

Minutes
Coventry Town Council Finance Committee Meeting
September 12, 2016
Town Hall Conference Room B

1. The meeting was called to order at 7:00 PM.
Present: Matthew O'Brien, Andy Brodersen, Hannah Pietrantonio, Julie Blanchard
Also present: John Elsesser, Town Manager; Beth Bauer, Finance Director

2. **Joint meeting with Board of Education Fiscal Committee**
Present: William Oros, Jennifer Beausoleil, Mary Kortmann, Michael Sobol, David Petrone, Robert Carroll
 - 1) **CNG Conversation Update:** Tom Kolodziej, Chairman of the School Building and Energy Efficiency Building Committee, was present to provide a report on the bid results for the replacement or conversion of boilers/burners for the CNG natural gas project. Mr. Kolodziej indicated the committee had two low bids, one for full boiler replacement and an alternate for a combination of conversion and replacement. Information was sent previously by email. MJ Daly is the low bidder for the alternate bid at \$486,450. This would replace two boilers at the high school and middle school and convert the others in the connecting wing. The committee is recommending going with the alternate bid because the difference in cost was \$140,000 – and the payback doesn't seem to be there for replacing the other boilers. It would take 30 years or more to make up the difference. The committee expects we can get another 15 years out of the connecting wing boilers. Matthew O'Brien asked if the change of dates by CNG from December 2016 to April 2017 has been taken into consideration. Mr. Kolodziej noted that CNG hasn't gotten permits from the railroad company for Rt. 44 yet and will run out of time to get patching done before winter shutdown. The committee would hold off and not take out any equipment until gas is on site. We have 90 days to connect according to the contract. This works in our benefit because we won't have to stage the boilers during replacement. The heating season will be done. Matthew asked if the bids are good for more than six months. Mr. Kolodziej replied that is our understanding. MJ Daly is willing to hold the price until spring. Mary Kortmann said we also asked BL companies if we should rebid and they thought the bids we got were low and might be higher if we rebid. We believe we will need to enter into a contract to get the rebates so we would want to lock them in with the numbers we have. Beth Bauer said that Greg (*from BL Companies*) told her the amount of available rebates is filled up again January first so if we can get our items in queue it would be better. John Elsesser said the later timeframe also helps us get rid of the fuel we have already contracted for so that also works in our favor. Jennifer Beausoleil asked at what point the neighbors will be notified of the new dates. John replied the people who showed up at the community meeting with CNG found out first. It is CNG's responsibility to get information out and we will remind them.
 - 2) **Fiscal report request:** Matthew O'Brien asked if the Fiscal Committee had any questions regarding the Council's request. Michael Sobol said there are a lot of specific requests on the report. It brings up some challenges and frustrations on our behalf. All of our reports are public and all of our decisions are made in public meetings. The Town Council's request is essentially asking for the

creation of new reports and summaries of existing reports. For example, the cash disbursement report is a 753 page document, a lot of which has to be redacted to protect student information. Doing so was almost 8 hours of time for our business office. It's putting a lot of strain on our administration based on the job they already have to do. A lot of the information is redundant and is already provided. We do not want to put this additional strain on our staff. We are in charge of managing the education budget. Matthew referenced the monthly management report and asked what it tells them, and asked if the Board of Education gets additional documents with it such as a narrative that gives an overview of changes or issues. Michael replied if there are changes we would ask about them. Mary Kortmann said we do this in discussion. Matthew noted that details of these discussions are not provided. The Town Finance Director's report gives an overview of significant issues and our minutes give details of the discussion. Mary noted that minutes are only required for action items. She said Council members can come to the meetings. Jennifer Beausoleil said that transfers are in the minutes and videos of the meetings are available. Matthew said we have also asked for signed copies of budget transfers – it would make things easier. Robert Carroll said we put unsigned copies up on the website – they are not signed until after the meeting. David Petrone said we can do this. Matthew said we have only seen the transfers but not information about why they were made. It doesn't appear in the minutes. Michael said it would be in the videos of Board meetings. Jennifer said there is often a management report for line items, and where there is a difference between the projection and proposed budget it has detail as well. Matthew said he is not going to be happy if he has to watch every meeting – he was hoping he could get more detail. Michael said we have a staff that has a job, and that is to manage education in the district. The requests from the Town Council are coming in at an overwhelming and redundant rate and it makes it difficult to do our jobs. Matthew replied that the Town Council has the job of approving the Board of Education budget and this is the type of information we need to do so.

