

Town of Plymouth
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Board of Finance
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Minutes

September 16, 2010

Call to Order: Chairman Ralph Zovich called the scheduled September 16, 2010 Plymouth Board of Finance Commission Meeting to order at 7:02 p.m. in the Assembly Room, Town Hall.

Present were Plymouth Board of Finance Member Patricia Budnick, Plymouth Board of Finance Member Victoria Carey, Plymouth Board of Finance Member Peter Cook, Plymouth Board of Finance Member Michael Drozdick and Plymouth Board of Finance Chairman/Member Ralph Zovich. Excused absence: Plymouth Board of Finance Member Daniel Murray III. Also in attendance were Director of Finance David Bernagel, PBOE Superintendent Anthony Distasio, Mayor Vincent Festa, Jr., PBOE Director of Pupil Services Thomas Meehan, PBOE Business Manager Michael Santogatta, Administrative Assistant to the Mayor Theodore Scheidel, and Capital Improvements Committee Member/Representative Matt Tellier.

Pledge of Allegiance

Chairman Zovich led the Plymouth Board of Finance Members in the Pledge of Allegiance.

Fire Exits Notification

Chairman Zovich noted the Fire Exits for the Board members and public audience.

Board of Education Update

Business Manager Michael Santogatta stated they were very early into this year's budget. M. Santogatta stated there had been a lot of cleaning up at the schools over the summer months, due to construction, etc. the building were all in good shape and everything was up and operating well.

M. Santogatta detailed the Roof Project at the Eli Terry Jr. Middle School, at length and noted the project was three-quarters of the way completed.

Michael Santogatta stated some internal plumbing had to be addressed.

M. Santogatta stated that Bill Allread had walked the roof and noted that Bill's technical expertise in this area was invaluable.

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Board of Education Update Cont'd.

M. Santogatta stated that the Construction Meetings for the project continue and reported that the roof should be completed by the end of this month.

Chairman Zovich stated that he, along with M. Santogatta, had attended the September 15, 2010, School Building Committee Meeting and that M. Santogatta had distributed copies (see attachment) of pictures taken of the roof project; a brief discussion followed.

M. Santogatta stated that the Board of Education (BOE) had received federal funding from the Small Business Jobs bill in the amount of \$569,000.00 and stated that Anthony Distasio would elaborate further on this funding.

Anthony Distasio stated that the BOE's budget had been set and that the staffing was in place, and that these funds would not be expended during the present fiscal year. A Distasio stated that since future funding was unpredictable, he recommended that these funds not be expended during this fiscal year. A. Distasio stated since the future was unpredictable, with respect to the State Educational Cost Sharing Grant, it would better to wait until the budget season to make any decisions on how to use the funds.

M. Santogatta stated the BOE had until September 2011 to expend the funds.

Chairman Zovich stated it was his understanding these monies could be used in the 2011/2012 school year and could keep stability in the employment and offset some of the contractual increases that were already built in. Zovich noted that the monies did not dictate that the BOE would have to hire anyone and further, that the monies can be encumbered it to next year and use it to offset any decreases that would have reduced staffing.

Commissioner Peter Cook commented this will leave a half-million dollar shortfall in the 2012-13 Board of Education budget. When questioned by Cmsr. Cook, Zovich replied he thought these federal monies were off budget; a lengthy discussion followed.

Chairman Zovich stated that according to the Charter, the 3% budget constraints do not control revenue (charitable sources, grants, etc.) and that if those grants are not spent, they will not inflate the base. Zovich stated that going into next year clean and showing the \$569,000.00 extra on the revenue side would help offset some problems.

When questioned by Cmsr. Budnick, M. Santogatta stated the monies were not in hand, however he could spend and draw down against the grant and would have to show the expenditure(s).

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Board of Education Update Cont'd.

When questioned by Cmsr. Budnick, M. Santogatta stated the BOE's surplus for FY 2009/2010, was \$68,000.00 and that the BOE had filled the oil tank at Town Hall.

