

MIDDLEFIELD BOARD OF FINANCE
405 Main Street
Middlefield, Connecticut 06455

Minutes of the December 13, 2018 Regular Meeting

Jim Irish called the meeting to order at 7:14 pm.

Attendance:

Members

Others

X	Irish, Jim	X	Bailey, Ed (<i>Ex Officio</i> Member)
A	Kowal, Melissa		
X	Lowry, David		
X	Malcolm, Alice		
X	Nick, Joel		
X	Wolak, Mary	X	Rusilowicz, Al (Finance Director)

A=Absent

X=Present

The Pledge of Allegiance was recited.

Approval of the Agenda

Alice Malcolm made a motion, seconded by Joel Nick, to approve the agenda as presented. Motion carried unanimously.

Public Comment

None.

Approval of Minutes from 10/11/18

Alice Malcolm made a motion, seconded by Mary Wolak, to approve the minutes from the 10/11/18 meeting, as presented. Motion carried, with Dave Lowry abstaining.

Old Business

A. Status - New Accounting System - Al Rusilowicz

Al Rusilowicz reported that the changeover to the accounting system is not going as well as he had hoped. Ed Bailey felt that the town got off to a bad start with the vendor and they had not provided the deliverables that they were supposed to. Because of that, the new vendor paid the fee that was required to keep the old system for an additional 90 days. The town has been processing data on both systems for three months now. They will meet with the vendor again on Monday and all of the bugs should be

worked out. Mr. Rusilowicz explained that they can print any data from the old system that they think will be necessary. Jim Irish asked if the information could be electronically downloaded rather than printed, but Mr. Rusilowicz explained that the downloaded files cannot be manipulated at all. He agreed to try to download information to see what happens.

Al Rusilowicz also explained that all of the data has been entered into the new system, but amounts do not show up as an expenditure until the check is physically cut. However, they need to go back six months and put checks into the new system and make sure that the check numbers match. Mr. Irish offered to help with that. Mr. Rusilowicz commented that Judi Rand has taken ownership of the new system and has it set up very particularly. She may be a little uncomfortable having someone else get involved at this point.

Mary Wolak asked if other people knew how to operate the new system and Ed Bailey explained that Al Rusilowicz knows it. Ms. Wolak suggested that more people should know how to operate it and Mr. Bailey explained that Blum Shapiro could always provide someone to operate the system, if necessary. Mr. Rusilowicz also explained that the checking accounts will be able to be balanced on the new system and Taryn Ruffino is willing to work with that.

B. Preliminary Audit Numbers - Al Rusilowicz

Mr. Rusilowicz had draft financials available for the board members and explained that the State of Connecticut pension information was made available only very recently and that's why the complete audit was not complete yet. The unrestricted general fund balance is \$2,300,291 which is just shy of 14 percent of the operating expenditures. This translates to the town is in excellent shape though he did not encourage the board to use any of that to reduce taxes.

Mr. Rusilowicz reviewed the highlights of the general fund and the surplus for the year which was \$277,019. There had actually been a budgeted reduction of \$339,000 projected in the fund balance. That means that the town was more than \$500,000 better than expected. He did explain that there were several things that went into that, including the ECS funding that remained whole. Mary Wolak stated that they had budgeted smartly, using the worst case scenario.

Looking at revenue, Al Rusilowicz reviewed that the town over-collected on taxes, the Land Use department charges for services was over budget by \$22,000, the sale of equipment (fire truck) was \$70,000 over budget and interest income was also up. There were no negatives on the expense side. The amount of outstanding taxes has gone down significantly because of foreclosures.

The only fund that has a deficit is the Special Purpose fund (\$16,000 negative fund balance) which is attributable to the clean-up at the Kickapoo property that burned down. The town will put that property up for sale in January or February and should recover all of those expenses and back taxes. Mr. Bailey explained that it is a good sized lot with an existing foundation and it is connected to the sewer, though construction of new houses is very low.

Mr. Rusilowicz also stated that the town has received a proposal on the street sweeper refurbishment that is just under \$30,000. The capital budget has \$124,000 for the sweeper. The vendor discouraged the town from buying a new sweeper. Ed Bailey explained that the new sweepers do not have engines that are as powerful as what the town has.

