

TOWN OF STONINGTON

BOARD OF FINANCE

SPECIAL MEETING

Mystic Middle School Cafeteria

Tuesday, November 13, 2018

A meeting of the Board of Finance was held on this date in the cafeteria of the Mystic Middle School. Members present were Chairwoman June D. Strunk, Secretary Glenn Frishman, Lynn Young, Mike Fauerbach, Blunt White, and Danielle Chesebrough. Tim O'Brien was absent. Also present were First Selectman Rob Simmons, Director of Finance, James Sullivan, Human Services Director Leanne Theodore and Town Engineer Scot Deledda. Alexa Garvey, Board of Education Chairperson and Al Fritzche representing SEAT were in attendance.

Ms. Strunk called the meeting to order at 7:15 pm.

Pledge of Allegiance

Comments from the Public - None

Previous Minutes – Mr. Frishman motioned to approve the October 3rd minutes, Ms. Young seconded. A few corrections and clarifications were brought to attention and noted. Based on these corrections and the minutes amended, the October 3rd minutes will be approved. Voting was unanimous. **Motion carried.**

New business

Additional Appropriations:

- Mr. Frishman made a motion to approve a request from the First Selectman for an additional \$14,675 for line item 10102-80120 to completely fund the SEAT bus route funding for FY18/19.

Mr. Simmons reminded the board that he spoke at last year's budget cycle meeting expressing his concern of the SEAT cost increase and his interest at finding alternative methods of serving the population of the Route 10 bus route. This bus route serves riders from Mystic to Pawcatuck, thru Stonington along Route #1. Mr. Simmons was assisted by Danielle Chesebrough and Leanne Theodore, Director of Human Services, along with Al Fritzche from SEAT.

Previously it was agreed in the budget process that 40% of SEAT's FY18/19 request, (\$10,000) would be funded, which would carry the program to the end of November. The remainder would be left for open discussion based on the progress dealing with issues relative to improving the service or making it less expensive. Ms. Theodore and her group have been aggressive in conducting polls, riding the buses themselves and

collaborating with the PNC to determine ridership. Working with Mr. Fritzsche, there have been scheduling adjustments made that will improve the route and increase ridership.

The Route #108 Bus will now wait for the #10 Bus which comes in from New London and Groton and connects in Mystic so riders will be able to connect without delay. This has resulted in a substantial increase in ridership. Always a fairly lightly ridden route, ridership increased from 336 in April to 506 recently. SEAT has committed to other proposals that may also increase ridership. Mr. Simmons wanted to bring this to the attention of the Board for if the funding is not approved service could terminate at the end of the year.

Ms. Theodore spoke about results from a transportation survey utilizing the online based Survey Monkey and riding the bus themselves and questioning riders. While most of the respondents to the 1st round of surveys were already known by her department, what they found interesting was polling the riders on the bus who hadn't yet completed the survey. A majority of these riders depend on the bus for employment and not just appointments or grocery store runs. The adjustment to the bus schedule of allowing Bus #108 to wait for Bus #10 is much more conducive now and riders feel they can use this to their advantage. Previously riders could experience up to a 2 hour wait time between buses from Pawcatuck/ Stonington to New London/Groton.

It was noted that alternative solutions were looked into. Discussions with both, the PNC transportation service and an outside private for-profit transportation provider were conducted, but Ms. Theodore feels that SEAT would be able to meet these riders needs more satisfactory. Mr. Simmons spoke of the PNC transportation system and felt that they were willing to assist in a crisis should SEAT be terminated but he also felt that there is a larger opportunity to increase ridership with SEAT. Mr. Simmons will be meeting with the SEAT committee to discuss changing start times and additional adjustments to try and make the service better.

A question from the Board arose asking if the buses are filled, does it reduce our cost. Mr. Fritzsche spoke with regards to the cost to the town for the service. He informed the Board that the Town share is actually just a small portion of the total cost. The State covers 72%, ridership covers 20% and the Town covers 8%. The buses are provided by the Federal Government with the State contributing 20% of that cost.

