

The Board of Finance held a regular meeting on January 20, 2010 in the Courtroom of Windham Town Hall, 979 Main Street, Willimantic, CT 06226

Members Attending: Barbara McGrath, Leo Santucci, Jeffrey Smith, Charles Pennewill, Anita Sebestyen, Jay Handfield

Chairman, Barbara McGrath called the meeting to order at 7:07 p.m.

### **Public Comment**

Jim Baron of Willimantic and a Windham High Alumni commented about a group of alumni advocating for a choral program to be reinstated at Windham High School. Also, Steve Kaminski produced a documentary about the history of Windham Public Schools performing arts programs. The documentary will premier on March 4th, 5th and 6<sup>th</sup> at the Capital Arts Theatre.

Bernie Dauteuil of Willimantic asked about what the overtime money in the finance department is being used for?

### **Approval of meeting minutes**

Upon a motion by Jay Handfield, seconded by Charles Pennewill to accept the meeting minutes from December 16, 2009.

Leo Santucci commented that the minutes of the meetings need to be done in a timelier manner. It is not fair to the populous. Getting the minutes of the board of finance a month after the meeting is ridiculous. They should be easily done in a week. More detail was requested and abbreviations need to be spelled out. The public needs to understand what is going on.

The motion passed unanimously.

### **Presentation from Town Manager**

Town Manager, Neal Beets, presented information from a goal setting session of the Town Council held on January 13, 2010. Topics discussed at the meeting were the purpose of the goal setting session, current projects that were approved in a prior year, reviewed what we would be doing as far as contracts that will be expiring. One challenge discussed with the council was the amount of nontaxable property in Town. Also discussed was the historic and current separation that has existed between Windham and Willimantic. The image of the Town was discussed and what has contributed over the years to a negative image. A primary goal identified by the Town Council was Economic Development and how important it will be to work with the new owners of the Nathan

Hale, Windham House, and YMCA to make sure something happens to the properties and it will be good for the Town. Back in 2006 the town obtained an earmark through Representative Joseph Courtney to design a garage at Walnut and Meadow Street. Since then, there have been discussions but we need to obligate the funds by September 30<sup>th</sup>. It will provide much needed parking for different purposes in town. The town is not anticipating any new revenues. We are using the goal setting to help establish priorities within our current expectations for revenues. We are operating within our current revenues and how would we prioritize expenditures.

Charles Pennewill commented that the Hartford Courant only seems to report on Willimantic with negative stories when there are positive things reported on in other towns. Why does that exist?

Neal Beets replied that we need to act contrary to peoples expectations and image and do a better job of marketing ourselves with schools, Eastern Connecticut State University, the business community and take advantage of every positive opportunity.

Barbara McGrath commented on Willimantic or Windham having a Main Street program. The Main Street program is a national program and one of the four primary factors is a marketing component.

Jeffrey Smith commented on being involved more closely with the Town Council so we know what they are doing and we are on the same page.

Barbara McGrath commented that in previous years many members of the Board of Finance attended Town Council/Board of Selectmen meetings during the budget process so when the board receives the budget they know why certain things are they way they are. Will the budget be submitted to the Town Council on February 28<sup>th</sup>?

Neal Beets commented we haven't work out all the details and are working on a schedule.

Barbara McGrath asked to have all Board of Finance members notified of any Town Council budget meetings.

### **Discussion and possible action to convert to self insured dental plan for Board of Education and Town Employees**

Upon a motion by Jay Handfield, seconded by Charles Penewill to establish a self-insurance fund

Resolved:

- (a) There shall be established a fund to provide for dental care benefit expenses.
- (b) Income to said fund shall include: (i) such amounts budget for each fiscal year for such employee benefits, (ii) such amount transferred to or from budget accounts for alternative health plans, (iii) investment return accrued with respect to retained reserves, retrospective and experience-rated premium refunds and (iv) other recoveries as may from time to time be received in connection with benefits. Expenses from this fund shall include those needed to maintain and administer the fund directly, including, but not limited to, insurance premiums, actuary/consulting legal fees and cost control programs.

- (c) The Controller/Risk Manager, in conjunction with the Treasurer, shall account for the said fund in accordance with generally accepted accounting principles.

The motion passed unanimously.

### **Town Controller's Report**

Town Controller's report was presented by Tom Pesce.