Ed Bailey also suggested that they need to look at the purchasing policy which says that if the town is going to spend more than a certain percentage on repair of an item vs. replacement, it has to get approval from the

Board of Selectman or the Board of Finance. This particular purchase may be under that percentage. Mr. Bailey did feel that a refurbishment should be good for a minimum of five years. He also mentioned that the sweeper is not used every day.

Al Rusilowicz also mentioned the over-the-guardrail mower and wondered if Melissa Kowal had done any followup on that. The proposal did not include any trade-in value for the existing equipment. He will contact the vendor about the trade-in value which he felt would be between \$5,000 and \$6,000. The Board generally agreed to move forward with the purchase.

Mr. Rusilowicz also reported that the new bus has been registered and is ready to go. Mr. Bailey stated that there will be a ribbon cutting ceremony.

C. Town Employee Salary Action

I. Summary of Contract Negotiations - Ed Bailey

Al Rusilowicz explained that there is a budget for every position and a proposed or contracted salary. The only one not addressed is the First Selectman's salary because they would like the Board of Finance to make that call. The positions (indicated in Attachment 1) that say 2 or 2.25 percent are elected or non-union personnel. If it says contractual, it is a union position.

The public works contract included a 2.25 percent increase. The town hall union received a 2 percent increase. All of the public works employees participate in the healthcare plan and contribute 3 percent. Only one town hall employee participates in the healthcare plan as the others do not qualify for participation as they are only part-time. All other non-union and/or elected officials will be offered a 2.25 percent increase if they participate in the healthcare plan. If they do not participate in the healthcare plan, they will receive 2 percent. He felt that the bottom line would be \$43,466 out of contingency and that the budget was somewhere around \$50,000. That would leave roughly \$50,000 in the contingency fund. Mr. Rusilowicz also explained that \$5,731 is the amount of employee contributions to the healthcare plan for FY 2018-2019 and reminded the Board that that revenue had not been included in the budget. Ed Bailey stated that the net in the first year would be \$43,466, less \$5,731. This will be accounted for as a reduction in expense. Mr. Rusilowicz also noted that in year two, The employee healthcare contribution goes to 6 percent of the health insurance plus 25 percent of the HSA contribution. In year three, it goes to 9 percent of the health insurance and remains at 25 percent of the HSA.

Mr. Rusilowicz also explained that surrounding towns employee contributions are in the area of 13 to 14 percent for healthcare contributions. Ed Bailey stated that Southington is around 19 percent and Plainville is at 17 percent of the premiums.

Ed Bailey stated that he would like to implement these raises as soon as practical as the union contracts have all been ratified.

It was then decided to act on the First Selectman's salary before making a motion to approve all of the increases.

ii. Proposed FY-19 Salary Action for Non-Union and Elected Officials - Ed Bailey

Mary Wolak asked if Ed Bailey participates in the healthcare plan. Alice Malcolm asked Mr. Bailey if he had any idea of how much he has saved the town and he felt that they have saved funds in some areas and spent funds in areas that had been neglected.

Jim Irish made a motion, seconded by Alice Malcolm, to authorize a 2.25 percent raise for the First Selectman's salary for fiscal year 2019. Motion carried unanimously.

Mary Wolak made a motion, seconded by Joel Nick, to accept the raises of 2 or 2.25 percent for non-union employees as identified in handout for a total cost of \$45,207 when added to contractual salary increases, taken out of the contingency line item (representing all union, non-union, elected and appointed salaries). Motion carried unanimously.

Al Rusilowicz also explained that there will be a need for a town meeting at the end of the Fiscal year for the salary item for the sanitarian as it was budgeted at zero and the health district has taken long than anticipated. The sanitarian has worked and will continue to work through probably the end of January. The net impact should be a wash since the town is not yet paying the health district.

Al Rusilowicz also explained that the total transfer of \$45,207 (as indicated in Attachment 2) includes a number of transfers, none of which are over \$20,000 and thus no town meeting is required. Jim Irish asked for a list of the actual changes in salaries for the next meeting.

New Business

A. Korn School vote

Dave Lowry stated that the plan for the \$7 million bonding was convincingly rejected by the taxpayers in Durham. There had been about a 30 percent turnout. Ed Bailey has spoken to Laura Francis and he believes she is still trying to figure out where to go from here. The Korn School committee still exists and they will develop a strategy moving forward. Mr. Bailey believes that Durham will also hold a referendum for the public safety complex in March.