Ms. Strunk pointed out that the BOF was concerned with whether the Route #10 was viable route anymore and whether SEAT would cancel their runs in the area due to lack of ridership. Ms. Strunk felt the communications with SEAT, the scheduling changes and further focus on the runs and meeting riders' needs is important. Continued conversation will benefit residents and improving ridership.

Mr. Fauerbach feels it would be irresponsible to let the bus route fail without another viable alternative in place and makes the motion to approve the additional appropriation. He would however, and Ms. Young agreed that they would like to see ridership statistics

again in a few months or sooner to see if the connection schedule changes increase ridership as suggested. Ms. Young seconded the motion. Voting was unanimous. **Motion carried.**

Bid Waivers:

- The Board heard from Scot Deledda, Town Engineer regarding a bid waiver request to use Mad River Construction for the drainage pipe replacement project at the Velvet Mill. The cost of the project is \$11,366.

This is a continuation of the Bayview/Meadow Ave drainage project. The Town had recently completed Phase I, the pipe expansion for the outlet component of the system which starts at Bayview Ave and runs to the final discharge point. This project is a continuation of that project. Mr. Deledda stated that after a video inspection of the pipe system on the Velvet Mill property from a point midway between the pond and the street was completed it was determined that there are restrictions in the pipe size. The pipe from the pond to the catch basin is 15" and from the catch basin to the street goes from 10" to 12".

What is being proposed is to replace the restricted 10" & 12" diameter pipe with a 15" diameter pipe so there is a continuous 15" pipe from the pond all the way to Bayview Ave. This project represents a level of mitigation that various parties have agreed to representing a compromise between the cost of the project and the value achieved. This will not be a solve all for all flooding conditions but is a good compromise.

After Ms. Young asked about the ownership of the land involved, Mr. Deledda did point out that although this is taking place on private property, the Town is involved due to Town road runoff that is discharged into the Velvet Mill Development pond. Therefore, the Town has the greatest responsibility and the need to make sure the outflow from that pond is maintained and in good working order. There has been flooding on a number of occasions for upstream property owners, some of who were in attendance tonight. They have an interest to have the pipe and flow in good condition.

Mr. Deledda said the Velvet Mill property owner expressed their interest in allowing the Town to complete this project. The Borough does not have the capacity or the staff to manage the project. The Town is familiar with the project, the downstream connections and the contractor. Mad River Construction is familiar with the site and the project. The funds required can be managed thru the drainage maintenance fund thru the DPW. Ms. Young motioned to approve the project, Mr. Frishman seconded. Voting was unanimous. **Motion carried.**

- Next on the agenda was a bid waiver request from K-12 Building Committee to purchase Chromebook chargers from CDW-G for the Deans Mill and West Vine Street School projects at a cost of \$12,470 and \$10,750 respectively.

Ms. Strunk brought attention to the minutes from the previous meeting when this had been approved, but the purchase had never taken place as the previous vendor's delivery date changed to February 2019 which was unacceptable. Jason Jones found this vendor, CDW-G who can supply them and at a lower price. The Deans Mill cost changed from \$22,127 to \$12,470 and West Vine from \$19,075 to \$10,750. However, it was noted that CDW-G is not on the State contractor list so this purchase changes from a reimbursable expense to a non-reimbursable expense. In addition, the previous purchase order did include peripherals along with the chargers and this purchase would be for the chargers only, but still at a lower quote than the State contractor. Ms. Chesebrough made the motion to approve with Mr. Fauerbach seconding. **Motion carried.**

Next up for discussion was the Board of Education administrative and reporting requirements to the Board of Finance. Alexa Garvey, Chair of the Board of Ed was in the audience and offered input. Nothing has been formalized but the Superintendent has offered all the finance data that they compiled every month. Ms. Strunk would like the Board of Finance to have an opportunity to review the information and then have Mr. Gary Shettle attend the next meeting for discussion. Ms. Garvey asked the Board members to take a look at the format of the data provided and let the Board of Ed know if they would like the format changed. Ms. Strunk also mentioned in the future she would like to see the Board of Ed data attached to the Board of Finance minutes on the Town website.

