

3 PRIMROSE STREET  
NEWTOWN, CT 06470  
TEL. (203) 270-4221

BOARD OF FINANCE  
MINUTES  
REGULAR MEETING  
Council Chambers  
3 Primrose Street  
Newtown, CT 06470  
Monday, July 8, 2019 at 7:30 p.m.

*These minutes are subject to approval by the Board of Finance*

**Present:** Jim Gaston, Mark Boland, Sandy Roussas, Ned Simpson, Keith Alexander, Steve Hinden

**Absent:**

**Also Present:** First Selectman Daniel Rosenthal, Finance Director Bob Tait, two Legislative Council members, Kiley Gottschalk and a member of the press.

Chairman Gaston called the meeting to order at 7:49 p.m. Attendees saluted the American Flag.

**Voter Comments**

None

**Communications**

None

**Minutes**

Minutes from the June 27th, 2019 meeting need to be approved. Sandy Roussas moves to amend the agenda and approve the June 27, 2019 minutes. Mark Boland seconds. All in favor and motion carries. Sandy Roussas moves to approve the minutes of June 27th, 2019. Ned Simpson seconds and minutes are approved and motion passes.

**First Selectman's Report**

First Selectman Rosenthal stated Newtown Community Center (NCC) continues to get ready for the July 19, 2019 small ribbon cutting ceremony. NCC officially opens to the public on July 22, 2019.

PSA- Salvation Army has decided to do "Christmas in July" at various locations— one being Stop & Shop with available volunteer times: 1p-2p and 2p-3p and 3p-4p. All money gets recycled back into the community.

**Finance Director's Report**

Mr. Tait has no report tonight.

## **Unfinished Business**

CIP Policy was discussed. All edits were reviewed. Thank you to Ned Simpson for this diligent work. Revised copy of the CIP Policy is attached. Please see below.

310-7 Ia was discussed in much detail. In the end, the last word of the last sentence in this portion will be edited from “should be avoided” to “should be *strictly scrutinized*”. In this discussion, First Selectman Rosenthal suggested the language stated here needs to be flexible in spirit. Steve Hinden recommended the edited language should be absolutely clear rather than use the phrase “strictly scrutinized”. Keith Alexander agreed with using the “strictly scrutinized” language, which was first recommended by Chair Gaston. Mark Boland commented keeping flexibility in language.

Ned Simpson referenced the last sentence in 310-7 regarding the notion that the first five years of the plan are approved, while the second five years (of the ten year plan) are only submitted. First Selectman Rosenthal stated that we really need to be thinking in more of a complete 10 year plan. Mr Simpson questioned the need to be more specific in wording in this instance. First Selectman suggested we need to get away from the CIP as a final budget number and remember that the CIP’s goal is to simply be a plan.

310-7 L 4th sentence will also adopt the language “strictly scrutinized” and remove “will require an eight (8) vote majority.” Thereby the new sentence will read “*Moving or adding a capital asset project to Year One will be strictly scrutinized.*”

First Selectman Rosenthal recommended the first sentence of 310-8a-p contain the wording “*meant to be in no particular order*”. He also commented that 310-8i and 310-8o are redundant.

Sandy Roussas recommended we place the Debt Policy somewhere in the CIP Policy. Ned Simpson suggested the Debt Policy be placed under 310-7 I. Debt Policy is referenced in 310-7 Gb.

Dan Weidemann, Legislative Council member, came to the table to reference referendum items. He made it clear that the Legislative Council (LC) is extremely conscious of the it’s budget. He explained how the LC prioritizes referendum items. Mr Weidemann suggested moving 310-8 and placing it under 310-7 Ib to help consolidate the document. He also suggested adding the phrase “*Legislative Council*” in 310-7 J alongside the Board of Finance. Thereby stating “*In odd years if the election of a First Selectman other than the First Selectman who presented the CIP to the Board of Finance in October of that year, that new First Selectman may request changes to the first year of the CIP under review by Board of Finance and Legislative Council*”.

