

**BOARD OF FINANCE  
MONTHLY MEETING - FEBRUARY  
February 4, 2014**

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The Monthly Meeting of the Board of Finance was held on Tuesday, February 4, 2014 at 7:30 p.m. at the Board of Education Offices, Seminar Room 295A&B, 501 Kings Highway East,, Fairfield, Connecticut.

**MEMBERS PRESENT**

David Becker (7:35), Ken Brachfeld, James Brown, Christopher DeWitt, Thomas Flynn, Mary LeClerc, James Walsh (9:53)

**MEMBERS ABSENT**

Catherine Albin, Robert Stone

**ALSO PRESENT**

Robert Mayer, Chief Fiscal Officer, Town of Fairfield  
Caitlin Bosse, Controller, Town of Fairfield and Clerk of the Board of Finance  
First Selectman Michael Tetreau, Town of Fairfield  
Phillip Dwyer, Chairman, Board of Education, Town of Fairfield  
David Title, Superintendent of Schools, Board of Education, Town of Fairfield  
Doreen Munsell, Deputy Superintendent of Schools, Finance, Board of Education, Town of Fairfield  
Tom Cullen, Director of Operations, Board of Education, Town of Fairfield  
Richard Felner, Chief, Fairfield Fire Department  
Scott Bisson, Assistant Chief, Fairfield Fire Department  
Arthur Reid, Deputy Chief, Fairfield Fire Department  
Dorothea Brennan, Fire Commission, Town of Fairfield  
Joseph Michelangelo, Director, Department of Public Works, Town of Fairfield  
Gerry Lombardo, Director, Parks and Recreation, Town of Fairfield  
Peter Grace, Superintendent, H.Smith Richardson Golf Course  
Joseph Centofanti, CohnReznick LLP

**ACTION TAKEN**

1. On a motion made by Mr. Brown and seconded by Mrs. LeClerc, the minutes of the meeting of January 7, 2014 were approved unanimously.
2. Mr. Becker moved and Mrs. LeClerc seconded to move to a date certain when the overall budget has been voted, the DPW trucks from resolution #2 and leave the fire truck at \$775,000.  
Motion failed with a vote of 2 yeas (Becker, LeClerc), 5 nays, 0 abstentions.
3. On a motion made by Mr. Flynn and seconded by Mr. Brown, a resolution appropriating a sum not to exceed \$1,478,767 for the costs of certain non-recurring capital projects (HSR Bunker Renovation \$100,000, Old Town Hall Structural Improvement \$380,000, Fairfield Center Streetscape \$100,000, Mill Hill Partial Roof Replacement \$461,614, North Stratfield replace 2 boilers \$364,652, Fairfield Warde High School replace 1 boiler \$152,500) and authorizing the issuance of bonds to finance such appropriation for a term of 20 years was passed unanimously.

4. On a motion made by Mr. Flynn and seconded by Mr. Brown, a resolution appropriating a sum not to exceed \$2,130,000 for the costs of certain non-recurring capital projects (Ladder Truck for Fire Department \$775,000, Two 6-Wheel Dump Trucks \$380,000, 10-Wheel Dump Truck \$228,000, 6-Wheel Asphalt Truck \$224,000, John Deere 710 Back Hoe \$192,000, Tree Bucket Truck \$184,000, Refuse/Recycling Truck \$147,000, and authorizing the issuance of bonds to finance such appropriation for a term of 10 years was passed with a vote of 5 yeas, 2 nays (LeClerc, Walsh), 0 abstentions.

Chairman Flynn called the meeting to order at 7:30 p.m.

Mr. Brachfeld led the Pledge of Allegiance.

### AGENDA

1. To approve the minutes of the Regular Meeting of the Board of Finance from January 7, 2014.

**Mr. Brown moved and Mrs. LeClerc seconded to approve the minutes of the meeting of January 7, 2014 as presented. Motion passed unanimously.**

Mr. Becker joined the meeting at this time.