Members from the Senior Center Committee held a meeting today. A request for proposal will be put out within the next two weeks. The request for proposal will be for a preliminary assessment and design for a regional senior center.

Barbara McGrath asked if there was a Board of Finance representative on the committee. Tom Pesce replied not at this time.

The status of the current year revenues were reviewed. There is uncertainty in the revenues we will be receiving from the State of Connecticut for this year and also next year. Next month we will have better projection on revenues from January tax collections, and from State revenues that have been received. On the expenditure side for the current year, there are no major concerns.

A handout of articles from the Connecticut Council for Municipalities newsletter was reviewed. Some items they are lobbying the State for, are initiatives for municipal fiscal relief. There was also an article on funding reserves, how they are drying up at the State level, and also what it means to municipalities.

Leo Santucci commented on the fiscal year pie chart. The General Government budget takes up 24% and the balance of 76% is taken up by the Board of Education. Looking long term what is this trending for the past ten years? Is it trending higher? He would like a trend chart to see where were and can we project where we are going. On the revenue side with the non-profits, what is the trend over the past ten years for the loss of revenues from non-taxable properties? Is that percentage going up, staying the same, or decreasing? We need to have a rational policy on taxation and eventually a further consolidation to level out the taxation.

Barbara McGrath commented the Connecticut Council for Municipalities pointed out two initiatives they proposed are the Towns having more control over the Board of Education budget and fully funding the Payment In Lieu of Taxes.

Charles Pennewill questioned if the pie chart will increase with the operating expense of the new school?

Barbara McGrath commented Board of Education's projections for the cost of running the school will not have a significant impact. It will be more cost efficient.

The status of the audit for fiscal year 2009 is the auditors are reviewing the data and should have a preliminary draft by the end of the month. The final submission should be in the first or second week of February. They should be making a presentation of the audit to the Board at the next meeting. The preliminary unaudited results are favorable overall. We expect not to utilize the full \$331,000 that was designated in fiscal year 2009.

Barbara McGrath commented the previous budget was passed with using a plug of \$331,000 from the undesignated fund balance instead of making additional cuts in the amount of \$331,000. We are not supposed to cover operating expenses with savings. Tom Pesce commented on the audit for Willimantic Service District. Their fund balance will be improved. There will be a revenue surplus and a favorable variance in expenditures. The primary reason of the revenue surplus was from a grant for the fire truck that was purchased in fiscal year 2008.

There will be a challenge going forward on next year's budget.

Barbara McGrath questioned if Tom Pesce was working with department heads on the budgets they submitted to Town Manager Neal Beets.

Tom Pesce replied yes that requests were sent out to department heads and they have been returned. He will be meeting with Neal Beets to begin reviewing the requests. The first look at the budget will be under the assumption that taxes are flat and looking at all the revenues, the most significant revenues come from the State of Connecticut. What will be done on the expenditure side? A lot will depend on the Board of Education budget. We will be working on the budget over the next few weeks.

Barbara McGrath commented on keeping taxes as low as possible but it will be difficult to have a zero mill increase two years in a row. We can't keep pushing it back on the same people. She will be speaking with Ken Folan or Mark Doyle at the Board of Education to see when the finance committee will be meeting on their budget.

Jeffrey Smith questioned if we knew where the Board of Education is on their contracts for administrators and teachers?

Barbara McGrath replied administrators had the arbitration and the arbitration decision was a freeze for next year in salaries and in steps. In the following year there will be a 1.9% increase. The teacher's contract is up next year.

Barbara McGrath asked Tom about answering the question raised about overtime in the finance department budget.

Tom Pesce replied the overtime in the finance department is being used to catch up on a significant amount of work that needs to be done such as journal entries, bank reconciliation, grant reporting requirements. He has been concentrating on other areas such as pension plans which will hopefully have a savings to the Town. We will be looking at overtime when putting together next year's budget and maybe adding a part-time staff, another position or doing things differently.

#### **Discussion and possible action on any General Government 2009-2010 budget transfer requests**

There were no budget transfer requests.

#### **Discussion and possible action on any Willimantic Service District 2009-2010 budget transfer requests**

There were no budget transfer requests.

### **Any other business appropriate to come before the BOF**

Jeffrey Smith commented he has a study from New England States Government Finance Officers Association for the ambulance committee and wanted to know when they would be meeting.

