

Chris Eide, Chair
Kelley Johnson, Vice-Chair
Phil Carroll
Ryan Knapp
Paul Lundquist
Bob Pickard



TOWN OF NEWTOWN

The Legislative Council
Finance and Administration Committee
met on Monday, March 19th, 2018 at 7:30 PM
at Newtown Municipal Center, Room 1

Meeting Minutes

CALL TO ORDER

The meeting was called to order by C. Eide, Chair, at 7:32 PM.

SALUTE TO THE FLAG

ROLL CALL

Members present:

- C. Eide
- K. Johnson
- P. Carroll
- R. Knapp
- P. Lundquist (Arrived 7:34 PM)
- B. Pickard

Absent:

- None

Others present:

- Robert Tait, Finance Director for Town of Newtown
- Margot S. Hall, Chair of Edmond Town Hall Board of Managers
- Sheila E. Torres, Operations Manager, Edmond Town Hall
- Anna Wiedemann, Vice Chair of Edmond Town Hall Board of Managers
- Dan Wiedemann, Legislative Councilperson

VOTER COMMENT

None

APPROVAL OF THE MINUTES

Motion to approve the minutes of 3 Jan 2018 made by K. Johnson. Seconded by P. Carroll. Motion passes 4-0-1 (R. Knapp abstaining)

P. Lundquist enters meeting at 7:34 PM.

Motion to approve the minutes of 15 Mar 2018 made by K. Johnson. Seconded by P. Carroll. Motion passes 5-0-1 (B. Pickard abstaining)

COMMUNICATIONS

None

OLD BUSINESS

Members revisited list of questions from previous meeting with those who were called to attendance. (7:38 PM)

Revenues & Other Financing Sources

Line Item	Member Asking	Question/Answer
Property Taxes	R. Knapp	Should the bump in the assumed collection rate be more conservative in a revaluation year?
		B. Tait - I think the collection rate of 99.2% can stay where it is. It is around our actual collection experience. We collected at least 99.2% in the last revaluation (2013/14). To account for the revaluation, I'm going to propose that we reduce the taxable grand list amount by \$5,000,000 (on the tax collection page). However, this will be offset by a proposed increase in the ECS grant revenue estimate to the most recent Governor's figure of \$4,077,880. This will increase revenue estimates by \$121,548. I'm comfortable with proposing that.
Intergovernmental Revenue	R. Knapp	Should we be assuming a flat intergovernmental revenue compared to the previous year?
		B. Tait - The intergovernmental revenue total revenue estimate is flat now. With the proposed increase to the ECS estimate (as mentioned above) the change from year to year would be an increase of \$122,431 or 1.86%. I think last year was the real crisis for the state as far as ever changing municipal contribution estimates. I think this year after a few changes they have settled down (maybe

		not). One major settling factor was this January, Connecticut received \$900,000,000 in tax revenues they were not expecting due to the prepaying of next year's taxes and a larger amount due to the requirement of hedge fund managers that they bring back offshore profits to the U.S. (resulting in large tax payments to CT). The \$900,000,000 has been put in fund balance. Now, we all know that CT is still in fiscal trouble. If you choose not to adjust the ECS estimate and keep as is then the intergovernmental estimated revenue is flat.
	C. Eide	Is the language used in the Veteran's Tax Exemption and Totally Disabled Tax Exemption correct? Should it be abatement?
		B. Tait - Exemption is the language used on the State of Connecticut site which describes the program. Sometimes abatement, exemption, and tax credit are used interchangeably. That's not to say they should be, but they all end up with the same result, the reduction of taxes. Abatements and tax credits reduce the tax liability directly. Exemptions reduce the assessment which in turn reduces the tax amount.
	C. Eide	What is the implication of the loss of the Elderly Tax Relief - Circuit Breaker for those on fixed incomes?
		B. Tait - No implication for those that receive the tax credit. It is still state law. Connecticut is just not going to reimburse the towns for the cost of the program. So the cost will be borne by the local taxpayers. You can see it being applied to the mill rate on the mill rate calculation sheet in the budget.
Charges for Services	P. Lundquist	Is the assumed increase in Senior Center member fees warranted, seeing as it more than doubled from the previous year?
		B. Tait - Increase in senior membership fees is due to increased participation. Dues went up a few years ago from \$15 a year to \$20 a year (\$20 to \$25 for out of towners).
Investment Income	C. Eide	Why is there a disparity in the 2017-18 Investment Income Budgeted vs. Actuals? What was the rationale for the increase this year?

