

BLOOMFIELD TOWN COUNCIL

FINANCE SUBCOMMITTEE

There was a regular meeting of the above referenced subcommittee held on Monday, November 18, 2013 at 5:30 p.m. in Conference Room #5, Bloomfield Town Hall, 800 Bloomfield Avenue, Bloomfield, CT.

Committee members present were: Councilors Hypolite, Seldon, Merritt, DeLorenzo and Deputy Mayor Gamble

Also present were: Councilor Washington, William Hogan, Director of Finance, Philip K. Schenck, Town Manager and India Rodgers, Clerk of Council

The meeting was called to order at 5:35 p.m.

Discussion of the Fund Balance

The committee began discussion about the current status of the town's fund balance. Currently, the fund balance is at 18%, calculated against the approved net amount FY 13/14 budget of \$80,800,000. The fund balance level at 18% equates to approximately \$14,600,000 unaudited as of June 30, 2013.

The credit agencies recommend a strong fiscal fund balance at 15%.

Mr. William Hogan, Director of Finance commented regarding the planning for FY 14/15 budget. Hypothetically, in the context of next year's budget, if there is a 3% increase on the appropriations side, total budget would be approximately \$83,200,000. At the recommended 15% fund balance level would be \$12,500,000 the excess overage in reserves would be \$2,200,000.

It was also noted that \$3,200,000 was received from the State of Connecticut in Capital Improvement grants, \$1,600,000 for the FY 13/14 and \$1,600,000 for the FY 14/15 budgets respectively. These funds are designated for capital needs only. There are a couple of options for utilizing these funds, the Council could replace the \$2,400,000 already budgeted for capital improvements in the operating budget or supplement \$1,600,000. There is also an additional \$500,000 surplus as noted in the September 2013 financial report.

Mr. Hogan stated that \$1,300,000 from the fund balance was utilized last year to offset a tax increase for FY 13/14 budget.

In addition, the committee discussed the revenue from the sale of J.P. Vincent School. There is a contract for sale of J.P. Vincent School for \$2,800,000. These funds would be appropriated in

the Capital Improvement Non-Recurring Fund for capital needs per town ordinance regulations. Moreover, the \$3,200,000 in capital improvement grants total, \$6,000,000 for use in the capital budget.

Mr. Philip Schenck, Jr., Town Manager mentioned the possibility of the Board of Education request for in capital improvement funds of \$1,000,000 for renovations to the Global Experience Magnet School (GEMS).

He also stated the option of supplanting the current amount of \$2,400,000 in the capital budget for next year's FY 14/15 budget process. However, if these large amounts are not available in a year or two, there may be a larger increase to cover future projects. The recommendation is to plan over the next 6 months, 2 to 3 years in advance for capital improvement projects.

Deputy Mayor Gamble stated that this would be the designated timeframe to address many projects on the current list.

Councilor Merritt agrees with Deputy Mayor Gamble; however he has requested more information on allocating funds for non-capital recurring projects, such as examining Other Post Employee Benefits (OPEB) liabilities.

Councilor Hypolite stated that there have been preliminary discussions to set aside some of these funds for future land acquisitions.

The Other Post Employee Benefits (OPEB) liability is approximately \$8,000,000 per year, which can be a concern when negotiating for labor contracts at the end of 2015. Currently, there is 1.25% for town employees and 1.5% for police officers. There may be an opportunity to leverage an increase in town employee contributions with the current turmoil in the healthcare industry.

Mr. Hogan stated that if Council decided to create a trust for these employee contributions, the Town would be required to make the Annual Required Contribution (ARC) payment of approximately \$8,000,000 per year. The rating agencies advise that the Town should reserve funds to address the full liability.

Mr. Schenck, Jr. stated that this issue with OPEB could be addressed in two ways:

1. Reduce the cost of health insurance by modifying the provisions in the health insurance policies OR
2. Increase the revenue by increasing the employee and employer contributions.

Discussion regarding the Top Ten Tax Payers

Mr. Hogan presented the committee with a list of the top 25 taxpayers in the Town of Bloomfield. Based on the 2012 Grand List for FY 13/14 budget, this list gives a great perspective on how much they pay and the town's reliance on them as taxpayers. The top 10 taxpayers comprise of 18% of the total grand list.

The tax structure is heavily weighted on businesses and personal property taxes. It was suggested to continue to build relationships with top 5 taxpayers and continue to diversify equity.

Mr. Schenck, Jr. informed the Council regarding the status of Economic Development efforts in town. The Economic Development Commission (EDC) has submitted a Request for Proposal (RFP) for an individual or a firm to lead Economic Development for the Town of Bloomfield. The potential development areas for status updates are the Valco property and the Ferguson Plumbing supply distribution center. The Valco property was designated to be a renovate space for a medical office building. Those plans have been delayed to the uncertainty of Obamacare legislation regarding universal health care opportunities.

In addition, the town has submitted all of the necessary documents for application as an interest with the new distribution center of Ferguson Plumbing supplies. The company is looking to expand distribution to the Northeast with a 470,000 square feet distribution facility.

Councilor Seldon inquired about tax abatement clarification for new businesses coming to town. It was noted that Section 12-65B of the Connecticut General Statutes (CGS) is the outline that govern municipalities' tax abatement regulations.

Old Business

Capital Improvements

Councilor Merritt presented a list of capital improvement projects to the committee for discuss. He raised concerns regarding the policy decision on the capital improvement budget. He also suggested having information presented to Council earlier in the budget process to be able to make decisions on what to fund, timing of projects (recommended for a 5 year plan) and the review of departmental requests.

Deputy Mayor Gamble raised concerns regarding the Public Works garage and current code violations with fines.

Mr. Schenck, Jr. suggested having department heads present their capital improvement requests at subsequent Finance Subcommittee meetings. He also recommended that these presentations occur in late January, early February prior to the budget process.

Mr. Schenck, Jr. stated that the town is moving ahead with the third tax sale.

Mr. Hogan stated that the audit is ongoing for June 30, 2013 and will be filed by December 31, 2013 deadline.

There was a tax sale held on November 6, 2013. The town sold 70% of delinquent properties at an estimate of \$450,000.

The town is actively pursuing demolition of the old Farmer's Exchange building. The building department is still awaiting correspondence for disconnection of utility services of the site from CL&P. The request for removal of the railroad box cars owned by Central New England Railway is status quo, no real progress made thus far for action.

The owner of the property approached the town to discuss the possibility of developing the property for 5-10 years or making it overflow parking for other local businesses in the area.

Adjournment

It was moved by Councilor Washington, seconded by Councilor DeLorenzo and voted unanimously to adjourn the meeting at 6:30 p.m.