Chairman Zovich stated that the \$68,000.00 surplus more than covers the first payment on the roof at the Eli Terry Jr. Middle School and that the Town was getting the entire roof repaired for basically for \$120,000.00.

M. Santogatta stated that the BOE had paid off the school lunch debt, which had been at a high of \$95,000.00 and were being drawn of the General Fund.

A. Distasio stated the BOE had settled its contract with the UAW; a brief discussion followed.

When questioned by chair, A. Distasio stated that about a half dozen teachers had opted for the health savings account option being offered in the current contract.

Chairman Zovich thanked the BOE for their report.

Noting no objection, Zovich stated that Agenda Item No. 7 would precede Agenda Item No. 4.

Discuss and take action on an advisory endorsement of the "level debt service" bonding proposal to authorize up to, but not exceed, \$19,387,500 to fund the Town's 5-year Capital Improvement Plan. (Note: 1st Public Hearing scheduled on September 20, 2010)

R. Zovich, noting the Board of Finance members were fairly familiar with the Capital Improvement Plan, requested that Capital Improvements Committee (CIC) member Matt Tellier, provide a summary of the details on how the figure came to be \$19,387.500.

Matt Tellier stated that the Capital Improvements Committee had worked for approximately three years with the different Boards and Commissions in Town to determine what the Town needs as a Community to bring the Town up to date whether it be building structures such as senior centers, skate board parks, Lake Winfield improvements, road construction, etc.

Matt Tellier stated that all of the Town's Departments Heads had met with the Capital Improvements Committee members and reviewed the listing, which the Capital Improvements then prioritized according to need. M. Tellier explained the Town's level service and noted the goal of the proposal was to freeze the debt service at 3.4 million dollars so that as bonding came off for an old project, monies would be taken from the \$19,387.500.

He further stated this would then be funded back fund to a 3.4 million dollar level and then projects would be taken on from the listing. M. Tellier stated that the Committee had 43 projects listed and hoped to tackle (at some level) 29 of them and then complete 19 of them.

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Discuss and take action on an advisory endorsement of the “level debt service” bonding proposal to authorize up to, but not exceed, \$19,387,500 to fund the Town’s 5-year Capital Improvement Plan Cont’d.

M. Tellier outlined and reviewed the listing of the priority projects. M. Tellier stated that the Committee had worked diligently with the Board of Finance and that without David Bertnagel; the Committee would still be treading water, somewhere.

When questioned by Cmsr. Cook, M. Tellier stated that the projects would be reviewed on a yearly basis to ensure everything was on track, M. Tellier stated the Committee would be reviewing the listing on a semi-annual basis and noted that emergencies might occur, such as a roof collapsing, that project would be moved up and given priority over another.

M. Tellier stated that the Committee would be constantly examining ways to save monies and cited the requested Salt Shed as an example. Noting that it would be expensive upfront, buying in large quantities (bulk) would save monies in the long run.

When questioned by Chairman Zovich regarding the culling down and prioritization of the Boards, Commissions, and departmental requests, M. Tellier stated he was new to the Committee and that he had not been involved with that process.

Vice-Chair Carey stated that the listing was result of approximately ten years of work by both the present Capital Improvements Committee and a prior Committee. V. Carey stated that a lot of work and haggling had gone into the prioritization and that the present Committee was very enthusiastic, had met with a lot of people involved with the listing and pared it down while still trying to be fair to everyone and every project. Cmsr. Carey stated the final result was the 5-year plan.

M. Tellier stated that some of the projects were just partially funded, but by combining engineering costs for like projects (i.e. standard cookie-cut plan for multiple fire houses), monies could be saved. M. Tellier stated that this was only one example of some of the efficiencies that were being examined with all the projects.

R. Zovich stated that CIC Chairman Rodney Houle mentioned the land purchases and that some of the \$700,000,00 earmarked for land purchases would be used to reserve some open space purchases for future use such as fire houses

M. Tellier stated that the Committee was using creative thinking and noted that one of the Committee members was mapping the Town-owned pieces of land with the purpose of asking why the Town would want the land and if it did not, would a neighboring resident have an interest in purchasing it.

