

**APPROVED
BOARD OF FINANCE
Minutes
September 10, 2015**

CALL TO ORDER

Chairman Hammers called the Board of Finance meeting to order at 7:00 pm at the Town Hall, Trumbull, Connecticut. All those present joined in the Pledge of Allegiance and, at the Chair's request there was a moment of silence to remember the victims of 911.

ATTENDANCE

Present

Elaine Hammers, Chairman
Paul Lavoie
Roy Molgard
Bill Haberlin, Alternate
Vincent DeGennaro, Alternate
Lainie McHugh
Andrew Palo
Thomas Kelly

Absent

Karen Egri, Alternate

Also present:

Maria Pires, Finance Director; John Ponzio, Treasurer; Therese Keegan, Internal Auditor; Michael Lombardo, Chief of Police; D/C Thomas Savarese; John Marsilio, Public Works Director; Sean O'Keefe, Business Manager; Mark Deming, Facilities Manager; Attorney Steven Studer.

PUBLIC COMMENT

Tony D'Aquila of 29 Valley View Road spoke to the Board regarding the proposed changes at the Highway Department in item 9-15-01. He cited the various problems that occurred over the years when previous changes were made, and the negative impact on the environment. He suggested the Highway Department move to another location.

TREASURER REPORT

Mr. Ponzio presented his monthly report, highlighting the following:

- Interest income increased given the rate increase we received from TD Bank and Farmington Bank. We are up over \$9000 for the same month last year; due to the 45 bps we are receiving and the \$45million tax dollars collected in July.
- Cash balance is \$59 million as compared to \$71 million for the month of July, \$2million debt service payment made the last day of August. We have another 2.5 million debt service payment due the 15th of September. These resulted in the cash balance going down.
- The Feds may increase rates; the stock market is very volatile.
- Town and Police Pensions are up-to-date for the year.
- The tax on line system has proven to be a tremendous help.
- We went through a debt offering and sold 7.5 million in Bonds at a rate of 2.834215%.
- We sold 9.5 million dollars of Notes at .333%.

Mr. Palo asked what the current funding is for the pension plans. Mr. Ponzio indicated the Town was 37% funded and the Police Department was 72% funded on or about the time of the budget. We went from 27% funded to 37% funded within the last 6 years.

The Chair indicated that we would be taking the Board of Education out of order.

Mr. Lavoie moved, seconded by Ms. McHugh, to take items 9-15-02 and 9-15-03 out of order on our Agenda.

Vote: 6-0-0

9-15-02 – RESOLUTION OF INTENT TO REIMBURSE and 9-15-03 – AUTHORIZING RESOLUTION

Mr. O’Keefe indicated that the Board of Education was there this evening to obtain approval on two Resolutions both related to Hillcrest Middle School performance contract, which will significantly improve the school’s energy efficiency. The project was approved in the Capital Plan on January 8, 2015, as a self-funded project, meaning that there will be no request for Bonding from the Town and that all investment costs of the projected will be funded by the energy savings from the Board of Education operating budget.

The first resolution is a request for the Town to enter into a 10 year lease agreement on behalf of the Board of Education in the amount of \$980,000 at a tax exempt rate of 2.17%. These funds will cover the entire cost of the project net of UI incentives of approximately \$10,000. We do anticipate first year energy savings to be approximately \$145,000, which will more than cover the first year lease payment.

The project was begun at the end of the 14-15 school-year and is essentially complete. The cost to date has been covered by the Board of Education operating budget, which brings us to the second resolution, which is to request authorization from the Board of Finance to allow the BOE to apply the proceeds of the lease to reimburse the Board of Education operating budget.

The Chair indicated that the Board of Finance has never done anything like this before; she understands that the expense will be paid for by savings; however, if it does not cover the expense is the Board of Education able to cover it within their \$90 million budget?

Attorney Steven Suter spoke on behalf of the Board of Education. He indicated that it was less expensive to borrow through the Town and we would need a Memorandum of Understanding that the Board of Education must repay the loan. The Chair indicated that the Town cannot be indemnified, and she will not let the fund balance drop below 10%.

Mr. Kelly requested clarification of the word lease. Mr. O’ Keefe indicated that it is really financing, since we do not have to turn anything over. Mr. Demming indicated that the Bank is using the equipment that is being installed as collateral. At the end of the 10 years, we will own the boilers after which time there will be no mention of a lease.

The Chair indicated that at some point she would like the Internal Auditor to address the cost savings projects we have been involved with to date to determine what we have been saving.