Chair Gaston asked First Selectman Rosenthal if he is in agreement with the recent changes that have been suggested by the Board of Finance. Mr. Rosenthal is pleased with the edits and how the process has worked.

Debt Policy tabled due to lengthy discussion on the CIP Policy.

**New Business**

None

**Voter Comments**

None

**Announcements**

None

**Adjournment**

Miss Roussas made a motion to adjourn. Keith Alexander seconded. All members were in favor and the meeting was adjourned at 9:00 p.m.

Respectfully submitted,  
Kiley Gottschalk, Clerk

**Attachments**

Newtown CIP Policy

# NEWTOWN CAPITAL IMPROVEMENT PLAN (CIP) - POLICY

## 310-1. Purpose

This policy is designed to assure that Newtown's needs are fully considered in the capital planning process. It helps to assure the sustainability of Newtown's infrastructure by establishing a process for addressing major maintenance, construction, replacement and capital asset acquisition. It strengthens Newtown's borrowing position by demonstrating sound fiscal management and showing the Town's commitment to maximizing benefit to the public within its resource constraints. It establishes a framework in which stakeholders understand their roles, responsibilities, and expectations for the process and end result. It also promotes sound, long-term operational and capital financing strategies.

## 310-2. Goal

- A. The goal in adopting this regulation is to:
- (1) Prioritize, on a Town-wide basis, proposed major capital asset projects;
  - (2) Establish a consistent level of spending for such capital asset projects;
  - (3) Integrate financial planning, budgeting and debt issuance for the Town;
  - (4) Encourage careful project design.
- B. This Capital Improvement Plan (CIP) regulation hereby:
- (1) Creates a process by which the Board of Finance adopts a proactive position regarding capital expenditures of the Town of Newtown;
  - (2) Creates a process by which the Board of Finance evaluates, modifies, postpones or eliminates prioritizes, and monitors proposed capital asset projects;
  - (3) Creates a process by which the Board of Finance and the Legislative Council work compatibly in enacting the above Sections B(1) and (2).

## 310-3 Overview

- A. The Capital Improvement Plan (CIP) is Newtown's five-year program of major capital asset/project acquisitions of a nonrecurring nature. The CIP is

based on assigned priorities that consider Town: plans, needs, desires and mandates in the context of current and anticipated financial capability to finance such improvements.

- B. The CIP shall be reviewed at least annually. The need or idea for capital asset projects may originate from department heads, boards and commissions. These capital asset/project items are compiled by the Board of Selectmen and Board of Education. After review and endorsement by the respective boards, a combined CIP is presented to the Board of Finance along with analysis by the Director of Finance. The Board of Finance shall review and may amend the CIP which is then presented to the Legislative Council for review, amendment and approval.
- C. A "major capital asset/project" is defined in Section 310-6
- D. Once the Legislative Council has approved the CIP, the CIP outlines the Town's official commitment to funding these expenditures in the subsequent years' budgets. Certain items may be subject to approval by Referendum and/or require Bonding authorizations.
- E. Adopting a CIP does not end with the first year. Changing needs, priorities, emergencies, cost changes, funding shortfall, mandates, technology or other circumstances may require changes, deletions or additions to the CIP annually.
- F. The CIP achieves the following objectives as a component of the Town's budget and financial planning process:
  - Minimizes borrowing costs by supporting a high bond rating and reducing the need for "crash programs" to finance of Town capital asset projects;
  - Focuses attention on community goals, needs and capabilities;
  - Achieves optimum use of taxpayer dollars;
  - Guides future community growth and development;
  - Advance planning ensures that projects are well thought out in advance of construction;
  - Provides for the orderly replacement of capital assets;
  - Encourages a more efficient governmental administration as well as maintains a sound and stable financial program;
  - Promotes transparency regarding planned major capital projects and their costs.