Discuss and take action on an advisory endorsement of the “level debt service” bonding proposal to authorize up to, but not exceed, \$19,387,500 to fund the Town’s 5-year Capital Improvement Plan Cont’d.

He further stated that the Town would put the monies netted from unwanted land into a fund for future land purchases. M. Tellier stated this one idea would help fund other projects, as well as put more properties onto the tax rolls.

Chairman Zovich stated that the Roy property and the old PVAC were properties should be examined as well.

When questioned by Cmsr. Drozdick, M. Tellier explained the Estimated Project Cost line and years of construction going out five years.

At R. Zovich’s request, D. Bertnagel stated he would provide a copy of the bonding projects that were dropping off, in time for the Public Hearing.

Chairman Zovich stated that in order to maintain a level debt policy, D. Bertnagel would need to go into the bond market and periodically refinance the Town’s bonds, depending how much the Town needed.

At the chair’s request, D. Bertnagel explained the refunding he was able to do with the General Obligation bond at the authorization of the Town Council. He stated that he was able to save over \$500,000.00, to-date, by refinancing 10 million dollars worth of bonds with the USDA Land noted it cut the maturity down one to two years and ended up with a percentage rate of 0.4%. D. Bertnagel stated he was able to refinance bonds last year and that combined with this years’ savings, totaled over one million dollars.

D. Bertnagel stated that the Town’s Municipal Bond Credit Rating had just been upgraded from an “A2” to a “A3” and noted that the rating agencies look to see that the Town has its financial house in order when the ratings are assigned. D. Bertnagel briefly explained how the numbers were calibrated.

M. Tellier stated the bonding proposal would not be a slush fund and that each of the Town’s departments would need to meet regularly with the Capital Improvements Committee for their approval. He stated that the Capital Improvements Committee would also be involved with any buildings being examined by the Municipal Facilities Committee. M. Tellier also stated that for each project undertaking, the Town would be hiring a Project Manager to oversee the project. M. Tellier stated that the Project Manager would be classified as a Town Employee so he would have the Town’s best interest at heart, not the engineering firm.

D. Bertnagel stated that the Mayor had been in touch with Attorney Frank D’Ercole, Robinson & Cole, LLC, the Town’s Bond Counsel, and that he would be drafting the wording for the Resolutions for the upcoming Referendum.

Discuss and take action on an advisory endorsement of the “level debt service” bonding proposal to authorize up to, but not exceed, \$19,387,500 to fund the Town’s 5-year Capital Improvement Plan Cont’d.

Ted Scheidel, Administrative Assistant to the Mayor, stated he would like to be in attendance at the next Capital Improvements Committee Meeting to report on how fast the Town was moving on the collection of delinquent taxes and noted that some particular properties might be of use to the Committee and some may not.

Cmsr. Budnick cautioned the Capital Improvements Committee noting that prior to setting up any land purchases, the legality of the purchase should be considered.

M. Tellier stated that the property purchases was in the preliminary stage and only an idea at this point in time.

Cmsr. Carey stated that one of the members of the Capital Improvements Committee was an engineer and that he had been plotting all of the Town’s available property for review.

Cmsr. Carey stated that instead of special interest groups appearing before the Board of Finance for money for their projects, the Board of Finance would now have the authority to send them to the Capital Improvements Committee for review and approval/disapproval. Cmsr. Carey stated that real emergencies, which the Capital Improvements Committee would be unable to handle, would be the exception.

Cmsr. Carey stated that the funding, which D. Bertnagel had come up with, was a very innovative plan. Cmsr. Carey stated that the Town was beginning to attract people/businesses from neighboring towns such as Thomaston, Waterbury and noted that the more progress the Town makes by doing simple things without raising the debt service, the better off the Town would be.

Mayor Festa stated that the Plymouth Town Council had endorsed the proposed Bonding Referendum and that the language would be no different than the concept being presented.

