

Minutes
Coventry Town Council Special Finance Committee Meeting
February 16, 2016
Town Hall Annex

1. The meeting was called to order at 6:30 PM.

Present: Matthew O'Brien, Andy Brodersen, Hannah Pietrantonio, Julie Blanchard

Also present: John Elsesser, Town Manager; Beth Bauer, Finance Director

2. Acceptance of Minutes:

Andy Brodersen moved to accept the minutes of the Finance Committee meeting on January 11, 2016.

The motion was seconded by Hannah Pietrantonio. The following corrections were requested:

- Page 5, first paragraph half way down, public works: revise the sentence to read, "...if we did it because public works employee's salaries are higher than their maintenance staff..."
- Page 7, consideration of request for library expansion, 3rd line: revise sentence to read, "...grant levels of \$1.5 million and \$1 million."

The motion to approve the minutes as corrected carried on unanimous vote.

3. Reports:

- a. Chairman – Matthew O'Brien: Matthew has prepared a response to the Board of Education's request for details regarding the statement that some of their financial information was inaccurate or misleading. Hannah Pietrantonio expressed concern that the response seems so negative. She wishes there was another way to put it to them. They have had stellar audits. Matthew said he was just talking about their responses to us, not the audit. Hannah said their accounting practices are as good as ours. Julie Blanchard said she doesn't don't feel they are being transparent. Hannah noted that gathering the information does take time. If we feel it wasn't timely that was one thing, but she doesn't agree with the statement that it was misleading. Matthew replied we are not questioning their accounting. The answers they provided to us are inaccurate. Hannah asked if it would behoove us to have a separate meeting with them. Matthew said yes. We had asked for a meeting and they said no. We got a request for special education tuition when there were not any students in the district, but in anticipation that it might happen. He emphasized that we did not put this document together except by their request. We moved forward with the information we had. Hannah said she hopes we can resolve this as it just seems like banter now. Matthew asked if she feels he shouldn't have responded. Hannah replied no.
- b. Committee members: none.
- c. Finance Director – Beth Bauer: We are continuing to have strong property tax revenue collections. The State revenue picture is still the same. We are continuing with strong building permit and real estate-associated revenues. Matthew O'Brien asked if Beth had any insight into the increase of 2% - is it new houses? Beth replied it is just a percentage of the appropriation. New houses and increases in the grand list would be part of that. We really don't know until we have completed the end of the collection period. Some years people pay earlier and some years they don't. It is a good sign they are paying earlier and not holding off. John Elsesser noted we are running out of overtime for snow removal and salt. Last week the Public Works crew was out almost every day and yesterday they worked on the holiday.
- d. **Supplemental Appropriation Status:** No discussion.

4. **Suggestions for consolidation of non-educational services:**

John Elsesser noted that in the list of potential suggestions he sent, a couple of the items are easier. It is important to talk about things we already do with the Board of Education because a lot of people don't realize it. Future considerations could include: a joint website, propane bid and video streaming license sharing. In terms of staffing we don't have a human resources person on staff - they have a person who does some. We try to do our HR in accounting and it overloads us at times. Other items to consider might be legal counsel and HVAC. We might get better pricing. The Board of Education is taking the lead on a VOIP study and we hope to have options before the budget season is over – there are potential long-term savings. Financial services and software wouldn't be easy to consolidate but we could discuss it if either of us needs to change. Other areas might be specialty services like electrical and plumbing. We have a 7-year-old bid for plumbing that has a pretty good price. Some of the easier ones would be the website agenda modules, propane and VOIP. We have 10 days after we receive their budget to make recommendations. Receipt of their budget is imminent – we won't have another Council meeting after this one before the deadline is up. Matthew O'Brien said some of the items on the list sound like good ideas to him, Julie Blanchard agreed. John said if they want to submit suggestions in writing it would need to come from the Council. You could send the whole memo over or prioritize the items. Matthew O'Brien said as Finance Chair he could recommend it under his report.