### 310-4 Implementation and Amendments

Notwithstanding that capital asset project ideas or needs may originate as indicated in Section 310-3, the Board of Finance is responsible for implementing the Purpose and Goals expressed above in Sections 310-1 and 310-2 and all

changes, additions and deletions to the CIP. In addition, among others, the Town Financial Director, First Selectman, Chairman of the Board of Education, Superintendent of Schools and Legislative Council members may advise the Board of Finance but do not have voting privileges. The final implementation of the CIP is vested in the Legislative Council, unless expressed otherwise in this CIP policy.

**310-5 Presentation of Proposed Capital Asset Projects to Board of Finance**

Proposed capital asset projects may be brought to the Board of Finance at any time, however, except for exigent circumstances, as determined by the Board of Finance, requests for changes to the approved CIP shall not be considered by the Board of Finance until the next September through November period.

The following CIP Timing/Schedule shall be followed. Small adjustments to the schedule may made upon approval by the Director of Finance and majority vote of each applicable Board or Council involved in the extension of time.

**CAPITAL IMPROVEMENT PLAN TIMING/SCHEDULE:**

July/August/September	Board of Selectmen departments prepare their CIP requests
	First Selectman presents the proposed First Selectman CIP to the Board of Selectmen
	Superintendent presents the proposed Superintendent CIP to the Board of Education
	Board of Education departments prepare their CIP requests
Board of Finance 2nd meeting in Sept.	Board of Education presents the proposed CIP to the Board of Finance
Board of Finance 1 <sup>st</sup> meeting in October	Board of Selectmen presents their proposed CIP to the Board of Finance
	Finance Director presents the combined Town of Newtown CIP along with analysis including a Debt Forecast Schedule

By November 30	Board of Finance presents its recommended CIP to the Legislative Council
By January 31 <sup>st</sup>	Legislative Council adopts its approved CIP)  Legislative Council determines which first year CIP projects go to referendum in April
February/March	Bond resolutions go through the approval process for CIP projects that have been approved for referendum

### 310-6 Eligible Capital Asset Projects

To be eligible for inclusion in the CIP, a proposed capital asset/project expenditure shall have an estimated cost that is at least \$200,000 Listed below are some of the guidelines which would make a request eligible for inclusion in the CIP, assuming the proposed project exceeds the financial requirement set forth above:

- A. Requiring debt obligations;
- B. Acquisition or lease of land, buildings, facilities and / or development rights;
- C. Purchase of major equipment including vehicles with life expectancies of 5 years or more;
- D. New construction improvements, renovations, and demolition of facilities and sites, including engineering, design, permitting, and other pre and post construction costs;
- E. Major studies requiring the employment of outside professional consultants;
- F. Infrastructure improvements (streets, sewers, bridges, sidewalks, technology;
- G. Feasibility analysis/design/cost estimates and other professional services relative to anticipated major projects.

### 310-7 Process

All requests for inclusion in the CIP should adhere to the following process and be submitted on a form as prescribed by the Town Financial Director with input from the Board of Finance. While only the first five years of the plan are to be approved, ten years of desired capital asset projects should be submitted.

- A. Each Town department shall prepare a prioritized list of proposed capital assets/projects along with proposed funding source summary description and benefit commentary.