YTD Additional Appropriations were discussed, and it is noted that of the \$351,000 that the BOF is able to appropriate on its own for FY18/19 (5% of the annual operating budget) before going to Town Meeting, to date \$201,000 has already been appropriated, including tonight's appropriation for SEAT, leaving a remainder of \$150,000. Mr. Frishman expressed that only twice in over 20 years have they exceeded that amount. YTD appropriations for this year include the oil tank projects, SPD cameras, Town Garage generator, the Mystic boat ramp and SEAT. Mr. Fauerbach inquired on the status of the generator and Mr. Sullivan said the temporary rental generator was installed and the timeframe of the permanent generator was 13 weeks from order date.

The Board discussed budget guidance for the 2019/20 fiscal year budget. Ms. Strunk is of the opinion if the operating budget increases exceed the inflation rate there needs to be an explanation to support the increase. The National inflation rate thru September is 2.3% with the annual projection for 2018 at 1.9%. Mr. Fauerbach notes that traditionally the Board of Finance puts a number out as general guidance for the Town and the BOE but expects this year some differences could be seen. On the Town side, labor contractual obligations will largely drive that budget and school consolidation could impact the BOE budget in a favorable way. The Board of Finance set the target percent increase for General Government at 2% and the Board of Education at 0.2% based on the savings from the consolidation.

Ms. Chesebrough asked if the BOE budget takes into account student population and Ms. Garvey offered some data on declining enrollment and school consolidation.

Regarding budget guidance for CIP, Ms. Strunk mentioned the Planning Dept's CIP wish list and while it was encouraged to show the types of things that would benefit the Town at some point in time, 90% of that list is never going to be. The concern is how the rating agency's look at the future financial obligations of the Town relative to financing projected CIP projects. Due to the Planning Dept's wish list, the CIP budget shows a \$7 million increase for FY19/20 over FY18/19 which would need to be explained.

Mr. Sullivan noted that the CIP budget is not just funded by taxes but also by other means (grants), and that he provided the rating agency with a schedule of the long-term capital plan which shows that the Planning Dept's "wish list" would be funded by grants, not by tax assessment. He went on to say that Jason Vincent (Planning Dept) feels it's important to illustrate what projects the Planning Dept. thinks would be beneficial to the Town in encouraging development, and that the CIP schedule reflects the 10-year projection for all departments. Some members of the board suggested that the Finance Director instruct Department Heads to only submit "A" and "B" requests since the Board isn't going to consider anything less than a "B", however the Finance Director indicated that the way the CIP schedule policy is structured that it is incumbent on everyone to classify their perceived needs including "A's" thru "E's". A compromise was discussed whereas department heads would submit "A's" thru "E's" in the Departmental Request Budget, but that the final approved budget would only reflect "A's" and "B's" and possibly "C's".

Numerous times during the discussion it was brought up that this coming year will be a lean year and focus and attention will take precedent. With about \$830,000 of capital leases for FY18/19 and \$700,000 for FY19/20, an issue with the sewers, the BOE budget and deferrals from last year the fund balance could be brought to a minimum.

The Board has requested that they do not want capital leases factored in this year's CIP budget. The projection should be as if you are going to purchase it for cash, if the item is necessary and cannot be purchased by cash then make the decision then to use a lease option. Currently we are at peak year debt, after next year it will go down. The amount of debt obligation we have now will exceed 10% of the budget. Next year, just under 10%. It is a 2-year window before we can borrow again. The next improvement that we will need to borrow for is for the WPCA sewer system. But, as Ms. Young points out it is an investment development. After discussing various points in the budget, it was surmised that it will be increasingly important to prioritize projects and purchases in the coming years.

Regarding the current budget, Mr. White has concerns that with the existing lease debt service of \$830,000 and the DPW asking for \$800,000 in road maintenance, it will be

difficult to maintain a 1% increase and feels CIP will have to increase. Figuring in the request for the WPC sewer maintenance and additional BOE requests the CIP budget could be at \$4 million. Using fund balance was brought up and Ms. Strunk points out that the reason for spending money out of fund balance last year was due to a threat that Hartford could take it. Some members of the Board acknowledged it is the taxpayer's money and should be returned to them by providing services, upgraded infrastructure and purchasing equipment. Further discussion will continue.