Mr. DeGennaro asked how the savings were being determined. Mr. Demming indicated it would be determined given what we paid before and what we are paying now. Mr. DeGennaro indicated that since the price of oil is going down and it is affecting other energy costs, how much of the energy cost factor can we use going forward over the next 10 years. Mr. Demming indicated that it would only serve to help. Mr. Lavoie added that if prices fluctuate, savings is still there. If energy drops, we will still get the savings. Mr. DeGennaro indicated he was interested in knowing if the anticipated savings would be the same based on the fluctuation of the oil prices.

Mr. Palo asked about the list of contractors, and how many bids were received. Mr. Demming indicated that they received at least three on each and they accepted the low bids on all of them.

Item 9-15-02

Mr. Lavoie moved, seconded by Mr. Molgard, item 9-15-02 that states: The Town of Trumbull, CT., including its Board of Education, (the “Issuer”) hereby express its official intent pursuant to §1.150-2 of the Federal Income Tax Regulations, Title 26 (the “Regulations”), to reimburse expenditures paid sixty days prior to the date of passage of this Resolution, and thereafter, in the maximum amount and for the

capital project defined above with the proceeds of lease financing, bonds, notes, or other obligations (“Obligations”) authorized to be issued not later than 18 months after the later of the date of the expenditure or the substantial completion of the project, or such later date the Regulations may authorize. The Issuer hereby certifies that the intention to reimburse as expressed herein is based upon its reasonable expectations as of this date. The Treasurer or its designee is authorized to pay project expenses in accordance herewith pending the issuance of reimbursement bonds, and to amend this resolution. (See entire resolution attached hereto and made a part hereof.)

Item 9-15-03

Mr. Lavoie moved, seconded by Mr. Molgard, item 9-15-03, A RESOLUTION OF THE BOARD OF FINANCE OF TRUMBULL, CONNECTICUT, AUTHORIZING THE EXPENDITURE OF AN AMOUNT NOT TO EXCEED \$980,000 BY THE TOWN OF TRUMBULL FOR AN EQUIPMENT LEASE/PURCHASE AGREEMENT WITH RESPECT TO THE ACQUISITION, PURCHASE, FINANCING AND LEASING OF CERTAIN EQUIPMENT REGARDING ENERGY EFFICIENCY IMPROVEMENTS AND UTILITY COST SAVINGS AT HILLCREST MIDDLE SCHOOL, 530 DANIELS FARM ROAD (THE “SCHOOL”). (See entire resolution attached hereto and made a part hereof.)

9-15-02 Vote: 6-0-0

9-15-03 Vote: 6-0-0

INTERNAL AUDITOR

Ms. Keegan presented her report concentrating on what could be saved if we changed to an alternative method. She presented various scenarios, indicating alternatives that could be used. Ms. Keegan reviewed the schedule of alternatives that was included in her report with items that would need to be taken into consideration, i.e., the pros and cons of each method such as vacuuming vs. bagging. In addition, she reviewed the surrounding towns to see how they handled leaf pickup and the cost incurred. All programs used were financially driven and some towns indicated that providing the service is seen as a cost of doing business.

Towns also indicated advantages to leaf pickup citing that wet leaves are a concern for resident safety; piles of leaves not vacuumed can be a safety concern for children and can also cause the blockage of storm drains and sidewalks and if it snows before leaves are vacuumed there is a high risk of damage to equipment as sand and salt mix with the leaves. Bagging addresses safety concerns as leaves are contained. This affords increased flexibility in collection timing reducing or eliminating overtime requirements. Getting the leaves to the curb is normally more difficult than getting the leaves bagged; therefore, residents who have someone move the leaves to the curb can also have someone bag the leaves. There may be other community and service organizations that can assist with this.

She reviewed the financial aspects from the standpoint of the total labor cost vs the opportunity cost. She felt that our process specific cost was \$340,276 and Fairfield has their bagged leaves picked up for \$65,000. Under the current process, our total costs are \$634,000, less the opportunity cost of \$294,100; and the difference is the specific cost of \$340,276. Much of the specific cost is related to overtime, seasonal help and a hauling fee of \$144,024. The sale of machinery would result in a loss; however, maintenance would be reduced. Other factors to consider would be the number of pickups required and the cost of hauling.

The sale of the equipment would most likely be at a loss since towns are moving away from vacuuming; however, there would be a savings recognized since this equipment is expensive to maintain. The Chair asked how the leaf vacuums would be used and Mr. Marsilio indicated that there was no other use. Ms. Keegan went on to add that it will be difficult to determine what an alternative method will cost until we have been able to obtain bids and we would need to decide on the number of collection cycles to be provided before going out to bid.

