Street	Transfer In-Bridge Repair		
0010.0031.5816.0033	0240.8888.4900.0000	\$200,000.00	Street
Street-Bridge Repairs	Transfer In-Bridge Repair		
		\$443,081.55	

Thank you for your consideration in this matter.

ADDENDUM 1

City Of Torrington



PUBLIC WORKS DEPARTMENT
Gerald C. Rollett, P.E.
Public Works Director

140 Main Street • City 1
Torrington, CT 06790-5
(860) 489-2232 • Fax: (860) 489-2
JerryRollett@TorringtonCT

MEMORANDUM

DATE: December 19, 2012
TO: Alice Proulx, Comptroller
CC: Bob Lizotte, Ed Fabbri
FROM: Jerry Rollett *J Rollett*
RE: Fund Transfers to Bridge Account

Appv'd By Bd. Of Finance

Uman
Date: 1/15/13

Approved by City Council

Date: JAN 07 2013

Uman

Please transfer the amounts shown below from the noted funds/accounts to Fund 0240 Bridge Repair.

Capital Projects:	0310.3008.0102 (Engineering)	\$ 43,926.67
Capital Projects:	0310.3008.0105 (Street Department)	\$199,154.88
Street Dept.:	0010.0031.5816.0033 (Bridge Repairs)	\$200,000.00

The total to be transferred to Fund 0240 Bridge Repairs should be \$443,081.55

Thank you.