5. **Consideration of proposal for audit services:** The Committee reviewed a proposal from BlumShapiro to continue providing audit services to the Town of Coventry for a 3-year period. John Elsesser noted the first year is a freeze at current rates with reasonable increases afterwards. Andy Brodersen moved to recommend that the Town Council accept the proposal, seconded by Hannah Pietrantonio. The motion to recommend the proposal to the Town Council carried on unanimous vote.

6. **Pension Plan Actuarial Valuation Report:**

Beth Bauer noted the important thing to know about this report is the pension is in pretty good shape right now. You can see that in exhibit E, which outlines the recommended contribution next year. Funded status is 84%, which is remarkable considering 3 years ago it was 55%.

7. **Contract Review - Vintech: Temporary Ambulance Service Staffing:**

Andy Brodersen said he wants to know if they cover all insurance – does the Town have liability? John Elsesser replied they are covering workers comp. We cover ambulances. They have to go through a post-trip and pre-trip status check. Matthew O'Brien asked if they were in an accident whether we would have liabilities for injuries. John replied yes.

Matthew said he had asked John about items D and F of the Management Report. It seems we are putting in language as if we are paying a set amount and making an adjustment afterwards. John said no, they are billing us after the fact. Item D is clear but confusion comes in under item F, and Vintech is willing to strike the last sentence.

Two other instances where the title “administrator” is used will be changed to “Fire/EMS Administrator” as noted on the document, which will go to the Town Council for final review. Matthew said he thinks the cleaned up version of the contract is much better. John said that Vintech authorized us to strike out and initial the areas to be changed as discussed.

Julie Blanchard asked about paid holidays on page 7 letter B. John replied we won't be using Vintech for paid holidays. If we can't get anyone in and they have to do it then it would be at the higher rate.

Hannah Pietrantonio moved to recommend the contract for ambulance staffing services with Vintech

to the Town Council with the changes as discussed. The motion was seconded by Andy Brodersen and carried on unanimous vote.

8. Tax Abatement Program for Seniors - Fiscal Impact:

Matthew O'Brien said we should hold off on doing any work until we get input from the Steering Committee. He knows it is difficult to identify who will actually qualify. He doesn't want to ask for any new research if they change the parameters. If Committee members have comments let Beth Bauer know.

9. Library Expansion Project - Funding Scenarios:

Matthew O'Brien said we are waiting for input from Steering. John replied there are two paths and both have their own charge – one to Steering and one to Finance. Matthew said the issues Steering is reviewing, i.e. parking, have impact on ours. John said instead of having our financial advisor do a lot of scenarios we just factored off the information they gave us, i.e. the impact of a \$5.7 million project. These days the rates are not fixed - now there are different coupons with different minimum/maximum rates depending on the timeframe. We have to look at the life and come up with an average. It might be wise to use an average. We looked at the relationship of what a half million-dollar difference does. It is a \$5 difference per year for the median household. Matthew asked if non-durable pieces were identified. John replied that we need to work with the architect more on that. The building committee is meeting on Thursday. We asked the architect to look at impacts if they have to shrink it down. He pointed out that it is based on a 4.125 bond rate. We are going to market Thursday - with the change in the stock market and some concerns that the bond rate is dropping dramatically, we had anticipated more like 3%. They had recommended doing 1.25 points over the basis rate. We need to ask if that assumption is still valid. We thought the purpose was more to look at the relationship. Matthew asked if going forward we can get information as to what would influence the minimum/maximum rates. John said it would be based on their advice about how to structure the sale. It is not a fixed amount. The financial advisor looks at the world market and decides what coupon rates they want to offer and people bid on it. We could do a fixed rate but it is not as attractive so people won't bid. The Town was renewed by Moody's Bond Rating Service at Aa2 with a strong outlook. We are bank qualified which means banks offer higher municipal bonds with a more attractive rate.

10. Adjournment:

The meeting was adjourned at 7:10 PM on a motion by Andy Brodersen, seconded by Hannah Pietrantonio and unanimously approved.

Respectfully submitted,

Laura Stone
Town Council Clerk