- 3) **OpenGov status:** Matthew O'Brien asked if the Board of Education will be looking into joining this initiative. Mary Kortmann said we will be looking into it. The State wants a whole bunch of new reports at the beginning of the year. We also have to participate in the audit. When we have a chance we will look at whether participation in OpenGov can be done or whether it is overwhelming. Jennifer Beausoleil said we were under the impression that OpenGov was an overlay to the Town budget but we are also hearing it has to be loaded and is not just an interface. Beth Bauer replied it resides on the cloud. It is not a module or part of the financial system. We upload data once a month. Jennifer asked how long it takes. Beth replied the upload is quick – that is not really the issue. The thing that will take some time is the initial transfer - making sure what initial information is included and that it is classified correctly. Issues such as the redaction of confidential student information is a possible example. That would be something you would have to do yourself. The Town is not affected by that. The monthly upload is a two-step process and you need to look at it to make sure it is correct. Jennifer asked if the Town has any statistics on usage. Beth replied it has been operational since May. Since then there have been about 250 visits. William Oros asked if those are unique or repeat visits or if there is any way to tell. Beth replied there are graphs that show first time users vs. repeat. For her the thing about OpenGov is it is a new way of displaying information.

The challenge to us is not so much the setup or upload, but looking at it for its potential usage and how you make it speak to an audience. She thinks it has a lot of potential but it requires rethinking your presentation. It had an initial level of interest – we think it will die off unless you continue to present the information in ways that show its usefulness. Mary Kortmann said she has used it several times – but she can't get reports out of it that would be useful to her, for example preschool postings, capital budget, etc. Beth said the place where you would get that information would be to get the reports off the financial system. If you want to use OpenGov for it you would use the check register. Mary said you can't pick just four capital accounts – you have to get it all. Beth replied Mary is trying to use OpenGov when she has a better tool in the financial system. Jennifer said we keep hearing that OpenGov will give transparency into finances but we can't find what we are looking for in the Town budget. Mary said we can only do one account at a time. John Elsesser replied so you could do it four times. Mary said we have been told once we convert that the Finance Committee will have everything they are looking for. Matthew disagreed, saying he has never said that. John said it is possible we could build unique views just for you for the type of reports you need. We are trying to develop landing pages based on what people might want to see. William Oros asked whether training would be included in the appropriation so we can manipulate data or whether we would need to think about that in overall budgeting. Beth replied there was a quote that had the cost for coming onto OpenGov. There is an annual cost after that. John said training for the staff is built into that. We have a clerk do our monthly transfers, not Beth. Beth does the management side to develop pre-created reports. Matthew asked the Board of Education to keep us up to date when they move forward.

- 4) **CHS walls project update:** John Elsesser asked for a status update on this project and said we need members for the building committee. There is only one person now and the committee doesn't have a quorum to meet. It is becoming more urgent as budget season is coming up. It would be helpful if everyone could help recruit for the committee. We are counting on some code money and the State is severely changing the State construction guidelines. We might get locked out. A public hearing on changing construction guidelines is pending. You can count on that changing this legislative session. This will affect reimbursement.
- 5) **Joint Collaboration projects:**
VOIP: John Elsesser said from our perspective the VOIP phone system will have many benefits. He thanked Jeff Beebe and the school IT staff for taking the lead on this project. It saved us from having to hire a high-priced consultant to put the project together and also brought in a wealth of knowledge. Schools have the equipment already and the Town is moving into the implementation phase. Working together we are saving taxpayers money and getting a high-performance system that has security features we didn't even know about. David Petrone said the implementation process at the schools went very smoothly – the vendor put in a lot of measures that helped with the transition. Jeff Beebe is very knowledgeable and helped us avoid some pitfalls. We are now into the second phase of the transition which is to take advantage of some of the more advanced features. The audio quality is helping making life easier.