Mayor Festa commented that the Plymouth Town Council had endorsed the proposed Bonding Referendum and that the language would be no different than the concept being presented.

Motion:

Cmsr. Budnick made a motion, seconded by Cmsr. Cook, to move to endorse the Level Debt Service Bond Proposal not to exceed \$19,387.500. Without further discussion, this motion was approved unanimously.

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Discuss and take action on an advisory endorsement of the “level debt service” bonding proposal to authorize up to, but not exceed, \$19,387,500 to fund the Town’s 5-year Capital Improvement Plan Cont’d.

Following the motion, when questioned by M. Tellier regarding funding for public awareness in an amount not to exceed \$1,000.00, Chairman Zovich stated an account could be created, however the actual request would have to come from the Town Council, most likely after the Public Hearings.

Mayor Festa stated the issue was being investigated to check on the legality of the request since it could be informational only; a lengthy discussion followed.

D. Bertnagel explained the five year plan in detail and that the \$19,387,500 would be spread out over a five-year plan.

R. Zovich stated that the \$19,387,500 could have up to a 20-year bond cycle; a lengthy discussion followed.

M. Tellier thanked the Board of Finance members for their approval and assistance with the Level Debt Service Bond Proposal, as well as for moving his item up on the agenda.

Approve Minutes

a. July 15, 2010

Cmsr. Budnick made a motion, seconded by Cmsr. Drozdick, to accept the July 15, 2010, Board of Finance Minutes as presented. Vote: P. Budnick/yes, V. Carey/abstained, P. Cook/yes, M. Drozdick/yes; motion passed.

Mayor’s Report

Mayor Festa thanked D. Bertnagel for all the work he had done for the Town and the Community. Mayor Festa stated D. Bertnagel had done a thorough job and that many Boards and Commissions had made note of his expertise and knowledge with obtaining the excellent bond rating for the Community. He stated that two Bonding Proposal Public Hearings had been set for September 20, 2010 and October 4, 2010.

Mayor Festa stated that the Connecticut Water Company would be holding two Open Houses at the North Street, Plymouth Reservoir, on September 18, 2010, and on September 26, 2010. Mayor Festa thanked Ted Scheidel for sending out the notices to residents in the vicinity of the reservoir property, on behalf of the Connecticut Water Company.

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Mayor's Report Cont'd.

Mayor Festa stated that the Town was still waiting to hear from the State as to whether or not it had received approval for a grant for the reservoir property. He further stated that the application does not mean the Town is obligated to purchase the land; it was for approval purposes, only.

Mayor Festa stated that the Department of Environmental Protection, the Department of Health, and the Torrington Health District Sanitarian were alerted that an area in Town had nine residents with contaminated wells. He further stated that the wells contained arsenic, lead, nickel and other carcinogenics.

Mayor Festa noted that State officials were trying to meet with those residents and others in the area, to provide bottled water, as well as filtration systems at no charge to the residents until a course of action could be decided upon. Mayor Festa stated that consideration was being given to installing a waterline above the sewer line that was previously installed, noting this option would cost considerably less because the ledge had already been blasted to accommodate the sewer lines. Mayor Festa stated that he would keep the Board of Finance, as well as the Town Council, updated on issue as it progressed.

Mayor Festa stated that he and legal counsel had negotiations with the AFSCME group because of his decision to consolidate Town Hall positions. Mayor Festa stated the positions were being consolidated because of retirement positions not being filled and the recommendation to outsource the Payroll Department. Mayor Festa stated that several companies had come in to discuss the cost savings involved. Mayor Festa stated that as a result of these moves, he was being taken to task because the positions were not being refilled. Mayor Festa stated that it looked as if Management had no rights and that the union had chided him because of his decision to look at outsourcing this particular area.

Mayor Festa stated that the Town had not heard back from the Internal Revenue Service concerning the latest 2008 issue, and noted that he was told they would be reassessing the issue.

Mayor Festa stated that the Heart and Hypertension settlement was ongoing and in its initial stage with a figure of \$60,000.00 and change, and noted that an additional Heart and Hypertension claim was pending, bringing the total of claims to four.

