Minutes  
Finance Committee Regular Meeting  
December 9, 2019  
Town Hall Conference Room B

1. The meeting was called to order at 7:00 PM.  
   Present: Matthew O’Brien, Richard Williams, Lisa Thomas, Julie Blanchard  
   Also present: John Elsesser, Town Manager; Amanda Backhaus, Finance Director

2. Acceptance of Minutes:  
   Richard Williams moved to accept the minutes of the Finance Committee meeting on November 18, 2019, seconded by Lisa Thomas. The motion to accept the minutes carried on unanimous vote.

3. Reports:  
   A. Committee Chair: Matthew O’Brien: Nothing to report.  
   B. Committee Members: Nothing to report.  
   C. Review: Finance Director – Amanda Backhaus:  
      Amanda Backhaus gave highlights of her monthly report. Revenues and collections are in line with last year. Expenditures were noted to be 2% higher – but no areas of concern have been identified yet this fiscal year.

      COVRRA and sewer use fee collections were higher than the prior year. Per the Committees request, Amanda noted she compiled additional information regarding the loss in recycling revenue and that will be reviewed later in the agenda.

      The Tax Office was busy in November with sewer assessment collections. There are still 2 outstanding properties for the tax sale in January.

      Revaluation notices have been sent out. Hearings will be occurring this week and next for taxpayers who want to review their notice with Vision and our assessor. Matt O’Brien inquired how long they have to schedule the hearings. Amanda noted you must schedule a hearing by December 13. John Elsesser noted that it is important to remember that an increase to a home value does not guarantee an increase to taxes. Tax payments will be determined during the budget process and setting of the mil rate. Overall, the Assessor has reported an increase of approximately 5% and he will be at the next Council meeting to present. Lisa Thomas asked if there was a way to get information about the reval out to tax payers, perhaps in an eblast or facebook. John noted that the information has already been posted online and the Town Manager’s facebook page posted about it last Friday. Lisa noted that perhaps in the future we can hold an information session for the public in advance of the revaluation notices.

      Amanda noted in finance, we are starting budget and she is wrapping up her audit. Lisa noted the open enrollment items listed for the police and public works unions. She requested summary information regarding changes in the recent contract. Amanda said she will compile that information.

      After Amanda’s summary, the members discussed questions on various reports. Richard asked how many days of overtime were included in the COVRRA expense, as this line was already over budget and what the large miscellaneous expenditure was. Amanda noted she will have to look
into the overtime but the miscellaneous expenditure was the replacement of the scale which had
broken earlier in the fiscal year. Lisa asked why there was such a large swing in the anticipated
COVRRA fund balance from the prior year. John explained that the change in recycling costs,
from a credit to now a charge of $35 thousand dollars was the main driver, along with the fact
that user fees have remained unchanged for several years. Amanda noted that the COVRRA fees
will need to be evaluated as part of the upcoming budget work.

Richard had several questions on the object summary report:

<table>
<thead>
<tr>
<th>Richard’s inquiry</th>
<th>Amanda’s response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large increase in contracted services in Inland Wetlands</td>
<td>Contracted inland wetland services starting in October 2019 to free up Town Engineer time. This had been planned for in the budget.</td>
</tr>
<tr>
<td>Pension and longevity are almost fully spent already and it is only November.</td>
<td>This are payments that are made once a year and have already been made for FY20.</td>
</tr>
<tr>
<td>IT expense is over budget</td>
<td>We were forced to upgrade from ViewPermit to ViewPermit Cloud as our old system was no longer being supported. This was not optional and was not known about when the budget was made. Expected to be covered within general government expenditures.</td>
</tr>
<tr>
<td>Joint fire budget – equipment</td>
<td>More repairs have been made than anticipated. Also the DOT permitting was done by a different vendor and a PO to the old vendor still needs to be closed. Overage expected to be covered within the Fire budget.</td>
</tr>
<tr>
<td>Fire and EMS – Meals</td>
<td>This food when the volunteers are at long calls. Variable based on the number of calls each year. Overage expected to be covered within the Fire budget.</td>
</tr>
<tr>
<td>Telephone and Heating Fuel</td>
<td>Bad budget numbers. Amanda has reached out to department heads and already adjusted for these issues in the FY21 budget planning. Departments are aware and have been notified that they will need to cover their overages.</td>
</tr>
</tbody>
</table>

There were no additional questions on any Town reports.

**E. and E.1 Board of Education fiscal reports:**

Matt O’Brien noted that since we have two sets of reports, we will spend time reviewing the more recent reports. Richard Williams commented that although it was early in the year, the BOE seemed to be doing well. He specifically noted the NCEP cost per student and if the enrollment number of 1,660.77 was accurate. The group discussed and agreed it was reasonable given other numbers reported. Matt O’Brien noted the NCEP was $16,869 and requested that Amanda get a comparison from the prior year to see if had increased.