2. To hear a FY2014 Financial Update from Dr. David Title, Superintendent of Schools.

Dr. Title and Ms. Munsell presented this item to the Board. Dr. Title stated that, as of the end of 2013, there was a projected \$1.4M deficit in the BOE budget. Dr. Title informed the BOF that the BOE has initiated a spending freeze, among other cost-saving actions, in an effort to lower the projected deficit amount and he projects being able to save somewhere from \$500K to \$700K with these efforts thereby leaving a remaining deficit of approximately \$700K to \$900K, not \$1.4M. Dr. Title noted that this amount is net of Special Education reimbursements from the State of Connecticut. Dr. Title, in response to questions from the Board, indicated that he may be able to provide a more defined estimate of the deficit amount by the end of March, after winter expenses have been determined and State SE reimbursements have been realized.

In response to questions from the BOF, Dr. Title stated that he preferred not to speculate at this time where further cuts might need to be made if necessary.

Mr. Tetreau and Mr. Flynn asked Dr. Title to come forward as soon as possible with a more defined deficit figure. Mr. Tetreau stated that the Town, in an effort to assist with this looming deficit, may need to be creative with a solution so the more time available for deliberations, the better. Mr. Flynn stated that any options on how to deal with the deficit will need to be based on the final estimate so, the sooner that number is determined, the better.

3. To hear, consider and act upon a resolution appropriating a sum not to exceed \$3,608,766 for the costs of certain non-recurring capital projects and authorizing the issuance of bonds to finance such appropriation.

Dr. Title and Mr. Cullen presented the projects from the BOE and reviewed the details of each one with the Board. The projects consist of a partial roof replacement at Mill Hill Elementary, replacement of two 1964 boilers at North Stratfield Elementary and replacement of one 1971 boiler at Fairfield Warde High

School. The estimated costs for the projects are \$461,614 for the Mill Hill roof, \$364,652 for the North Stratfield boilers and \$152,500 for the Fairfield Warde boiler for a total estimated cost of \$978,766.

Mr. Cullen explained that the work should be done over the summer. Mr. Cullen further explained that the roof project will require a building committee in order to be eligible for State reimbursement but the boiler projects are not eligible for the State reimbursement as they are considered a maintenance item. Mr. Cullen also reported that the cost per foot estimate for these projects is \$27.50 per square foot but the bidding market has been much better recently so the BOE is looking at better pricing. Mr. Cullen also reported that the BOE is requiring a 20 year warranty for the roof project.

Mr. Brachfeld questioned the rationale for the longer warranty for the roof project since the State won't reimburse as long as a warranty is in place; yet in the later years of a warranty less and less is covered. Mr. Cullen informed the Board that he has had very good success collecting on the extended warranties on other projects in the district with roof warranties therefore the BOE is confident the longer warranty is needed.

Mr. Flynn asked Dr. Title what cost savings are included in the 2014-2015 budget for using the new boilers. Dr. Title stated that there have been no cost savings included in the 2014-2015 budget but, compared to what would have been spent without replacing the boilers; there will be a cost savings realized.

PUBLIC COMMENT

None

Mr. Lombardo and Mr. Graves presented the bunker renovation project to the Board. Mr. Lombardo reported that this is another part of a long term plan to maintain and improve the golf course. Mr. Lombardo also noted that cart revenue has been increasing with the improvements made for access to the course with a cart.

PUBLIC COMMENT

None

Mr. Michelangelo presented the downtown streetscape project, the Old Town Hall project and the DPW equipment requests to the Board.

Mr. Michelangelo reported that the streetscape project will encompass the Post Road from Beach Road to Thorpe Street and some work on Sanford Place and Miller Street. Mr. Michelangelo also noted that the last streetscape project was done about 20 years ago and over the course of time the sidewalks have shifted with the growth of the trees etc. Mr. Michelangelo ensured the Board that every effort is being made to ensure the improvements will last a long time.

Mr. Flynn noted that this project appeared to be the type of project that could be moved to the operating budget. Mr. Flynn asked Mr. Michelangelo when a comprehensive town-wide plan for sidewalk maintenance, including future enhancements, can be ready for review. Mr. Michelangelo stated that would take several months to complete.