		<p>B. Tait - Now keep in mind that the actuals are up to December 31st. So the actuals represent half of the fiscal year. The budget for estimated investment income was increased because interest rates are predicted to increase. The Fed has indicated that they will continue to increase the prime rate.</p>
Other Revenues	R. Knapp	<p>(Relating to Special Revenue Funds) Why do some State grants have Special Revenue Funds while others don't?</p>
		<p>B. Tait - Most grants are found in special revenue funds. A special revenue fund is set up to account for receipts that are for a specific purpose. Some grants do not have to be applied to a specific purpose. They are more general in nature. For instance, the education cost sharing grant is for education generally. Its purpose is to share with the local tax payers the cost of education. That is why it is found in the general fund (instead of a special revenue fund). When it is applied to the general fund revenues it is in effect offsetting local taxes. Then there are other instances where you would find a grant in a capital project. The majority of funding would be bonding but there will sometimes be a grant helping fund the project.</p>
	C. Eide	<p>Do balances remaining in Special Revenue Funds stay in those funds or roll over into Unassigned Fund Balance?</p>
		<p>B. Tait - Each fund is a separate set of accounting records. Each has a general ledger and revenue and expenditure sub-ledgers. They also have their own fund balances (found in the general ledger). So the answer is no, the funds stay in the special revenue funds for their specific purposes.</p> <p>Now, there are a few special revenue funds that at year end transfer any overages to the general fund. You will see a transfer-out (like an expenditure) in the special revenue fund and a transfer-in (like a revenue) in the general fund. The police private duty special revenue fund is one of those funds. Any amount left at the end of the year is transferred to the general fund. We budget for this revenue in</p>

		the general fund. The Parks and Recreation special revenue fund is another special revenue fund that does this. These two are the only ones.
Other Financing Sources	K. Johnson	What is the line item "Committed for subsequent yrs budget assigned for encumbrances"?
		B. Tait - You are referring to page 33 in the Board of Finance recommended 2018-19 budget. Page 33 has the fund balance analysis. It is actually two line items, committed for subsequent year's budget and budget assigned for encumbrances. If you are using fund balance to balance your budget (in the next year) then you have to take that amount out of fund balance unassigned and put it in fund balance committed (for subsequent year's budget). If you have open purchase orders (encumbrances) at fiscal year end they will ultimately be used or spent the next year. So their total amount committed will be taken out of fund balance unassigned and put into fund balance assigned (for encumbrances).
	R. Knapp	The current Unassigned Fund Balance as a percent of the budget is 10.8%. The auditors recommended two (2) months expenses (over 16%). Where should this be going?
		B. Tait - The medium term goal (a while ago) was 10%. We have done that. The next (medium to long term) goal would be 16%. You would have to change the fund balance policy. Currently it has a cap of 12%.
	P. Lundquist	Where is the Unassigned Fund Balance growth coming from?
		B. Tait - It comes from the budget surpluses. A surplus is created when actual revenues exceed estimated (or budgeted) revenues plus when actual expenditures are lower than budgeted amounts. A conservative (well-planned) budget will result in modest budget surpluses. Why, because you never want to overestimate revenues and on the expenditure side payroll accounts in public works, parks & recreation and police most always have savings due to worker's compensation, short term disability or the time to replace open positions.