- a. For departments so indicated by Charter, their respective Boards, Councils or Committees shall review and comment on the list
  - b. Reviewed lists shall be submitted to the First Selectmen
- B. The First Selectmen will evaluate the department request and produce a “First Selectman CIP” to be submitted to the Board of Selectmen for review, adjustment and approval;
- C. Board of Education departments shall submit to the Superintendent a prioritized lists of proposed capital assets/projects along with their proposed funding source. The Superintendent will evaluate the department requests using the criteria stated above and producer a “Superintendent Proposed CIP” to be submitted to the Board of Education for review, adjustment and approval;
- D. After presentation of the First Selectman CIP, the Board of Selectmen will identify, prioritize and approve, on a Town-wide basis, purchases it proposes to include in the CIP, excluding items requested by the Board of Education. After presentation of the Superintendent's Proposed CIP, the Board of Education will likewise identify, prioritize and approve purchases it proposes to be considered for placement on the CIP;
- E. The requesting department or agency will plan for and be responsible for funding any professional estimating for a project in the operational budget. If applicable, alternative sources of funding can and should be identified, such as the Capital Non-Recurring Account, and be reimbursed upon actual borrowing if appropriate;
- F. The Board of Selectmen and the Board of Education shall also include in the request(s) for each capital asset project, with increasing detail for nearest years :
  - (1) The identification of planned funding: Bonding, General Funds, Special Revenue Funds, and any grants, revenues or reimbursements anticipated and
  - (2) Project description and project justification
- G. The Town Financial Director will:
  - a. Review and compile the Board of Selectmen Proposed CIP and Board of Education Proposed CIP lists into a “Combined CIP” for presentation to the Board of Finance;
  - b. Prepare a financial impact statement. including a Bond Forecast Schedule which shows the effect of the Combined CIP on future annual debt payments for at least five (5) years, to ensure adherence to the Town Debt Service Policy.
- H. The Board of Selectmen and Board of Education will then present their prioritized capital asset project requests in the Combined CIP to the Board of

Finance. The Director of Finance will present the Bond Forecast Schedule and other analysis.

- I. The Board of Finance will review the Combined CIP.
  - a. It may reduce a capital asset/project cost and scope; it may transfer capital asset/project between CIP years, and it may add or eliminate a capital asset/project. **Moving or adding a capital asset project to Year One, should be avoided.**
  - b. The Board of Finance will then prioritize, within each CIP year, the recommended capital assets/project and establish a time frame for proceeding with each purchase in view of the financial implications of such a purchase, expenditure or project.
  - c. Rejected capital asset projects can be resubmitted to the appropriate Board at the first stop of the process next fiscal year. If postponed, the request shall be reviewed by the Board of Finance with respect to its new priority level the following fiscal year.
- J. In odd years if the election of a First Selectman other than the First Selectman who presented the CIP to the Board of Finance in October of that year, that new First Selectman may request changes to the first year of the CIP under review by the Board of Finance.
- K. The Board of Finance will present their Recommended CIP to the legislative Council by November 30th. The Finance Director will also present to the Legislative Council the Bond Forecast Schedule (updated for any Board of Finance actions).
- L. The Legislative Council will review the Board of Finance Recommended CIP. It may accept it in its entirety. It may reduce, transfer between CIP years, eliminate or add capital asset/project(s). Moving or adding a capital asset project to Year One will require an eight (8) vote majority. The Legislative Council will then prioritize, within each CIP year, the capital asset/projects.
- M. Upon any change of the Board of Finance's Recommended CIP by the Legislative Council, the Legislative Council shall return its Proposed CIP with changes to the Board of Finance for review and recommendation before final approval by the Legislative Council.
  - a. The failure of the Board of Finance to make any recommendations within ten days the Legislative Council's proposed CIP shall be final
  - b. No matter the number of CIP changes by the Legislative Council, the Board of Finance shall have only one post November 30th review and recommendation meeting.
- N. The Legislative Council will adopt a Town Wide CIP and determine which capital assets / projects in the first CIP year go to referendum in April by January 31st. IF the Legislative Council has not passed the final CIP plan by

January 31 st, the Board of Finance Recommended CIP presented to the Legislative Council shall be the final adopted Town-Wide CIP.