Mr. Brachfeld asked if the businesses in the designated area have been appraised of the improvements and are they on board with them. Mr. Michelangelo informed the Board that Mark Barnhart has been talking with the business owners and the DPW has also been in touch with them for their input to the project.

Mr. Becker suggested that research be done for grants and/or partners to assist with the cost of this project. Mr. Tetreau stated that the grant process search has already been started.

PUBLIC COMMENT

None

Mr. Michelangelo reviewed the Old Town Hall project noting that the main lobby area needs to be repaired from the bottom, the outside appearance will not change, this particular area has not been touched in years and, in response to questions from several Board members about the difficulty of

working on old structures, the DPW is confident the project will not run into cost overruns even though this is the oldest portion of the building dating back over 100 years.

PUBLIC COMMENT

None

Mr. Michelangelo then presented the list of vehicle replacements being requested by his department. Mr. Michelangelo informed the Board that these vehicles are in this request after consultation with Mr. Mayer. Mr. Michelangelo also noted that the DPW, in its operating budget, has requested each year several replacements and, historically, has had such requests cut during the budget process. Mr. Michelangelo noted that his process has resulted in a number of vehicles that are far beyond their useful life still being used when parts are available to make them roadworthy.

Mr. Flynn and Mr. DeWitt both noted their concern that this resolution, as approved by the BOS, is for bonding for a 20 year period and these vehicles do not meet that time span requirement for their useful life. Mr. Mayer stated that the resolution reads "up to twenty years" and bonds mature on a ladder basis, some maturing earlier than others. Mr. DeWitt stated that, in his opinion, this request does not meet the BOF Bonding Policy guidelines.

Mr. Centofanti was asked by Mr. Flynn and Mr. Brown to share his experience of how other municipalities handle this type of outlay. Mr. Centofanti explained that, in his client base, generally towns do not bond for these types of vehicles; Bond Counsel won't usually allow bonding beyond useful life span; this type of request is usually in the capital budgets.

Mr. Tetreau suggested that the BOF proceed with 2 identical bond resolutions with differing maximum terms; each one containing a portion of the projects already approved by the BOS.

Mr. Becker stated his discomfort with moving items back and forth from the operating budget to Capital Non-recurring. Mr. Becker stated that he prefers the manner in which the paving budget has been handled in recent years.

Mr. Tetreau noted that this request is partly catch-up from the annual cuts made to DPW and the goal is not to make this an annual event.

Mr. DeWitt stated that the intent of moving the hearing of Capital Non-recurring up in the schedule before the budget process was not to avoid getting cuts to the operating budget during the budget process.

PUBLIC COMMENT

None

Fire Chief Felner and Assistant Fire Chief Bisson presented the fire truck request to the Board.

Mr. Walsh arrived at the meeting at this time.

Assistant Chief Bisson explained the request and the department's replacement plan to the Board.

Mr. DeWitt noted that the Fire Department is looking at a ladder truck this year and a new engine truck next year; how did the cost of this truck go from the original \$1.3M to \$775K? Assistant Chief Bisson explained that the department had a revamp in 2008 and needs were reassessed; this request is a new concept of apparatus for the department to utilize for best purposes especially in the beach areas where homes are being raised 14 feet thereby creating 3-4 story homes where there were 1-2 story homes; the current ladders do not reach the upper floors of the taller homes for rescue purposes.

Mr. Becker noted that the Fire Department has more catch-up planned for next year and it appears that every other year some new equipment going forward. Is saving up over several years the better method for funding?

At the request of the Board, Mr. Centofanti stated that he would need to do more research before answering that question. Mr. Centofanti said that he would look at what other municipalities are doing and will report back at a future date.

Mr. Walsh asked why the Fire Department would replace 19 year old vehicles with 12 year old vehicles. Assistant Chief Bisson explained that some consideration is due to space constraints at some of the fire houses in town and other problems with vehicle breakdowns. Assistant chief Bisson stated that, in the future, the Department would not keep vehicles at front line service at 19 years old.