Wellness and Health Insurance: Beth Bauer underscored the advantages of belonging to ECHIP – saying it would not have happened without a joint effort with the Board of Education. One big advantage is we are able to get price quotes in December – that makes it helpful for budgeting. It used to be a big problem getting prices in April or May. Another thing we have been able to do is to move into a more formalized wellness program – this has also been very positive. We are taking small steps to get there but it has been terrific to have staff at the Board – you have some very committed and talented people there. The Town alone isn't big enough to do much of anything and wouldn't be able to bring the same resources to bear. John Elsesser said the good news is we had a very modest increase a year ago. This year it was flat and we have good projections moving forward. We are not experiencing the 40% increases you are hearing about in the news. We hope this trend continues. Wellness is a part of that. David Petrone said people are taking advantage of the wellness programs being offered which is good. John said the workforce is also getting younger. Mary Kortmann noted with younger people we are getting maternity leaves. Jennifer Beausoleil said because of Bob (*Carroll*) and Beth (*Bauer*) Coventry was one of the first towns to participate in ECHIP. We went from double digit increases in health insurance to modest increases.

- 6) **Smart Start grants:** John Elsesser said it was a busy summer but the Board of Education met their goal. David Petrone said we put one classroom in over the summer. There were a variety of challenges from rainwater to cut wires but we are in and started on time. We are full to capacity related to families in need, with 21 spots in that area. Each classroom is not to capacity but families in need are met. We got word out to a variety of non-traditional places to get the word out and it worked. We are waiting for two doors to come in – they are on backorder but hopefully will be here in a week or so. If anyone would like to come for a tour we would be happy to take you around. He thanked John Elsesser, saying we always partner well together. The preschool is now totally self-contained from the middle school. It is really nice.
- 7) **School Building and Energy Efficiency Building Committee update:** John Elsesser said that BL Companies had done some initial work on the ADA project – this was set aside to get the boilers out to bid and now they will get back to it. They had come up with a big list that can be addressed - some items can be done internally with staff and others will need to be contracted. The list needs to be fine-tuned. They also came up with a concept on the five connecting fire doors. The goal is to get them priced out in time for the upcoming budget. Mary Kortmann said it had been sent to their estimators but got held up. John said he thinks they are back on track now and we should have costs soon. David Petrone said we will try to address some items in-house to save money. Hannah Pietrantonio asked if there is a timetable to comply. David replied there is a corrective action plan in place. We sent an updated report in June. They are satisfied with our progress so far. We are in compliance with all outdoor ADA issues. Jennifer said we have to demonstrate continued progress. David said the evaluator was impressed but we cannot stall. If there is a legitimate reason for delay that is one thing. Robert Carrol said he believes the plan calls for finishing up by next summer. David said the Town was a lifesaver in helping us address the outside issues. John noted the fire doors are not part of the ADA issue. The walls are another project as well. Hannah asked if there are timeframes on the

wall issue. John said that is up to our Building Official - he has made it clear that he wants to see some progress by the end of the coming summer on fire code issues. It has to be in the budget. We don't necessarily have to do all five doors but we have to demonstrate progress. We don't have prices yet. David said we are working with a lot of specialized detail but we have been taking action.