General Government

Line Item	Member Asking	Question/Answer
Selectmen	R. Knapp	What is the Council's role in contract negotiations on Municipal and Education contracts, considering said contracts commit the Town to future expenditures?
		B. Tait - Asked Town Attorney; on BOE side, it is driven by statute. Municipal contracts aren't mentioned in the statute. Awaiting response from Town Attorney.
Town Clerk	K. Johnson	Are we creating microfilms currently and, if so, are we required to by statute or is that just current practice? Are they actual microfilms or is it digital?
		B. Tait - Yes it is actual microfilms required by state statute. The state needs to review their statutes and update accordingly.
Tax Assessor	K. Johnson	Why do the Assessors get overtime for informal hearings, field inspectors, field card changes, and the Board of Assessment Appeal Changes vs. doing those during regular business hours? Why not have the Assessor do these?
		B. Tait - Hearings and BAA are after hours to accommodate residents who work. During the time the grand list is created (each year) it takes a lot of time and effort. There is a lot of work dealing with the motor vehicle list. Every time a vehicle is sold a proration is done (putting on the new vehicle with a partial assessment for the year and taking off the old vehicle reducing its original assessment). There are thousands of field cards that it needs more than one person working a little extra to accomplish everything.
	C. Eide	Why is there an increase in overtime budgeted when actual was so far under budgeted last year?
		B. Tait - Actual overtime used in 2015-16 was at

		<p>budget. 2016-17 was under budget. So it may vary from year to year. The Assessor indicated a need this year. The revaluation process this year took a lot of time away from other tasks. The office is a four person office with time off for vacation, sick time, etc.</p>
Technology	C. Eide	<p>What on the Capital Equipment list is “essential” vs. “non-essential”?</p>
		<p>A. Miles - The priority of the equipment is:</p> <p><u>Group 1</u></p> <ul style="list-style-type: none"> • Establish second internet connection - <i>Need this for internet reliability and redundancy</i> • Upgrade and consolidate VM environment • Outside cameras at Municipal Center - <i>More foot traffic, safety issue</i> <p><u>Group 2</u></p> <ul style="list-style-type: none"> • Replace aging storage/solid state • Replace switches • Building inspector “in field” technology • Remote management cards
	K. Johnson	<p>Why is there such a need for solid state drives? What makes the investment worth it relative to conventional hard drives? What is their target use?</p>
		<p>A. Miles - The need is for upgraded reliable storage that has quick access time and low latency. SSDs provide storage with no moving mechanical components, a small footprint and provide the performance requirements for online data retrieval for applications such as PD, dispatch, tax and assessor information. This technology has successfully operated in other municipalities such as Trumbull and Hamden.</p> <p>SSDs help IT meet its objectives of creating a more reliable and simplified operating environment. Based on feedback from other municipal IT departments, maintenance of the equipment requires less attention and training as not complex. Under some company’s maintenance agreements, controllers and drives are not only replaced if they</p>

		<p>become faulty, but when new upgrades are introduced, they automatically become the replacement hardware.</p> <p>SSDs will be used for data related to online applications. These applications can best take advantage of the performance offered by this technology. Therefore only PD, dispatch, tax, and assessor data would move to this platform.</p>
	K. Johnson	<p>What is the current use of virtual machines? Why is there the need for the licenses and capital line item for upgrade and consolidation?</p>
		<p>A. Miles - Virtual machines (VM) run the entire PD applications which include NEXGEN, fingerprinting, the car cameras, booking and the upcoming body cameras. VMs also run dispatch applications, smart911, the fire and ambulance system as well as maintains all the PD report files. The VMs also control the inside and outside cameras and the recording devices as well as the active directory of users permitted to use the systems.</p> <p>Our VM environment operates the video system at the municipal and EOC environment, performs system backups, operates the computer health monitoring systems, runs the tax and assessors applications, monitors and reports on the generator system. Virtual machines control access to the doors at the PD, EOC and municipal buildings. Our virtual machines also interact with the town and PD telephone equipment and voicemail equipment.</p> <p>The VM environment operates as in separate silos where resources cannot be shared between silos. The Emergency Operations Center (EOC), Municipal Operations Center (MOC), and Police Department (PD) each have their own environment and resources. If the PD requires additional computer processing power, that resource would need to be purchased, even though the MOC has processing cycles to use.</p> <p>Our 40 virtual machines run on SEVEN physical machines. This could be reduced to TWO or THREE physical machines and these physical</p>