Assistant Chief Bisson, in response to questions from the Board, explained that maintaining the equipment has become more of a challenge with the implementation of the new road treatments for snow and ice. Assistant Chief Bisson explained that the new brine solution being used on the roads causes corrosion on the equipment and it is activated whenever it comes in contact with moisture, over and over again; due to the corrosion, equipment replacement will be needed more frequently.

Mr. Walsh then asked why not split this request into 2 years. Mr. Flynn noted that this was done before but it was done in the Operating Budget, not as a bonded item.

Mr. Walsh asked Mr. Mayer to research when the Town first purchased fire trucks with bonds versus using the Operating Budget for the Department.

Mr. Walsh also asked Mr. Mayer to report to the Board how much FEMA is reimbursing from storm Sandy for police, fire and DPW and when such payment will be forthcoming.

Mr. Flynn questioned the number of miles per unit versus the number of responses rational as stated in the report. Assistant Chief Bisson explained that it is necessary to look at the total numbers only for accuracy due to the way data has been collected. Mr. Flynn noted that it would be beneficial and provide interesting information to look at cost per mile for utilization of each truck.

**PUBLIC COMMENT**

None

**Mr. Brown moved and Mr. DeWitt seconded to move the Bonding Resolution before the BOF for consideration.**

Mr. Flynn moved and Mr. Brown seconded to break the resolution into two resolutions as follows:

A resolution appropriating a sum not to exceed \$1,478,767 for the costs of certain non-recurring capital projects (HSR Bunker Renovation \$100,000, Old Town Hall Structural Improvement \$380,000, Fairfield Center Streetscape \$100,000, Mill Hill Partial Roof Replacement \$461,614, North Stratfield replace 2 boilers \$364,652, Fairfield Warde High School replace 1 boiler \$152,500) and authorizing the issuance of bonds to finance such appropriation for a term of 20 years.

A resolution appropriating a sum not to exceed \$2,130,000 for the costs of certain non-recurring capital projects (Ladder Truck for Fire Department \$775,000, Two 6-Wheel Dump Trucks \$380,000, 10-Wheel Dump Truck \$228,000, 6-Wheel Asphalt Truck \$224,000, John Deere 710 Back Hoe \$192,000, Tree Bucket Truck \$184,000, Refuse/Recycling Truck \$147,000, and authorizing the issuance of bonds to finance such appropriation for a term of 10 years.

Mrs. LeClerc said she was not comfortable with approving all of the DPW trucks without seeing the budget first.

Mr. Brachfeld said the point of doing this first was to avoid doing it during the budget process.

Mr. Becker agreed with Mrs. LeClerc about the DPW truck situation.

Mr. DeWitt, Mr. Brown and Mr. Brachfeld all agreed that the original intent of the Budget Sub-Committee was to move these items before the budget process began and they want to vote on them now.

Mr. Walsh noted that the Town will now need to pay interest on the purchase of trucks.

Mrs. LeClerc questioned if all items over \$100K will be pulled out every year from the operating budget and put into capital non-recurring. Mr. Mayer stated that the Financial Department is working under the assumption that anything over \$100K should be non-recurring. Mr. DeWitt informed Mr. Mayer that is not the BOF policy.

**Mr. Becker moved and Mrs. LeClerc seconded to move to a date certain when the overall budget has been voted, the DPW trucks from resolution #2 and leave the fire truck at \$775,000.**

**Motion failed with a vote of 2 yeas (Becker, LeClerc), 5 nays, 0 abstentions.**

Mr. Becker said he is disappointed to see the Fire Department waiting another year to request a pumper truck which, from a safety perspective, should be replaced.

**On a motion made by Mr. Flynn and seconded by Mr. Brown, a resolution appropriating a sum not to exceed \$1,478,767 for the costs of certain non-recurring capital projects(HSR Bunker Renovation \$100,000, Old Town Hall Structural Improvement \$380,000, Fairfield Center Streetscape \$100,000, Mill Hill Partial Roof Replacement \$461,614, North Stratfield replace 2 boilers \$364,652, Fairfield Warde High School replace 1 boiler \$152,500) and authorizing the issuance of bonds to finance such appropriation for a term of 20 years was passed unanimously.**

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4. To receive and consider the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2013 as prepared by CohnReznick LLP.