- 8) **State spending cap:** Matthew O'Brien asked if the Board of Education is aware of this and what it means. There was general consensus that the issue is understood. Matthew said he thinks it is important to keep it in mind while negotiating contracts. John Elsesser said the State has mandated if we increase our expenditures by more than 2.5% we will have a commensurate reduction in State aid. There are some exceptions such as debt service, arbitrated awards, and natural disasters. The CT Office of Policy and Management (OPM) is further defining the law and that is supposed to come out by the end of December. The Connecticut Conference of Municipalities (CCM) is pointing out that is not good since Board of Education budgets are well underway by then, but OPM says they have lost half their staff. We will see more recalcitrance from the State as they experience staff reductions. The head of the CT Education Network (CEN) resigned. The Board of Education received a bill from CEN for services that had always been free, and it is \$1200 per month. They are passing these costs on to schools and libraries. It really hurts our library. Those "little cuts" are going to continue until we bleed out. Our budget cycle is ahead of the State's so we go into it not knowing what the results will be. Matthew noted that personnel is our biggest expense so we need to keep an eye on it.

Matthew O'Brien said he thinks we need to stay on top of the crumbling concrete foundation issue too, because it will affect the Town budget. John Elsesser said 10-12 homeowners have applied for reductions in assessment so far. We are working with other towns to define a matrix for assessments. We received an engineer's assessment of the issue and it estimates the impact to Coventry could be a \$59 million reduction in our assessments. Forty percent of our houses built were built during the timeframe in question - and the report doesn't necessarily agree with the window that has been publicized - the engineer believes it will be until JJ Mottas shut down. Matthew said it is not just the houses that are directly affected, but everyone. John said the recommendation is that no house be allowed to be sold without a concrete test - which costs approximately \$5,000. Right now they test for pyrrhotite and if you have over a 3% value of it then it could be an issue. They are using stats from Quebec. Matthew said the Council is considering this as well as the State budget woes. Our State Representative says there are hundreds of things in the budget that don't have funding. John said regarding crumbling concrete foundations, the Town of South Windsor received a letter from Sen. Larson saying not to expect State aid - to go bond it yourself. David Petrone asked if any federal aid is anticipated. John replied there might be an initiative to get a reduction in taxes similar to what happened with the Chinese sheetrock issue. This issue is much larger. Matthew said some discussions are taking place with banks and insurance companies. John said banks have real vested interest because they may lose the mortgages. It is going to be difficult to get new mortgages or refinance. Life is going to change dramatically over the next few years.

William Oros asked if the CCJEF court case has been settled. John Elsesser

said the State has 180 days – the legislature is saying they don't have time until March but we feel they should call a special session. We anticipate more affluent districts will lose some ECS money. The judge called for a rational system. That system could have things like a per capita/per student base to cover testing and a formula that is rationally implemented, rather than politically implemented. The State hasn't decided whether they are going to appeal or not. We think we will see some shifting of funds. Coventry is not a hold-harmless community so we run a risk of some loss but not huge. David Petrone said there is some feeling that the judge over-reached. John said one big thing the judge severely criticized is special education funding in that some students are really not educable. At that point is it the responsibility of the education system to pay for their education? The judge says no. It doesn't mean it isn't the responsibility of someone else, but whose responsibility has not been established. The federal standard is you need to not discriminate against the potential to learn, but if they don't have that potential you are off the hook. David said trying to establish that could be prohibitive. John said under federal standards the decision is made by the education system. That is not the way Connecticut does it. If we lose a case we have to pay legal fees. Most of what we are doing here in Coventry will not change because we don't have many students of that caliber. The State has 180 days to come up with a plan. The judge built a very solid case for his decisions. It was not a lightweight ruling. David said we have heard a wide range of opinion - some feel he went way beyond in terms of graduation testing, teacher evaluations, etc.