Mr. Palo indicated that even if we gave away bags, we would still be a considerable savings. Mr. Marsilio indicated that the cost of hauling is high since it includes the sub-contractor bringing the trucks, loading, moving and dumping them in an approved DEP site and cleaning out the transfer station.

Mr. Marsilio indicated that he is very familiar with the Fairfield process and it is not exactly as it appears. A large part of the town does not use the service. After the subcontractors pick up, the town must still send out employees to follow-up with those residents who did not use the service when the original pickup was done. In addition, Fairfield has a composting facility whereas we did it in the open air and it wasn't profitable to sell. It was costing us money to compost and Fairfield is not making money with their compost.

Mr. Kelly asked about the value of the equipment. Ms. Keegan indicated that the current value is currently \$96,160 and we would expect to sell it at a loss of \$39,000. She went on to add that she didn't think that a decision regarding an alternative program would be affected by this loss.

Ms. Keegan then went on to list the various recommendations listed on page 10 of her report, which included the suggestion that it be put on the ballot as a non-binding referendum.

The Chair noted that since it would need to go to the Town Council to get a ballot resolution, it would not be feasible to get it on the ballot now. She went on to add that there were many options to consider before taking the next step and we now have the information that we need to move forward.

The Chair indicated that the Senior Bus Service Report was done for the Senior Commission and she asked Therese to reach out to them to explain her findings.

9-15-01 – BOND RESOLUTION

Mr. Lavoie moved, seconded by Ms. McHugh, to read the title of the following proposed resolution in its entirety and to waive the reading of the remainder of the resolution, incorporating its full text into the minutes of this meeting. (See entire resolution attached hereto and made a part hereof.)

Vote: 6-0-0

RESOLUTION AMENDING A RESOLUTION APPROPRIATING \$9,030,000 FOR THE TRUMBULL (TOWN) CAPITAL IMPROVEMENT PLAN 2015-2016 AND AUTHORIZING THE ISSUE OF \$9,030,000 BONDS OF THE TOWN TO MEET SAID APPROPRIATION AND PENDING THE ISSUANCE THEREOF THE MAKING OF TEMPORARY BORROWINGS FOR SUCH PURPOSE

(The purpose of the amendment is to increase the appropriation and bond authorization therein by \$2,400,000, from \$9,030,000 to \$11,430,000, for the highway complex project, to transfer \$1,321,739 from prior bond authorizations thereby making the net additional bond authorization issuance \$804,508 (estimated), to reduce the 2014/15 CIP \$273,753, and to ratify, confirm and adopt all prior authorizations and bond resolutions in connection therewith.)

Mr. Marsilio indicated that Mr. D'Aquila was correct with the criticism he made earlier (see public comment section); however, DEP has come down very hard on facilities and has passed statutes that are very, very stringent especially when you are in a watershed, as we are. By statute, we are required to hire consultants to test our catch basins and test the water and submit those reports to DEP every quarter for an MS4 Permit. We now have programs in place to accommodate these laws, and test results validate that there are no longer problems. He indicated that previously he came to the Board to ask for money in order to meet the DEP requirements for a sand and salt shed. They were then able to build it using in house resources, saving capital funds.

He went on to add that when he tried to move ahead with the remaining planned expansions – the new administration building, the new garage, and the new wash bay – he discovered that a river, which used to run through the center of the site had relocated and his staff informed him that he had to go to the

Army Corps of Engineers and verify that the river had moved. The project was stopped and they are waiting for DEP. The river is where the new garage was going to be.

Mr. Marsilio indicated there is a safety concern regarding the residents who need to buy a recycling bin, dump ticket or come in to ask a question. These residents need to drive the entire length of the yard to reach the administrative office while there are all types of equipment pulling in and out of the yard. This is why he wants to move the administration building forward.

He went on to add that he has two main issues at the present time: safety, as previously discussed, and renovation of the existing building to provide locker rooms with showers, a training/meeting room and an area where workers can stay during storms to get the sleep they need.

He indicated that he reviewed the site and selected a location for the locker room/training facility/respice area. It is not an elaborate or large building – 4800 square feet – and it is a redesign of his existing office and 2 bays where the trucks are.

We put these projects together and that is what the \$1,300,000 represents. When that building is complete, we go in and we redo the building that currently exists.

Ms. McHugh asked if he had considered relocating the town garage given the issues raised by Mr. D'Aquila. He indicated he hadn't considered it and that it would be very expensive. In addition, he felt the oppositions expressed had been overcome. She went on to ask how unused bonds were treated; she wondered how unused, old bond funds could be used. Ms. Pires indicated that part of the resolution is to re-appropriate some of the unspent funds to this project, since this is also public works.