Mayor Festa stated that there were two new inquiries for businesses wanting to move into the Plymouth Industrial Park.

Mayor Festa stated that a series of Special Meetings with the Conservation Inland/Wetlands Commission and the Planning and Zoning Commission, were being scheduled to help move the Nutmeg Spice Company through the process and keep them on track.

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Mayor's Report Cont'd.

Mayor Festa stated that the land use boards fee schedules and regulations were being looked at, noting that the Village District area in Town was very restrictive and the Town wanted to do everything possible to be more user friendly for new and existing businesses in Town.

Mayor Festa stated that the Level Debt Service Bonding Proposal would not be on the November 2, 2010, ballot. He further stated that the deadline to get the information to the Town Clerk's Office was September 2nd and the Town Council had not met to approve the proposal until September 7, 2010.

Mayor Festa stated that the Secretary of State's Office send the election calendar out (containing the specifics) to the Registrars and the Town Clerks, but not to other officials such as the Mayor. He further stated that the error might have been a blessing in disguise because it gave the Town additional time to formulate the Resolution wording and noted that the wording had to be very specific.

Mayor Festa stated that the Town was moving forward in procuring TrackFones for individuals that were in need and that further, based on allocated minutes and that validation would be required whenever the phones needed to be reloaded with minutes.

When questioned by Cmsr. Budnick, Mayor Festa stated that the Town had a number of choices to consider concerning the contaminated wells. He further stated that the Town could seek a bonding proposal, send a request to the Office of Policy and Management for consideration or do nothing and wait for the State to act against the Town.

When questioned by Cmsr. Budnick, Mayor Festa stated there was no party, at this point in time, being earmarked as being the source of contamination; a brief discussion followed.

Mayor Festa stated that the most important thing at this time was to ensure a measure of safety for the welfare of the residents and that he would keep the Board of Finance and the Town Council up to date with any progress and/or actions taken.

Discuss and take action on closing of all municipal funds for FY 2009-10:

a. Update on progress of independent audit by representative of Blum Shapiro

R. Zovich stated that the Blum Shapiro representative would not be in attendance this evening.

Zovich distributed copies, provided by D. Bertnagel, of the overview of Blum Shapiro's audit report for discussion. Chairman Zovich stated that Blum Shapiro should have the draft report completed by October 15, 2010, and that it would be reviewed at the next scheduled meeting on October 21, 2010.

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b. Acceptance of Tax Collector's revised Suspense Listing in the amount of \$78,829.78

David Bertnagel briefly explained the reason for taking this agenda item up. He further stated that through the audit, it was determined that the Suspense Listing was off by \$5,249.00. D. Bertnagel stated that the problem turned out to be a programming error with the tax budget software; a brief discussion followed.

Motion:

Cmsr. Carey made a motion, seconded by Cmsr. Cook, to accept the Tax Collector's revised Suspense Listing in the amount of \$78,829.78, as of the fiscal year ending June 30, 2010. This motion was approved unanimously.

Chairman Zovich stated these monies were for automotive taxes that the Town was unable to collect and that the listing would be turned over to a collection agency.

When questioned by R. Zovich, Ted Scheidel stated the Town receives about 60% of the monies collected; a brief discussion followed. T. Scheidel stated that the word "suspense" was a statutory word for suspension.

R. Zovich noted the motion was only a technical correction to take care of the closing for the fiscal year.

Discuss and take action on following items in current FY2010-11 General Fund Budget:

a. Status of delinquent tax collections and updates

Ted Scheidel stated 49.4 percent of the budget had been collected as of August 31, 2010. T. Scheidel stated that the current figure was the most important, noting the collection was at the same percentage as last year and briefly explained his report.

Chairman Zovich stated the Delinquent Tax Listing could be viewed on the Town's Website.

T. Scheidel stated the listing had helped in the collection of past dues, and noted the listing was updated on Friday of every week. He briefly detailed and updated the status of the collection listing by each line item; a lengthy discussion followed.