		<p>machines can be configured to be separated logically (a requirement for the PD applications). When IT resources such as memory, CPUs and storage are needed for a particular VM it could be shared. This consolidation would also increase reliability and reduce the complexity of the environment.</p>
OPEB Contribution	C. Eide	<p>Why is there a decrease on the OPEB group insurance? Is that related to the decrease in contributions to the medical self-insurance fund?</p>
		<p>B. Tait - That is correct. The \$100,000 represents the contribution to the OPEB trust fund (BOE also does \$100,000). The other amount represents the current year amount for retiree medical benefits which is tied to the medical self-insurance fund (notice the decrease is 7.5%).</p>
	R. Knapp	<p>Do actuarial tables have an impact on these changes?</p>
		<p>B. Tait - Yes, the OPEB contribution is calculated by an actuary just like pension. However, we are not contributing the recommended amount. The Town's exposure to OPEB is low compared to other towns. Our only OPEB retiree medical benefits are police where they get benefits thill they are medicare eligible. They pay 25% of the premium and their spouse pays 100%. Teachers are the other group. They (along with a state stipend) pay 100% of the premium.</p>
Insurance	R. Knapp	<p>(Relating to smoothing out high/low claim years) What is the rationale behind the decrease? What is the risk of volatility with these funding levels?</p>
		<p>B. Tait - Our target for the medical self insurance fund fund balance was 25% of annual claims (expense). The fund balance on 6/30/2017 was \$4,146,007. It is projected to be \$5,650,007 on 06/30/2018, which a 45% of claims. The proposed 2018/19 contribution that was reduced by 7.5% from the prior year's amount is projected to be \$5,451,482, which is 41% of projected claims. This is a result of good claims experience. The fund balance is so high that I am thinking about requesting, at year end, that \$1,000,000 be</p>

		transferred from the medical self-insurance fund to the OPEB trust fund (these funds are related, the OPEB fund accumulates funds for future retiree medical benefit costs). I would not do this, however, without getting the go ahead from the employee medical benefit board.
	C. Eide	Why are the percentages different for decreases in group insurance between departments?
		B. Tait - The biggest amount in group insurance is health insurance. However, there is also amounts for life insurance and long term disability insurance. It is the last two items that knock off the percentages. When an employee reaches a certain age (for some of the life insurances) the premium increases significantly.

General Government (cont'd)

Line Item	Member Asking	Question
Fairfield Hills Authority	R. Knapp	What is the CAM charges balance (fund balance)?
		B. Tait - The Fairfield Hills special revenue fund balance at June 30, 2017 was \$145,170 (per the financial statements). Today the fund has \$118,280 in its fund balance.
	K. Johnson	What is FHA doing to collect outstanding CAM charges?
		B. Tait - We currently do not have any outstanding CAM charges.

Contingency

Line Item	Member Asking	Question
Contingency	R. Knapp	What is the rationale for the decrease in contingency?
		B. Tait - Some items that were traditionally

		<p>transferred out of contingency during the fiscal year have been budgeted in their respective departments. Winter maintenance was increased (over the few years) to reflect a realistic budgeted amount (recognizing that there will be still be times where contingency will be needed). Registrars extra elections have been put in their budget this year. Usually they came from contingency.</p> <p>The BOF did increase winter maintenance.</p>
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Town Hall Board of Managers