Mr. Palo indicated that he would not be able to vote for this without something from Bond Counsel indicating that you can do this. Ms. Pires and the Chair both indicated that Bond Counsel incorporated this information into the Amended Resolution.

The Chair went on to add that Bonds are for a specific CIP; therefore, Bond Counsel specified what we are taking out of each CIP year-by-year and putting it into this new project. Although the amount is higher, Ms. Pires indicated that we are not increasing our approved bonded debt we are simply moving the funds. The Chair noted that we are only looking for an additional \$804,000.

Mr. Kelly questioned where the oil and fluid drop is located. Mr. Marsilio indicated that that 75% of all fatalities in the construction world happen in the yard. He went on to add that he was so concerned about safety he moved the drop to the Transfer Station. In addition he stated that it was just a matter of time and where to move the administration building. Mr. Kelly asked if another building study was done. Mr. Marsilio replied that there was a feasibility study done for all town buildings that was minimal and did not address consolidation, so Ms. Bratt is working on that in Economic Development.

Mr. Kelly asked if there was a certain amount in a project that should not be bonded but put in the operating budget instead, i.e. \$1,500 for a toilet. Mr. Marsilio indicated that all costs were a part of the project and the rule is if it lasts 20 years, it is bondable. The Chair went on to add if you build a house, the toilet is part of the cost and you wouldn't pay for it in cash and mortgage the rest. If the entire project doesn't reach a certain amount, the rule is not to bond.

Mr. Palo asked if the funds for the wash bay, previously approved, were in the project, since there were environmental issues. Mr. Marsilio indicated that it was too expensive to build so they purchased steam cleaning equipment and power washers. He did have an estimate done but the cost was prohibitive at \$1,000,000. He went on to add that the cost to have the sand house built came in between \$800,000 – 900,000 so they built it themselves for about \$200,000. Mr. Palo asked if we have been cited by the DEP and Mr. Marsilio responded that we have and we have done everything they have asked us to do.

Mr. Kelly asked what the procedure is if workers were out all night – do they go home or sleep in their trucks. Mr. Marsilio indicated they can sleep in their trucks or crash on the uncomfortable couches down

there. Some of the men who live in town take others home with them. There is also the problem where once they go home to sleep for a few hours they run a risk of not being able to get back. He went on to add that these men are first responders and are just as important as the others in an emergency.

Mr. Lavoie moved, seconded by Ms. McHugh, that the resolution be adopted as introduced.

	<u>AYE</u>	<u>NAY</u>
Lainie McHugh	x	
Roy Molgard	x	
Thomas Kelly	x	
Paul Lavoie	x	
Andrew Palo		x
Elaine Hammers	x	

Vote: 5-1-0 motion carries (opposed: Palo)

9-15-04 – FISCAL YEAR 2014-2015 SUPPLEMENTAL APPROPRIATION

Mr. Lavoie moved, seconded by Mr. Molgard, to appropriate from the General Fund \$207,288 to account number 01022000-501101 Police-Salaries-FT, for Payout to Retired Chiefs, and other retirements \$57,246 and to account number 01022000-501105 Police-Salaries-OT \$150,042.

The Chief indicated that they are monitoring overtime costs as closely as they can and have made some progress over the last few years. They have discussed strategies and ways to limit the overtime given vacations, minimum manning and contractual constraints. In addition they are currently short 8 officers due to retirements, disabilities and attendance at the police academy.

Mr. Palo asked about the payouts given to the retiring Chief and Deputy Chief. The Chief indicated that the Police Commission, along with the First Selectman and James Haselkamp, agreed payment would be made at the end of their service, since they worked until Chief Lombardo came on board. Ms. Pires indicated this also included accrued sick time and vacation time,

Mr. Palo indicated that funds are now being requested from the General Fund instead of being in the budget. The Chair indicated that these funds are over and above what was budgeted at the time. These funds would have been budgeted but when you pay it out in a lump sum and someone else is taking their place and earning a salary, you are spending more than originally planned. Ms. Pires indicated that the funds were actually coming out of the contingency.

Ms. McHugh asked if we could use the Special Detail account and was told by the Chair that you need to show that the Special Detail Funds are being used for related items.

Vote: 6-0-0

Mr. Lavoie moved, seconded by Mr. Molgard, to take item numbers 9-15-09 through 9-15-12 out of order on our Agenda.

