

April 5, 2017

A Regular Meeting of the Board of Finance was held on this date in the Stonington Police Department Meeting Room. Members present were Chairman Bryan Bentz, June Strunk, Glenn Frishman, Tim O'Brien, Mike Fauerbach and Blunt White. Also present was First Selectman Rob Simmons, Finance Director James Sullivan, Police Captain Todd Olson, Director of Facilities Bill King, Public Works Director Barbara McKrell, Tax Collector Linda Camelio, and various department heads and interested parties.

Chairman Bentz called the meeting to order at 7:15 pm.

Comments from the Public-there were none

Previous minutes-Mrs. Strunk requested to table the previous minutes as she would like to add commentary to them. The Board agreed.

Suspense List-Tax Collector Linda Camelio explained the Suspense List, stating that by law she must suspend or eliminate at least one account every year (these are accounts that are considered unable to be collected). These accounts go to collection agencies, which the town can still collect on, but are removed from the books. Mr. Fauerbach asked what the average percentage of collection is. Ms. Camelio said she did not have that number at this time but would provide that information to the Board. Mr. White asked if these accounts still collect interest, and he was told that they did.

The following is the Suspense List by district:

Town of Stonington-\$106,189.54
Borough of Stonington -\$1,523.60
Mystic Fire District-\$1434.62
Stonington Fire District \$5.27
Quiambaug Fire District \$93.82
Old Mystic Fire District \$2,181.50

Mr. Frishman made a motion to accept the list, Mr. White seconded, and voting was unanimous.

Bid Waiver-Department of Public Works-Director McKrell asked that the Highway Department continue with the Capitol Region Council of Government (CRCOG) contracts for Catch Basin Cleaning, Pavement Markings, and Asphalt Pavement Crack Sealing. The companies have been accommodating and have done good work. She

stated she would also like to stay with Sealcoating, Inc to do Micro-Surfacing in places where chip sealing is not practical, which extends the life of roads 6-9 years. Mr. Fauerbach made a motion to approve the bid waiver, Mr. Frishman seconded, and voting was unanimous.

Mr. Fauerbach made a motion to add the following two items to the agenda, Mr. Frishman seconded, and voting was unanimous.

CIP Update- Jason Jones, Director of Technology, updated the Board on his request (from January 2016) for \$323,250 to procure equipment for computer upgrades throughout the district. He noted that Stonington recently received Erate approval, however, changes had to be made to the equipment list and amendments made to the project because they weren't fully funded. The cost of the project will be \$171,309 after reimbursements. Mr. Sullivan stated that the \$151,000 Mr. Jones will not be using can be re-appropriated in this year's CIP budget.

RFP's- Director Sullivan stated that the RFP's for the audit will be coming in shortly for review and inquired if any Board members would like to participate in this review. Chairman Bentz suggested that the Board go over the RFP's at the next regular meeting, and a Special Meeting will be held on May 10th for further discussion.

Budget Deliberations-

Mr. Fauerbach reported on a meeting he had earlier in the week with First Selectman Simmons and Director McKrell. It was noted that pavement treatments expenditures are listed in a number of lines in the budget. He said that the infrastructure is very important and they don't want to see conditions decline. However, when added up, there is a substantial increase in this budget. He also stated that even if there is a reduction of 80K in the operating expense line, the total would still result in a higher level spent in pavement treatments. The Board agreed with his assessment. Mr. Fauerbach also expressed the importance of investing in the highway fleets. He then proposed increasing revenue estimates for prior collections and liens by 50K each, since they are historically underestimated, rather than build the fund balance. As an alternative, Mr. O'Brien suggested reducing budget item line 4 by 30K and line 2 by 50K. To that end, Ms. Camelio expressed that she prefers the fund balance because of future uncertainty regarding large taxpayers, as a major hotel could go bankrupt or not pay their tax bill. Chairman Bentz suggested if that were to happen, the money could come from the undesignated fund balance. The Board was in agreement to make the changes to the line items that Mr. O'Brien suggested.

The Board agreed to move \$850,000 from the undesignated fund balance to contingency against loss of state funds, and stated that it will only be used in that event. The funds

will be moved back if not needed.

Mr. White mentioned that as a new member of the Board, he looked historically at CIP, and noted that the 5 year average is 2.257M. He stated it has been going up every year and feels it is a large number. Mrs. Strunk noted that lease payments are in CIP and that contributes to this number. Mr. White also said that the schools project is doubling our debt and that for the next 3 years our debt service will rise. In summary, he said that interest payments are increasing, and perhaps it could be offset by reducing CIP. Mr. O'Brien noted that, regarding CIP, the town has been conservative in past years, allowing the fund balance to grow beyond the designated level. He said the best way to offset the fund balance increase was to put it into CIP as it would not effect the bond rating, and it is a one time expense. He also noted it was intentional to move the CIP up, to offset the undesignated fund balance move up, and to not touch the operating budget. He noted that CIP projects can be stopped instantly, but the town budget cannot be cut as easily.

Mrs. Strunk stated that utilizing 1M out of the fund balance to finance CIP can support expenditures that every resident benefits from; police cars, town equipment and pavement treatments. She also noted that the excess funds belong to everybody. Chairman Bentz who was in agreement, stated that this is taxpayer's money that should go back to the taxpayer. Mrs. Strunk said that she would like to draw from the excess funds to offset \$151,500 for the fleet upgrade for the police department, \$450,000 for roads rehab, and \$275,000 for the highway equipment capital leasing program.

Mrs. Strunk asked the Board to consider additional funds to help accelerate replacement of highway trucks. Mr. Fauerbach stated that he is in favor of buying the two trucks, which are a priority, outright. Discussion ensued regarding the procurement of the vehicles. The Board agreed to the purchase of both vehicles.

Mr. Frishman made a motion to send the following budget to a public hearing, Mrs. Strunk seconded, and voting was unanimous.

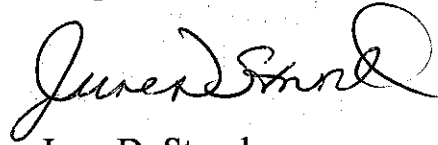
General Govt	\$21,123,507
Board Of Ed	\$37,037,483
Debt Service	\$ 6,364,705
CIP	<u>\$ 3,070,785</u>
Total	\$67,596,480

This results in a 3 percent mill rate increase, or .67 mills, which brings the mill rate to 22.98.

K-12 Liaison Reports-Mrs. Strunk stated that the school projects are going well and that there is a new lead architect on the job. She said that the groundbreaking should be on schedule.

With no further business to come before the Board, Mr. O'Brien made a motion to adjourn, Mr. Frishman seconded, and the meeting was adjourned at 9:14pm.

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "June D. Strunk".

June D. Strunk

kds