

Minutes of the Special Meeting of the Board of Finance
July 6, 2015 – Town Hall (lower level meeting room)
7 p.m.

Members present: Joseph Sangiovanni, Ryan Anderson, Brian Kost, Scott. Lingenfelter, Chris Childs, alt. Tracy Eccles, Eric Harrington
Absent: Justin Donnelly, J. Michael Stevens
Also present: First Selectman McAnaney, Selectman Fitzgerald, Director of Finance Cerrato, Justin Donnelly (still on leave)

Acting Chairman Sangiovanni called the special meeting of the Board of Finance of July 6, 2015 to order at 7 p.m. Voted rights accorded: Mr. Anderson moved to accord voting rights to Tracy Eccles for the absent Justin Donnelly, the motion was seconded by Brian Kost, and motion approved. The motion was approved by unanimous vote.

Mr. Sangiovanni reported that at the Board of Selectmen's meeting they discussed capital projects and recommended a total of \$24,400,000 in projects: \$12,000,000 for Road Projects, \$4,000,000 for Town Hall renovation and \$8,400,000 for Bridge Street School. Other items that were considered were Fire Trucks, it was felt that they were not ready yet and could be financed through the manufacturer, Town Garage – moving it from the center of town , Stony Brook – WPCA repair, it was felt that either the Town could loan the funds to the WPCA for the repair or they could use their fund balance, also school roofs could be done annually with the reimbursement of 34-40% from the state.

Mr. Kost inquired if there was a list of roads. Mr. Sangiovanni provided copies of the list that was handed out at the Board of Selectmen's meeting. The list is dated 4-21-15 and is an update of the 2009 list. The estimates used on it are current amounts. Gerry Turbet was present and responded to the board's questions. The amount that Gerry estimated was \$10,000,000. The Selectmen increased it. The question was raised if Gerry had the capacity to manage the \$12,000,000 project to be completed in 3 years, which is the requirement of the bond funds to be spent. To accomplish it there would be the need for more contracted services for design work and inspections. There are also other costs involved. For the last bonding approximately \$250,000 was spent for traffic police. How deficient are we? How far along would we be if we did this project over the next 3 years and used the annual budget after that to the 2021 when a large chunk of debt service drops off? The board questions the need to go up to \$12,000,000 when the recommendation was \$9 to \$10,000,000. The average per mile cost for a road project is \$550,000. There are 78 miles of roads in town, in addition to the state roads. This project would replace about 20% of the roads. Currently the low bidder has been the same because they are an asphalt supplier. Mr. Childs would like to see a road plan that goes out past the next 3 years. What is the ongoing maintenance plan for the roads. A request was made to have Gerry update the plan he provided. Brian Fitzgerald responded that he encouraged the increase in the amount recommended for roads. The Board of Selectmen believe the public will support this project. There was discussion of staggering projects over the years and not issue one large bond at a time. Mr. Sangiovanni suggested that a road restoration plan for a \$8,000,000 bond every five years, when combined with the road repairs being completed currently, would restore all of the roads in Town in a 20 year period. Thereafter, a \$5 to 6,000,000 bond for road repairs every five years should be sufficient to keep all roads in proper condition. We should be using the services of a Financial Advisor to help us manage our debt.

The Finance Director prepared a preliminary "budget model" with an estimate for the bonding to be issued as 15 year bonds and another one with 20 year bonds. Mr. Kost felt that it would be difficult to take on this large of a debt service. Mr. Anderson indicated that ACCE has not met to update the plan. There are not a lot of items on the list that are not needed. The capital needs are not going away in town. The "model" displays the normal bond issuance with payments beginning in the first year. The Town can elect to not pay principal in the first 3 years. The repayment still would need to be paid in 20 years. The discussion moved to the projects and the difference between wants and needs. The roads are a need and the Town Hall is a need. There are lot more known deficiencies in Town Hall than were known before. The Bridge Street School project is a want. The taxpayer will make those decisions. The projects need to be endorsed. Ms. Eccles pointed out that the debt service as a percentage of total expenditures goes as high as 7.94% in FYE 2017 to 3.86% in FYE 2022. The projects should be staggered. The "model" should show some use of fund balance and should be maintained by the Finance Director. Mr. Kost feels that there is more work to be done before these are brought to a vote in September. The amount of \$24,400,000

seems to be too high. We should have a meeting to make different assumptions to the "model". There also needs to be a buy in from the Board of Selectmen and Board of Education to live within the projected growth rate. We need to be working with a Financial Advisor. The decision was made to update the model and send it to the Board of Finance before a special meeting. The update will be sent to the Board of Finance members before the meeting. The town should adopt a debt policy. Ms. Cerrato will research whether Dick Thivierge can only work with the Town in the capacity of a Financial Advisor and his firm cannot be the underwriters of the bond. Dick is a very good Financial Advisor. The 20 year bonding model was reviewed and discussed the items missing was the fund balance %, the assumptions and the percentage of fund balance. This needs to be updated and sent to the board to review before the next special meeting. Include a cover sheet with the assumptions that were used along with the model. The Board would like to have a one page description/explanation of each project to be able to make a decision on the project. The Board would like to have the roads as a project of \$8,000,000, \$10,000,000 and \$12,000,000 and what the annual amount should be to get us on a long term plan for the roads. We should adopt a debt policy to assist with the capital planning. Schedule another special meeting on July 27, 2015.

The meeting was adjourned at 8:30 p.m.

Respectfully submitted, Deborah J. Cerrato BOF, July 6, 2015. MINUTES