Jim Irish reported that Bob Moore made a comment at last night's Board of Education meeting that he and several other members were going to get together to talk with Durham's leadership about next steps. That indicates that while the referendum went down, there may be further discussion.

Ed Bailey is meeting with Kathryn Veronesi and Laura Francis tomorrow morning and will suggest that the school BOE issue an RFP and see what happens. One possibility would be that the school district does nothing and continues to hold the school for Durham which means that the towns continue to pay for an empty building. The RFP would be to see if anyone would be interested in buying it and/or renovating it. Mr. Bailey did explain that it is a very difficult property as it is on a private road and has a lot of interconnections to other pieces of property, including the septic and leaching fields. There is also very little parking at the facility. He also explained that the biggest obstacle is that the property is not commercially zoned. Mr. Bailey felt that Rushford had some interest in the property, but it was not considered suitable given the location of the schools. It was agreed that if there was no interest that that might help move things along.

Mr. Bailey also stated that the school district got a legal opinion that stated that they were not in the business of leasing property. He felt that a lease could be done, but felt that the issue with the referendum was not necessarily the acquisition cost of the building, but the other improvements that were proposed. Ed Bailey stated that Durham had wanted to make the building into a senior/community center.

Mr. Bailey reminded everyone that Durham had a referendum in November for bridges and culverts and that barely passed. He commented that Korn School will be an expensive building to renovate and an expensive building to operate. Mr. Bailey believes that it will be between \$30,000 and \$35,000 a year to mothball the building. The only thing the building is used for now is voting and Mr. Bailey did not know if Durham pays for that use.

Jim Irish explained that the district will have another building vacant in two years that will be located in Middlefield. The two options that are being put forward for the buildings are for a K-2, 3-5, 6-8 and the high school or two elementary schools (preK-5), 6-8 and the high school. A new survey has been put on the Board of Education website. Mr. Irish also reported that the Board of Education voted last night to support a single educational approach in the district, regardless of building configuration, which was recommended by Dr. Veronesi. They will vote on the building configuration at their January meeting and a referendum is anticipated in the Spring. Mr. Irish reviewed the costs for building reconfiguration of \$2.1 million, net of state reimbursement, or \$5.7 million for the two elementary schools.

Mr. Irish also reported that the Board of Education is facing capital needs and have identified critical systems that need repair. Those critical needs total \$6 million. The referendum could be \$9 million for one elementary school or close to \$12 million for the two schools. The finance committee proposed that the referendums be held with separate questions.

Mr. Bailey reiterated that his position is, and has been for three years, to offer the building to anyone and see if anyone is interested. Discussion continued about various uses for the building. He also explained that there are several other districts with surplus buildings who are also struggling with what to do with them.

Ed Bailey also stated that gas lines will be coming in to Durham and he has seen a plan to bring a gas line down Hubbard Street to Memorial. Eversource is doing an analysis of gas distribution in Middlefield and there will hopefully be a plan by the end of 2019. Mr. Bailey is hopeful that having gas will make the industrial area on Brookside Drive more appealing.

Jim Irish also explained that the closure of Lyman is anticipated to save \$925,000 a year and using that to offset the interest cost of the bonding options would actually show a negative budget impact by year three. There was then some discussion about how the school district will approach the changes in educational programming and how that is communicated to the public. There are very few schools left in the state that offer more than one program. Mr. Bailey is hopeful that any new program will be better than either of the two that currently exist and that choice will still exist within the program.

Joel Nick also reported that there is now a middle school debate team at Strong School. They went to their first tournament and are now part of the Middle School Debate League. He plans to bring this to the high school next year.

Executive Session - Discussion of Collective Bargaining Negotiations

Joel Nick made a motion, seconded by Alice Malcolm, to enter into executive session for the purpose of discussing collective bargaining negotiations. Motion carried unanimously and the Board moved into executive session at 8:45 pm.

The Board returned from executive session at 9:24 pm. No motions or decisions were made during executive session.

Jim Irish thanked everyone for all of their hard work this calendar year and wished them a happy holiday season. They then set the date for the January meeting for Thursday, January 10, 2019 at 7:00 pm.

Adjournment

Mary Wolak made a motion, seconded by Alice Malcolm, to adjourn the meeting. Motion was carried unanimously. The meeting was adjourned.

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Respectfully submitted,

Debi Waz

Debi Waz
Alwaz First