- O. The following should be considered when determining which capital asset / projects go to referendum:
- a. Multiple projects crossing CIP years that are expected to exceed Legislative Council fiscal authority;
  - b. Capital assets/projects with significant costs that do no exceed Legislative fiscal authority;
  - c. Time sensitive projects;
  - d. Safety and security importance

### 310-8      Prioritization

The Board of Selectmen, Board of Education, Board of Finance and Legislative Council should consider the following guidelines when recommending the prioritization of individual capital items:

- a. Projects implementing approved Town plans such the POCD and the FFH Master Plan.
- b. Capital items that are one phase of a multiphase project that are expected to exceed Council authority in total should receive priority consideration for referendum;
- c. Significant consideration shall be given to the most costly of the remaining capital items and should go to referendum;
- d. Items that are time-sensitive should receive priority consideration for referendum;
- e. The cost of the purchase;
- f. The impact of the purchase versus the benefit to the Town;
- g. The year it will be implemented;
- h. The source of financing;
- i. The impact on future operating budgets;
- j. Public Safety;
- k. Existing infrastructure;
- l. Economic Development
- m. Quality of life;
- n. Regulatory Compliance;
- o. Impact on operational budgets
- p. The benefit or risk to the Town should the purchase not be made.

### 310-9      Town Budget

All purchases that are proposed for the ensuing fiscal year and included in the final Town Wide CIP by the Legislative Council shall be included as a proposed expenditure in the budget presented to the Board of Finance. Except for exigent

circumstances, any capital improvement expenditure that falls within Section 310-6 of this plan regulation and is not contained in the CIP shall not be considered for implementation.

### 310-10 Capital Asset Project Process

- A. The processes used to authorize bonding and appropriations for a capital project are controlled by a series of checks and balances exercised by the executive, finance, and legislative arms of the Town government. These processes are established to ensure that each project with significant costs is evaluated and examined by persons elected to represent the best interests of the community. Every project accepted into the Capital Improvement Plan, as approved by the Board of Selectmen, Board of Education, Board of Finance and Legislative Council is subject to the same rigorous review. Except for emergency situations, a consistent and documented process should be used to advance every capital project from inception to execution by its requesting agent.
- B. Projects approved for inclusion in the CIP typically progress from the introductory phase in year five to ten to the execution phase in year one. Projects in year one on the CIP are intended for implementation during that fiscal year. Capital Projects to be implemented must go through the bonding and special appropriations processes, as determined by the Charter.
- C. Steps in this process for projects readying for implementation include
  - 1) Bonding funds for requested capital projects:
    - a) The Director of Finance causes a bonding resolution to be prepared. The resolution will identify the funds being requested and the purpose of those funds. The department with ownership of the proposed project initiates this process through contact with the Director of Finance;
    - b) The bonding resolution to fund the proposed project is submitted to Board of Finance for discussion/action;
    - c) If approved by the Board of Finance, the bonding resolution is then submitted to 'Board of Selectmen for discussion/action;
    - d) If approved by the Legislative Council, the resolution is then submitted by Board of Selectmen for discussion/action
  - 2) Appropriating funds for projects for which bonding has been approved follows these steps: (Greater detail about the process for appropriating funds for capital projects is described in the Charter)
    - a) A special appropriation request for a capital project is prepared by the Director of Finance in concert with the requesting department;

- b) The appropriation request is submitted to the Board of Finance for discussion and action;
  - c) If approved, the appropriation request then moves to the legislative Council;
  - d) The appropriations request may also be acted on by the Board of Selectmen or referendum, depending upon the magnitude of funds requested as per the Charter.
- 3) Management/oversight of capital/projects: The Public Building and Site Commission shall have control of supervision and construction of capital projects. Should the Public Building and Site Commission determine that it is unable to take on this responsibility, then other building committee or owner's representative may be appointed by the Board of Selectmen or Board of Education.
- a) The PB&S Commission or "other" authorized building committee establishes appropriate advisory committees; prepares and issues appropriate RFQs and RFPs; and selects professionals and develops contracts with attorney and purchasing agent's input.
  - b) Contracts in conjunction with all such capital projects shall be authorized by the First Selectmen, with approval of the Board of Selectmen or Board of Education.
- 4) Project planning and bidding: Once the special appropriation process is complete and approved by the appropriate levels of government, assignment of the project to the Public Building and Site Commission or "other" building committee may take place, followed by project planning, including the issuance of public bids.