Matt O’Brien question what the transfer from salaries to contract services was for. It was noted that further on the transfer request that it is for contracting out psychologist and speech pathology services for staffing vacancies.
Richard inquired how many more years the Preschool Fund will receive their grant money. John noted we still have a few years left to those grants. Richard noted that without that grant money, it appears the fund will not be able to operate based on fee revenue alone. Matt inquired about the enrollment for grant versus fee based spots. Amanda noted she does not receive enrollment information and would have to inquire with the BOE. Richard said it is a great program and he would like to make sure it will be able to succeed with or without grants. Matt mentioned that he had been told that both grant and fee based spots were charged the same sliding scale fee and that caused some level of concern. Perhaps additional local revenue would be helpful and the fee based spots should not be on a sliding scale. Amanda noted she is not certain of the fee structure and will have to inquire with the BOE.

Matt O’Brien inquired if the Register report with “Tuition Fund” as the account truly represented the Tuition Fund that was created last year. Matt O’Brien asked how this information was going to be included in our Financials. Amanda noted it will be presented as a special revenue fund, similar to Cafeteria or Preschool. Richard inquired what the fund was for. John explained the fund is for revenue generated from having out of town students pay tuition to attend Coventry School. Richard asked if there were additional costs and what if extra students caused a need for additional teachers. Amanda noted that it had been presented to the Council that his was for areas with capacity and that if enrollment increased to the point of needing additional staff, the topic would be revisited by both the BOE and Town Council. John noted that if Coventry offers certain specialized special education, it is often beneficial for a Town to send a student there rather than pay for the services in house. Amanda noted that is common practice throughout the State. Matt O’Brien inquired about the expenditure that has been made from the fund. Amanda reported that it was for a para educator time specifically working with an out of town student, and that she did receive detailed back up for the purchase. Richard noted his displeasure for the concept of this fund. John noted it was created by prior Council and if this Council wanted to change it they could. He mentioned perhaps the Finance Committee should ask the BOE for an update regarding this fund at their next joint meeting.

E.2 Discussion: Schedule of Joint Meetings with the BOE:
Matt O’Brien noted that he is interested in setting up joint meeting and inquired if we usually do 3 or 4. Amanda noted we typically try to schedule 4 but some years it does end up only being 3. The audit presentation on January 13 will be the first joint. John stated that he will follow up with David and try to get some mutually agreed upon dates.

4. LOCIP Balances:
Amanda noted that this had been requested at last months meeting. The top portion is projects that have been approved by OPM and are currently being completed. The projects on the bottom are projects that have been approved by tax payers, but have not yet been submitted to OPM for approval. There are $220k in approved projects and only $105k currently available to be drawn down – so projects are submitted to OPM on an as needed basis. We are still anticipating an additional $100k in the spring, pending the State bonding approval. John noted this has not yet been approved.

Richard asked what happens to the balances of the project if they do not use the full authorized amount. John explained we can then close out that project and the LOCIP funds can be allocated to another town-approved LOCIP project.
5. **COVRRA Recycling Fee Analysis:**
Amanda noted she has compiled 4 years worth of data relating to the disposal of garbage and recycling fees. Amanda noted that she felt it was important to compare current prices to when we were receiving the $25 per ton credit on recycling. Amanda noted that the biggest hit was last year, when the Town was being charged a fee for dirty recycling. She noted she has projected the annual cost for FY20 – noting it to be 13% higher than the prior year due to the new $30 per ton fee for recycling. She noted FY20 will be 44% higher than FY18 which is a very large increase over such a short period of time.

The Committee all agreed it was a very large change over a short time and that COVRRA fees will be reviewed during the budget. Matt O’Brien asked if there was any potential savings going to separated recycling versus the single-stream. John noted that the State of CT has made it mandatory to use the single-stream. With the lack of market for recycled materials there is minimal that can be done to decrease the cost.

6. **Discussion of the Recent Bond Issue and Potential Impacts on the 2019-2020 Budget**
Amanda noted she has included a few different documents relating to the bond issuance in September. The first one outlines the bond premium that the Town received in connection with the Sale. We received $244 thousand, of which 134 thousand pertains to the Road Bond and $110 thousand pertains to the School Building & Energy/Jones Crossing Bond. These proceeds may be spent on the approved projects or used to offset the repayment of this debt issuance. Julie asked why the BOE projects in the School Energy bond were so far in a deficit. John explained that the original pricing we received from the engineer was severely flawed and they have since stopped using that firm for services. We will be moving towards a design build model and have asked a firm to assist in preparing the RFP. John noted the firm is also involved in the microgrid so it will be useful to have that knowledge in preparing the RFP for the unit ventilators.

Amanda noted the second document outlines the future debt schedule. It is important to have this schedule as we go into the budget season, especially as we look long-term on the Town’s capital needs. There are significant debt repayment drop offs that need to be factored into this plan. John noted that we have several large projects on the horizon including: the high school wall issue; the Board of Education desires new windows for the schools; the school roofs are starting to show signs of age and as they are already 20 years old;

Amanda noted the third document is a summary of the current year debt service accounts that pertain to the September bond issuance. Based on the competitive interest rate that the Town received, we are going to have a budgetary savings of $90 thousand for the current fiscal year 2020.