A brief discussion took place concerning the usage of a "boot" on vehicles with unpaid taxes.

R. Zovich stated that the Board appreciated all of T. Scheidel's efforts to assist with the collection of taxes.

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Discuss and take action on a requested supplemental appropriation totaling \$60,180.80 for payment of a Hart & Hypertension benefits claim, subject to approval at a Special Town Meeting pursuant to Chp. VII, Sec. 3c of the Plymouth Town Charter

Chairman Zovich gave a brief background on the agenda item, referencing the August 3, 2010, Town Council Meeting minutes. He noted this was a legal claim against the Town made by the Worker's Compensation commission. If the appropriation fails at the Town Meeting, the board would have to take the money out of departments' budgets; a brief discussion followed.

Motion:

Cmsr. Budnick made a motion, seconded by Cmsr. Carey, to approve \$60,180.80, for payment of a Heart and Hypertension benefits claim, subject to approval at a Special Town Meeting pursuant to Chp. VII, Sec. 3c of the Plymouth Town Charter. T

b. Recommended transfers between accounts; Transfer Station OT, et al, as required

Chairman Zovich stated that Anthony Lorenzetti had requested monies be transferred from the contingency account to increase/restore monies into his Transfer Station Overtime Account in an effort to keep the same hours at the Brush Dump.

D. Bertnagel stated that A. Lorenzetti had made a presentation to the Town Council requesting the hours at the Brush Dump not be reduced and that the Town Council voted unanimously to keep the same hours, as requested. D. Bertnagel stated that the funding in the line item would not accommodate the overtime hours. D. Bertnagel noted that A. Lorenzetti had chosen to run the account into a deficit, based upon the collective bargaining agreements in place; a brief discussion followed.

Motion:

Cmsr. Cook made a motion, seconded by Cmsr. Carey, to transfer \$7,200.00 from the General Fund Board of Finance Contingency Account to the Transfer Station Overtime Account, based upon the recommendation of the Town Council. Vote: Cmsr. Budnick/no; Cmsr. Carey/no; Cmsr. Cook/no; Cmsr. Drozdick/no; motion failed.

When asked by R. Zovich, D. Bertnagel stated that he had no other transfers between accounts to report on.

c. Update on implementation of cost savings; i.e. cell phones, surplus vehicle/asset sales, reducing OT, consolidating checking accounts, outsourcing and fee schedules

No discussion, to be deferred to next month.

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Discuss and take action on final draft of the Fund Balance Policy No. 2010-01, re. any additions, modifications, and/or comments

Motion:

Cmsr. Cook made a motion, seconded by Cmsr. Budnick, to accept the final revised draft of the Fund Balance Policy No. 2010-01 as amended. This motion was approved unanimously.

Finance Director's Report

No report.

Correspondence

Chairman Zovich stated that the Connecticut Conference of Municipalities (CCM) had submitted a mailer for each Board of Finance Commissioner requesting members to get involved in the Sate Election process; a brief discussion followed. He stated he would be happy to send an invitation out to CCM (after the elections) to meet with those elected, if the Board wanted him to do so.

R. Zovich stated that he saw a recently published article in the newspaper that stated the revised water company assessment in the Town of Harwinton was \$6,000.00 per acre, and noted that the water company assessment on the Plymouth side was \$3,900.00.

Zovich stated that this information needed to be made clear to the Assessor, Rae Ann Walcott, when she does the reassessment of the water company property. He noted all equivalent watershed property should now be assessed at the same value as Harwington's.

Public Comment

None.

Board Member Comments

Chairman Zovich encouraged everyone to consider attending the upcoming Public Hearing for the Level Debt Service proposed Bonding on Monday, September 20, 2010.

Adjournment

There being no further business of the Plymouth Board of Finance, Cmsr. Drozdick made a motion, seconded by Cmsr. Budnick, to adjourn at 10:05 p.m. This motion was approved unanimously.

Respectfully Submitted,
Acting Recording Secretary