Mr. Centofanti presented this item to the Board. Mr. Centofanti remarked that this has been a good year for the Internal Service Funds as well as the Pension Funds which had a value change of \$12M. Mr. Centofanti also noted that the General Fund balance is trending well and indicates that the Town is on the right track and the rating agencies will be pleased to see that indicator. Mr. Centofanti noted that the funded ratios are down due to an increase in liabilities and the investment rate of return is 7.5% versus 7.75% in prior years. Mr. Flynn remarked that this is the biggest liability of the Town so working with the most current data is crucial.

Mr. Centofanti reviewed the new recommendations in the report. Mr. Centofanti indicated the situation with the grants data needs to be updated so that the information about grants is conveyed to the finance department in a more timely fashion so that reporting and tracking can be set up to allow proper accounting to be done.

Mr. Flynn asked Mr. Mayer to respond to the new recommendation in the report and have the finance department set up a process for everyone to follow.

Mr. Brown asked if the pension liabilities increased because the rate of return assumption was lowered. Mr. Becker asked if the changed assumptions are based on the estimates of time an employee would stay working and if employees are leaving earlier than anticipated in the assumptions, the assumptions are wrong and shouldn't the actuaries need to change the assumptions. Mr. Becker asked if it is correct that the assumptions are usually changed every 5 years by the actuaries. Mr. Brachfeld noted that the system works and perhaps it would be beneficial to speak to the Pension Board to see if assumption changes are made every year or sporadically. Mr. Flynn had several specific questions on line items which Mr. Centofanti, Mr. Mayer and Mrs. Bosse explained including the following items:

- public transportation for students(\$1M) is listed in the General Government account but, in his opinion, should be in the Education account
- Mr. Centofanti said the Fund Balance Contribution should be its own line in the General Government account, not Finance
- Mr. Flynn asked Mr. Mayer for a schedule of construction projects not closed out yet as those items are currently at \$62M+
- Mr. Flynn noted that the Post Employment Benefit Trust has a \$100M liability that will take 30+ years to fund with ARC
- Mr. Flynn noted that the report states the BOF has a fund balance policy but that is not the case; the Town administration has one but it was never adopted by the BOF so that statement should be removed from the report
- Mr. Flynn asked if the requirement that the BOE report all transfers to the BOS is a new disclosure. Mr. Mayer reported that reporting transfers to the RTM is required but he is not aware of the need to report transfers to the BOS and this could be a change in statute which he will research
- Mr. Flynn questioned the Town entering into a capital lease for golf carts without coming before this Board for approval. Mr. Mayer explained that this type of lease arrangement has always been handled by the director of Purchasing and the First Selectman. Mr. Centofanti noted that, technically, a debt should come before this board for approval and this is considered a debt item. Mr. Mayer was asked to look into this and report back to the Board. Mr. Walsh asked to have the First Selectman, the Town Attorney and Bond counsel attend the next meeting of the BOF to discuss this item
- Mr. Flynn noted that the goal is to fully fund the ARC, which is currently at 94%-98% so the BOF needs to pay attention to this item

Mr. Becker asked if the Metro Center Project, as listed on page 42 of the report, can have cumulative expenses higher than approved. Mr. Centofanti indicated that is the reason that item is listed here.

5. To hear, consider and act upon any communications.

Mr. Flynn informed the Board that he has been asked by the First Selectman to act as Treasurer for the Fairfield 375<sup>th</sup> Birthday Gala Celebration. Mr. Flynn stated that all monies will be handled by the Town Financial Department. Mr. Mayer stated that his department is happy to assist with this endeavor and he added that no expenses will be paid until there is funding in place to cover the expense amount.

**On a motion made by Mr. Brachfeld, seconded by Mr. Walsh and passed unanimously, the meeting was adjourned at 12:07 am.**

Board of Finance \*\*\*\*\*DRAFT\*\*\*\*\*  
Minutes of The Monthly Board of Finance Meeting  
February 4, 2014

Respectfully submitted,

Deborah J. Garavel  
Recording Secretary