- 9) **IPad program:** Matthew O'Brien asked for updates going forward – and how the program may impact the budget. David Petrone replied we shared the plan last year. Matthew said he thought there were three options. Was a final decision made? David replied yes. We can send the final plan. We rolled out 8th grade iPads that were part of the grant – those were distributed during the open house. Ninety six percent of the kids showed up that night to get their iPads. The new software management system is working well. There is more integration than ever and bandwidth is working well. Parental feedback is good. There is more usage at the grammar school and high school too. Other districts have come to visit - three came to see us in the last two months of school to see what we are doing with our iPad program. Matthew said he knows they evaluate equipment – his daughter is in college and everyone uses Chromebooks and they are lower in cost. David replied there are various levels of Chromebooks and levels that last more than a year cost more. The iPad batteries are better, and virus vulnerability is better. In some cases a laptop format is needed rather than a tablet. We have had great success with iPads – they are able to be used in all areas. Kids are using applications that are appropriate and the ease of use is beneficial.
- 10) **Any other areas of mutual interest:** Hannah Pietrantonio asked how the Board of Education is audited. Jennifer Beausoleil said we go through the same audit process as the Town, with the same auditor. Matthew O'Brien said he thought it had just been proposed by the State that Board of Educations be audited. Robert Carroll replied yes and we wondered why because we already do it. Mary Kortmann said they audit all of our federal and state grants and any discrepancies are reviewed. They also do spot checking. The auditor is chosen by the Town.

Mary Kortmann said our most recent financial reports were sent to the Council on Friday. One of the documents, "Highlights of 2015-16" is all expenditures done as a one-time basis. These are one time projects we managed to do as the year went on that were not in the budget. A number were in our Capital Improvement Plan (CIP) but not the Town's. Some were in the school energy project but had been dropped. Matthew O'Brien asked if any were paid for by grants. Mary replied they were paid out of our budget. Matthew asked what the source of the funds was. Mary replied they were found in our budget. Jennifer Beausoleil said items that were done out of the CIP saved future tax dollars. Mary said another thing we would like to point out is our management report shows we are \$148,000 to the negative. Matthew asked what they attribute this to. Mary replied a special education placement.

Matthew O'Brien thanked the Board of Education representatives for coming to the meeting and hopes we can do it again. Hannah Pietrantonio asked how many times per year we should be doing a joint meeting. John Elsesser replied the next one will be for presentation of the audit in January. Mary Kortmann said a meeting at this time of year is early for our current budget to mean anything. Hannah asked if business office staff works all summer. Mary replied yes, but between mandated reports and vacations it is difficult. We have found it useful in the past to go over our capital budget submission which is due in December. Matthew asked if we should go over it at the January meeting. John Elsesser noted that the Capital budget is his jurisdiction.

3. Acceptance of Minutes, August 8, 2016:

Andy Brodersen moved and Hannah Pietrantonio seconded to accept the Finance Committee minutes of August 8, 2016. The motion carried on unanimous vote.

4. Reports:

Chair: none.

Committee members: none.

Finance Director, Beth Bauer: Property tax revenue continues at a rate higher than last year which is good news. We don't have any particular explanation as to why. Last year we were ahead of the year before so it is a good sign for the rest of the year. COVRRR fees are significantly less than last year. We believe we set the budget before the rates were lowered by the Town Council and are assuming that is the reason for the drop. Anticipated revenue was higher because it was not adjusted. Expenditures are slightly less than last year at the same point.

Tax assessor: CT DMV problems have not been resolved. Additional information from DMV will have to come to us if we are going to have any additional corrections and we haven't received it, so the grand list will stay as it was. There may be adjustments in the future. The Board of Assessment Appeals is meeting on 9/15 but they only had 4 applications and they are all motor vehicles so it is a very small agenda. John Elsesser noted the chairman of that committee has resigned. They still have a quorum but for the February/March meetings it would be good to find new member.

Beth said she has given some thought to OpenGov and really thinks what we have to do is make sure we keep it on the front burner. She worked with Laura Stone and got a promotion in the September monthly e-blast – she would like to have a monthly focus going forward.