Barbara McGrath commented a Town Council member has not been appointed to the committee and there are two fire fighters on the committee now. We will schedule a meeting next week if possible. We will let everyone know when the meeting is scheduled.

Barbara McGrath commented she reviewed the Charter and put together a brief memo. Members of the Board of Finance are not allowed to hold any elective or appointive office but they are allowed to serve on any special or temporary board, commission, or committee.

Jeffrey Smith commented he spoke at a conference on regionalism. He delivered a paper that talks about combining services on a variety of issues and if anyone would like a copy he will bring copies to the next meeting.

Jeffrey Smith commented if we are moving forward and working together on joint services, the finance department doesn't exist in the Town Charter. The Town Charter mentions a treasurer. He suggests an ordinance that defines the finance department, its functions, and responsibilities. Without this, how can we move forward with anything else? The finance department has no responsibility authority because it all goes to the treasurer. We need to create a department of finance.

Jay Handfield questioned if the ordinance should come from the Town Council.

Barbara McGrath commented the Town Manager can make the recommendation to the Town Council.

Leo Santucci commented we should initiate this from here.

Barbara McGrath asked the Board members to review the Town Charter before the next meeting and also asked Jeffrey Smith or Tom Pesce see what other Towns have done.

Jeffrey Smith asked about the expenditures for the school budget and where was the school business manager.

Tom Pesce replied the school business manager will be preparing quarterly reports for the Board of Finance to review. We hope to have one for next months meeting.

Leo Santucci commented we have a motion to inform the Board of Education that we want a brief narrative or for someone to explain the expenditures.

Barbara McGrath commented we have asked them before but they have not been able to commit the time. We will ask them again.

Barbara McGrath commented on the current budget books that were handed out to board members. The book will be helpful to new members to understand the line items and what department is being talked about.

Jeffrey Smith questioned how long we have been with Webster Bank?

Tom Pesce replied Webster Bank is our primary bank and we are trying to move towards positive pay to help with check reconciliation process along with fraud prevention. We hope to be using this by April 1<sup>st</sup>. Beyond that, we will reassess all the banking services that we are currently receiving and see if there are any others we should be receiving.

Jeffrey Smith commented at some point it will be worth going out to bid for banking services but internally it is a lot of work.

Charles Pennewill commented he has done a draft of a request for proposal for banking services. He believes if you put it out to bid for three or four banks including local banks you will decide if Webster is good or not. We are losing money with Webster because they are not a local bank. We are paying for services we don't need.

Jeff Smith questioned how many bank accounts do we have?

Tom Pesce replied Webster Bank is the primary bank and there are a few other bank accounts. We are trying to assess the number of funds we have and if we don't need them, we will incorporate them into the general fund.

Charles Pennewill commented lets put the request for proposal for banking services out there and let the banks do the work and come back to us with what they can offer.

Leo Santucci commented if Charles is willing to do a lot of the ground work incorporation with Tom, put out a request for proposal and see what happens.

Charles Pennewill commented he was happy to get the agenda and information by email. If we receive the information by email and respond we don't need to send the information by mail.

Leo Santucci commented to designate the email as a priority item as ask for a signature that the email was opened. If it was opened it is assumed it has been received. He also mentioned the Chronicle had notices of the Town Council and Board of Education meetings but the Board of Finance was not listed.

Barbara McGrath replied we can ask to have the meetings listed with the others.

Jeff Smith questioned what was obligation for getting the minutes posted.

Barbara McGrath replied she will look into the freedom of information for posting minutes for the next meeting.

Jeffrey Smith asked if the minutes have to be posted on line?

Barbara McGrath replied we are not required to have the minutes on line.

### **Public Comment**

Lori Jeffers of Willimantic commented on the parking garage. It might take up spaces because people are concerned with safety. As far as economic development, businesses care about the bottom line. It is less expensive to do business in Windham than Willimantic. A tax abatement was taken away from St. Joseph's Living Center. Once it is taken away from one place, it can be taken away from another. She suggested talking about tax abatements next month and perhaps asking the Town Council to take away the rest of the tax abatements in this difficult economy.

Upon a motion by Jay Handfield, seconded by Leo Santucci, the meeting was adjourned at 8:45 p.m.

Attest: \_\_\_\_\_

Karen Williams, Clerk