Line Item	Member Asking	Question
Town Hall Board of Managers Budget	R. Knapp	How does the Edmond Town Hall Approved Budget mesh with the Town Hall Board of Managers line items in the Municipal Budget?
		<p>ETH BOM - Looking at Town Budget, contribution is \$95,000; THBOM budget is "expecting" \$134,554.</p> <p>B. Tait - The major ETH line item in the municipal budget is the \$95,000 contribution to ETH. This is a transfer out to the general fund and a transfer in to the ETH special revenue fund. Currently, the \$95,000 does not match the ETH internal budget (in their internal budget they have a contribution from the town line item). The ETH will have to adjust their budget to make it balance or balance it with fund balance.</p> <p>The other ETH line items in the municipal budget represent employee benefits administered by the town.</p>
	R. Knapp	Why is there an additional \$64,000 loss in the total gross operating profit/loss compared to last year?
		<p>ETH BOM - There has not been a shift in revenue, but expenses have gone up. Two long-term staff members left, had to hire two new members at a higher rate and there are unemployment benefits. There's also higher maintenance costs. Was using oil from previous years, but now are having to buy oil at today's rates. Not sure where the costs will</p>

		<p>be at with the new boiler.</p> <p>Increase in wifi contracts (support). Lease revenue increasing, but not fast enough to reach market levels.</p>
	R. Knapp	Can you speak to new projects in budget?
		<p>ETH BOM - Some are already being taken away due to not having the resources needed. Gym painting has been scratched, same with toilet replacement, security cameras.</p> <p>P. Lundquist - In regards to replacing 15 toilets, is there a revenue benefit in terms of efficiency?</p> <p>ETH BOM - Not just about efficiency, but also about longevity. Old toilets are more likely to break and these toilets are getting up there in age.</p> <p>P. Lundquist - Are there specific identified problem areas in terms of when and where toilets are replaced?</p> <p>ETH BOM - Yes, but we've been replacing only what we can based on what we can afford.</p>
	R. Knapp	Snow removal budget is up too. Can you speak to the relationship of Edmond Town Hall and the Town?
		<p>ETH BOM - The Town does do the driveway, but ETH has to do their own sidewalks and steps. Either staff has to do it (if they are able to) or it has to be contracted out to an external vendor if the staff is unable to do it due to time constraints.</p> <p>R. Knapp - Town is investing in the building in so many other ways. Wonders if there other shared services that the Town could help out with.</p> <p>ETH BOM - Hours are unusual relative to other Town buildings, which could impact shared services. ETH activities tend to happen at night.</p>
	K. Johnson	What's the situation in terms of office availability currently?

		<p>ETH BOM - There is office space available currently.</p> <p>K. Johnson - For Parks and Rec?</p> <p>ETH BOM - Yes, they could be accommodated.</p> <p>K. Johnson - Understanding was when the Town “pulled out”, there was the understanding that the Town would continue to support the building on an ongoing basis.</p>
	P. Lundquist	<p>Salary increases show a \$35,000 increase on pg. 2 and a \$32,000 increase on pg. 4; Is that two people?</p>
		<p>ETH BOM - No. Increases in theatre area are just additional staffing for the theatre. Not additional workers, just more hours. The increases in the personnel section on pg. 2 are the two new workers mentioned earlier.</p> <p>P. Lundquist - Do you have line items showing increases in revenue that are greater than the increases in salaries for the theatre?</p> <p>ETH BOM - Not necessarily, because in the previous year, there was a dip in revenues for the theatre. Went looking for why; found out it was because the movies. Type of movie drives concession sales. Fewer kid movies = fewer concession sales.</p> <p>P. Carroll - If revenue is not exceeding expenses, why wouldn't you just stop the things?</p> <p>ETH BOM - Not sure. Just started around October and it's been very popular. It's still early and we're not sure how it's really doing yet. Needs more time to monitor and revisit and see how it's really doing.</p> <p>B. Pickard - Should be able to project for five months into the future to see how it's doing currently.</p>
	P. Lundquist	<p>Question pertaining to revenue opportunities. We see live performances in the past, but not so much</p>

		in this year. Is this because you're waiting for someone to come to you to book?
		<p>ETH BOM - Really reflects a lack of staffing. Bringing people in takes time and effort and focus and there isn't someone currently to bring these events in.</p> <p>The Board is looking to shuffle positions and better align responsibilities, but it's a work in process.</p>

NEW BUSINESS

None

VOTER COMMENT

None

ADJOURNMENT

Motion to adjourn was made by P. Carroll at 9:38 PM, Seconded by K. Johnson. Passed by unanimous consent.