The last one was on grants. The next one could be about taxes received. She will try to get something out that has a different perspective each time. Her feeling is that people aren't just going to seek out OpenGov on their own. We will have to develop narrative to show what is possible. Matthew asked how we would let people know. Beth said she would like to do it in the e-blast for the next couple months.

Another item of interest is that we have been trying to decommission our 2003 server. We had almost everything off of it and it failed. A machine that is over 10 years old isn't trustworthy to keep your main information on. Fortunately were able to recover it but it took about a week. Matthew asked if we are on the cloud. Beth replied we do tape backup and offsite storage.

Andy Brodersen said as he goes through the reports he sees a few line items where there is an appropriation, encumbrances and balances, but the balances are already nearly full. Beth replied some things get expended up front. John said for the library we encumber the whole year and then pay it in four payments. Andy asked to clarify if it is all encumbered then you can't spend. John replied that is correct.

Matthew O'Brien said he would like to be kept informed about the Library CEN issue. John said we think we covered it for this year through e-rate but next year may be different. They are not \$1200 a month because their speed is not the same as the schools. He is not sure of the figure. It might be \$3600 for the year. Next year they might need a modest budget increase. They are also having severe issues with their air conditioner. It is 25 years old.

5. **CNG Conversion:**

John Elsesser said the way the building committee did the bid does not work as well for the options we have, so we need to get their schedule of values. His recommendation for the Finance Committee's consideration is we pay cash for the burners out of CNREF with the balance as a lease purchase, unless you want to wipe out CNREF and then we could pay cash for the whole thing. Beth Bauer said we have to know about rebates as well, because it could be significantly less. We can start working with the contractor to get the contract signed and then work on the financing. We have 60 days. She also noted the initial bid indicated the project would be finished by the end of December so if that changes the new date will have to be in the contract. Andy Brodersen said he wants to make sure the contract is good if CNG gets further delayed with permitting. John said we will address it in the contract language. The schedule may allow us to get some piping done during school vacations. We could order materials and have them stock the boilers to guarantee availability. We have lots of options. The Police and Fire Department systems will require more discussion. The Police ones will have to change. The Fire Department one is almost 20 years old and they have had some issues. The service person is recommending replacement but it depends on the price of the conversion burner. Matthew O'Brien moved to recommend to the Town Council the alternative bid option, replacing the two boilers in the middle school and high school, and doing conversion burners on the units in the connection spaces, based on the presentation made by Tom Kolodziej from the School Building and Energy Efficiency Building Committee. The motion was seconded by Andy Brodersen and carried on unanimous vote.

6. **Lake Gate Repair Funding:**

Andy Brodersen moved to add discussion and possible action on additional funding for the Lake Gate project to the agenda. The motion was seconded by Hannah Pietrantonio and carried on unanimous vote.

John Elsesser said he has been warning the Council that he has been concerned about whether we would have sufficient funding for this project. We got a STEAP grant for \$475,000 which was the most we could get. A couple things have changed. Over \$100,000 was spent on design and permitting, survey work and borings. The final cost came in at \$393,000 and the engineer feels it is a valid bid. We need a contingency at 7.5% plus funds for inspections and testing. So we need total of \$437,475 and we have \$380,631.03. It might be possible to use the remaining Lake Management funds in the capital budget of \$25,000. The Flyboard study does not look like it will go forward this year. Additional funds could come out of the Council's 1.5% or CNREF. It would be a sum not to exceed \$56,850. The contingency might be zero but we don't know. Matthew O'Brien moved to recommend use of \$25,000 from the Lake Management Capital Funds and a supplemental appropriation of up to \$31,850 for additional expenses for the Lake Gate repair STEAP project. Andy Brodersen seconded the motion, which carried on unanimous vote.

7. Adjournment:

Hannah Pietrantonio moved to adjourn the meeting at 8:50 PM. The motion was seconded by Andy Brodersen and carried on unanimous vote.

Respectfully submitted,

Laura Stone
Town Council Clerk