7. **Lake Management Expenditures**
Amanda noted she has included several documents here as well, including the current contract for hydrilla and the balance of Lake Management funding per our accounting system. The most useful document is the Lake Management Expenditure History, as it outlines the last 5 years of activity, including hydrilla treatments, fanwort treatments, and the general monitoring fees the Town pays each year. The Town currently has a balance of $66 thousand remaining in lake management – which will be needed if any treatments are planned for before fiscal year-end.

Matt O’Brien inquired about the state funding for invasive species and wondered if it would significantly impact what we receive this year. John said he does not anticipate more than we received last year, but that he will follow up with the State. Lisa Thomas noted she thought Matt
O’Brien had stated that there was too much money in the balance of the lake management account and asked him to explain his thoughts on this. Matt O’Brien stated that he never made statement regarding the balance. Matt noted that as outlined in this report, the additional appropriation of the $95k that occurred in FY18 could have been delayed until a following fiscal year. He noted the amount moved was an arbitrary amount that had been transferred before a full understanding of the scope of work was obtained. Matt noted taxes were raised the following fiscal year and the hydrilla appropriation had been noted as one of the reasons for this increase, and he wanted it to be clearly shown that the appropriation and increase in mil had not been needed at that time. Lisa stated her only concern was that there is enough money to make sure that the Lake is taken care of going forward, and based on the remaining balance it appears we have enough if a June treatment is necessary.

John stated he will follow up on the final hydrilla report, the cost and grant amounts for the expected 2020 treatment and also see if we need to be budgeting for fanwort again. He noted he did find another vendor that specializes in invasive species treatments so he would like to gather more information on their methods and pricing.

8. Updated Grant List

Amanda noted that the assessor has finished his supplemental motor vehicle list and the final grant list numbers for the 2018 grand list have been attached. Also included is a projection of tax revenue for FY20 based on the supplemental grand list – which currently shows the Town should have a favorable revenue variance of over $32 thousand. This should put the Town in a good position for year-end budget results. John noted this will also help cover expenditures that are authorized from the Council’s 1 1/2 % account and potentially any additional snow costs incurred over the winter.


John noted that the Council has only their next meeting left to do something with the proposed Teacher Union Contract.

Richard and Matt asked for clarifications on the half-step option. They noted that if the steps are frozen - that will increase the pay gap between new hire rates further from those tenured teachers. Matt also noted that he wants additional information on the services provided by Kelly Services and what the extent and cost of the services are.

Richard questioned the needs for so many substitutes. Lisa noted it often occurs from teachers being pulled out of the class for curriculum development or testing. Richard notes this sounds horrible and not productive for the children's education.

Richard asked again about why would not include full steps to make Coventry more competitive to new hires. John notes there is just not enough money to do the steps.

Matt inquired how the salary increase percentage shown includes the step change year over year. He inquired as to what assumption were used in coming up with the total 3% numbers. John stated that he does not know as he was not involved in contract negotiation for teachers. He notes the Council rep was Carolyn Arabolos and perhaps the Council would like to invite her in to discuss. John noted the BOE has not yet been invited in at this time for the meeting the 16th.
Richard feels if we are having issues hiring and retaining staff now, why would we wait until 2023 to fix this. John notes we receive 22 applications on average so hiring is not the issue. He further noted that retainage could be related to many things such as changes in pay or location. Lisa noted it has always been a conversation whether the salary ranges in Coventry are competitive for the market place.

Matt notes he has additional questions in addition to the steps. He inquired about the change in pay form to balloon payments. Amanda noted this has been done in the past and is most likely clarifying language. If the teacher has worked the full year there is no need to stretch payments over the summer as the teacher has already earned their full pay.

Matt asked about the change in the insurance, noting it to state that a teacher may stay on the health insurance until the next school year as long as they have confirmed they are returning or give a letter of resignation by June 30. He inquired as to why we would to cover individuals who have already notified the BOE of their resignation? Lisa noted it might be potential motivation to have staff return the annual confirmation form. Both John and Amanda noted they do not know the background of this change or the rationale as they were not part of this contract negotiation. Matt stated he would like to know what the current practice is and what the BOE’s rationale behind this change was.

John stated again that these are questions for the BOE or their staff. If the Committee would like them to attend the Council meeting Monday that would be find, but he needs to know so that he can coordinate that with Dr. Petrone. There was consensus from the Committee that they would like to have someone out on Monday to go over their questions. Amanda stated she would get the questions to the BOE in advance of the meeting.

10. Adjournment:
The meeting was adjourned at 9:12 PM on a motion by Richard Williams, seconded by Lisa Thomas and unanimously approved.

Respectfully submitted,

Amanda L. Backhaus, CPA
Finance Director