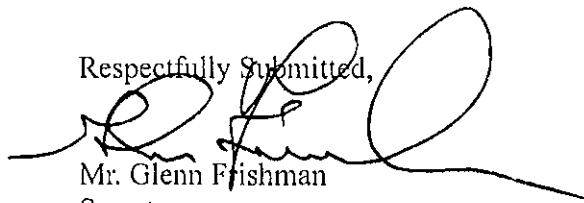
Correspondence: None

K-12 Liaison Reports – There is approximately \$181,000 budgeted for playground equipment in each of the school projects. The playground has not been approved by the State yet but once approved we can apply for reimbursement.

School renovations should be finished in March. The 5th graders are to stay in the Middle School this year, West Broad Street students will move to West Vine and Dean's Mill students will move into the renovated part. The project should be \$2 - \$3 million under budget and to date the Town has received \$10 million in reimbursements from the State, with an expected \$7 million remaining.

With no further business to come before the Board, Ms. Young made a motion to adjourn, Mr. Frishman seconded and voting was unanimous. Motion carried. The meeting was adjourned at 9:20 p.m.

Respectfully Submitted,



Mr. Glenn Frishman
Secretary

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BOF Guidance for Budget Year FY/2020 developed at BOF Meeting held November 13, 2018

BOF BUDGET GUIDANCE - presentation excerpted from FYE 6/2018 Budget Book Summary - page 27

	FYE 6/2018		FYE 6/2019		FYE 6/2020		BOF Guidance		% Change	
	Adopted Budget	Change	Adopted Budget	Change	Adopted Budget	Change	Adopted Budget	Change	Adopted Budget	Change
TOTAL BUDGET										
Line 52 - General Operations (1)	21,159,507	1,239,995	21,578,105	418,598	21,295,667	(282,438)	21,295,667	(282,438)	2.0%	-1.3%
Line 53 - Education (2)	37,037,483	770,362	38,016,336	978,853	38,099,979	83,643	38,099,979	83,643	2.6%	0.2%
Line 54 - Debt Service (3)	6,364,705	1,358,605	8,146,981	1,782,276	9,069,605	922,624	9,069,605	922,624	28.0%	11.3%
Line 56 - CIP Capital Improvements (4)	3,034,785	214,505	2,510,064	(524,721)	2,510,064	-	2,510,064	-	-17.3%	0.0%
GRAND TOTAL	67,596,480	3,583,467	70,251,486	2,655,006	70,975,315	723,829	70,975,315	723,829	3.9%	1.0%

(1) General Operations - In FYE 6/2018 and FYE 6/2019 appropriations for General Operations included "Contingency for Loss of State Aid." Appropriations for FYE 6/2018 were \$850,000 and for FYE 6/2019 were \$700,000. Guidance for FYE 6/2020 is based on FYE 6/2019 spend of \$21,578,105 less \$700,000 contingency for loss of State aid equals \$20,878,105 plus BOF guidance of 2.0% equals FYE 6/2020 guidance of \$21,295,667. This calculates to a net dollar increase for FYE 6/2020 of \$417,562.

(2) Education - Per BOE their budget for FYE 6/2020 will include a credit of \$700,000 for savings associated with the consolidation of middle schools. Guidance for FYE 6/2020 is therefore based on Education FYE 6/2019 spend of \$38,016,336 less \$700,000 savings equals \$37,316,336 plus BOF guidance of 2.1% equals FYE 6/2020 guidance of \$38,099,979. This calculates to a net dollar increase for FYE 6/2020 of \$783,643.

(3) Debt Service - Increase due to issuance of bonding for renovations of 2 schools plus the purchase of land for boathouse park.

(4) Capital Improvements - are net of Revenue Offsets such as LOCIP. Revenue Offsets in FYE 6/2019 consisted of LOCIP \$313,525 plus cancelled bridge repair funds of \$550,000. Therefore in FYE 6/2019 the Gross CIP Budget was \$3,373,589 and the Net CIP budget was \$2,510,064.