Vote: 6-0-0

9-15-09 – 9-15-12 FISCAL YEAR 2014-2015 YEAR END TRANSFERS

Mr. Lavoie moved, seconded by Mr. Molgard, to transfer \$97,826 for the Police Department Year End Transfers, as shown on the attached Schedule 1.

Mr. Lavoie asked Chief Lombardo if there was additional training done this year. The Chief indicated that there was training for shooting, which is necessary for liability issues.

Vote: 6-0-0

9-15-05 FISCAL YEAR 2014-2015 SUPPLEMENTAL APPROPRIATION

Mr. Lavoie moved, seconded by Mr. Molgard, to appropriate from the General Fund \$491,783 to account number 01030100-501101 PW-Highway-Salaries FT (Leaf Pickup/Snow removal) \$60,299; 01030100-501105 PW-Highway-Salaries OT-Leaf Pickup \$40,773; 01030100-501103 PW-Highway-Salaries-Seasonal- (Leaf Pickup / Snow removal) \$44,794; 01030101-501105 PW-Snow Removal-Salaries-OT-Leaf Pickup \$137,099; 01030101-522205 PW-Snow Removal-Program Expenses \$189,943; 01030300-501101 PW-Fleet Maintenance-Salaries-FT-Leaf pickup \$18,875.

Mr. Marsilio indicated that public works plowed and sanded 21 out of 28 days in February. Mr. Palo indicated that we should budget more each year rather than not enough. Ms. Pires indicated that we budgeted \$100,000 more for this fiscal year.

Vote: 6-0-0

Mr. Lavoie moved, seconded by Mr. Molgard, to take item numbers 9-15-13 through 9-15-18 out of order on our Agenda.

Vote: 6-0-0

9-15-13 – 9-15-18 FISCAL YEAR 2014-2015 YEAR END TRANSFERS

Mr. Lavoie moved, seconded by Mr. Molgard, to transfer \$112,643 for the Public Works Department Year End Transfers, as shown on the attached Schedule 2.

Vote: 6-0-0

9-15-06 FISCAL YEAR 2014-2015 SUPPLEMENTAL APPROPRIATION

Mr. Lavoie moved, seconded by Mr. Molgard, to appropriate from the General Fund \$14,485 to account number 01012200-545501 Purchasing-Legal Notices \$5,767.00; 01013800-545504 Town Hall-Postage \$5,123.00; 01013800-590012 Town Hall-Utilities-Electric \$ 2,350.00; 01050200-590014 Mary Sherlach Counseling - Utilities-telephone \$ 1,245.00.

Vote: 6-0-0

9-15-07 FISCAL YEAR 2014-2015 YEAR END TRANSFERS

Mr. Lavoie moved, seconded by Mr. Molgard, to transfer from the Town Hall Contingency \$233,401 to the accounts listed on the attached Schedule 3, for salaries for approved contracts, final payouts to retirees and 2 additional days in FYE (budget based on 52 week, 2 extra days this year).

Mr. Lavoie moved, seconded by Mr. Molgard to amend the amount to \$228,230, reducing account 01012200-545501 to \$596.

Vote: 6-0-0

9-15-08 FISCAL YEAR 2014-2015 YEAR END TRANSFERS

Mr. Lavoie moved, seconded by Mr. Palo, to transfer from account number 21100000-501102 Salaries PT \$1,564; 21100000-501103 Salaries Seasonal \$ 24,201 to account number 21100000-590012 Utilities Electric \$1,618; 21100000-590013 Utilities Water \$24,147 for the Tashua Knolls Golf Course Year End Transfers.

Vote: 6-0-0

9-15-19 – 9-15-38 FISCAL YEAR 2014-2015 YEAR END TRANSFERS

Mr. Lavoie moved, seconded by Mr. Molgard, to transfer \$424,773 for the Year End Transfers, as shown on the attached Schedule 4.

Vote: 6-0-0

9-15-39 – 9-15-49 FISCAL YEAR 2014-2015 DIRECTOR OF FINANCE YEAR END TRANSFERS

Mr. Lavoie moved, seconded by Mr. Molgard, to transfer \$4,017 for Director of Finance Year End Transfers, as shown on the attached Schedule 5.

Vote: 6-0-0

APPROVAL OF MINUTES – August 13, 2015

Mr. Lavoie indicate page 4 last paragraph – vote should be 5-0-1 (abstained: Lavoie) and page 6 last paragraph change clerks to cameras/recorders.

By unanimous consent the Board of Finance approved the amended minutes for August 13, 2015.

ADJOURNMENT

By unanimous consent the meeting adjourned at 9:45 pm.

Respectfully submitted

Phyllis C. Collier
Board of Finance Clerk