

DRAFT

**MONROE BOARD OF FINANCE
Monroe, Connecticut**

May 16, 2012

Present: Vice-Chairman Michael Manjos
Board Member John Ostaszewski
Board Member Scott Ownes
Board Member Ted Quinlan

Also present: First Selectman Steve Vavrick
Finance Director Carl Tomchik
Tax Collector Manny Cambra
Treasurer Ron Bunovsky, Jr.
Heidi Meade

Absent: Chairman Mark Reed
Board Member Chris Baudouin

CALL TO ORDER-*Vice-Chairman Manjos* called the meeting to order at 7:32 p.m.

REVIEW OF MINUTES

Motion to Accept the Budget Workshop Minutes

Motion: (S. Ownes)

To accept the Budget Workshop Minutes of March 13, 2012

Second: (T. Quinlan)

Discussion: None

Motion passed 4-0

Motion to Accept the Budget Workshop Minutes

Motion: (T. Quinlan)

To accept the Budget Workshop Minutes of March 15, 2012

Second: (S. Ownes)

Discussion: None

Motion passed 4-0

Motion to Accept the Regular Meeting Minutes and Voting Record

Motion: (T. Quinlan)

To accept the Regular Meeting Minutes and Voting Record of March 21, 2012

Second: (J. Ostaszewski)

Discussion: None

Motion passed 4-0

Motion to Accept the Special Meeting Minutes and Voting Record

Motion: (T. Quinlan)

To accept the Special Meeting Minutes and Voting Record of April 24, 2012

Second: (S. Ownes)

Discussion: None

Motion passed 3-1 (Board Member Ostaszewski abstained as he was not present at the April 24th meeting.)

EXECUTIVE SESSION-There was none at tonight's meeting.

FIRST SELECTMAN'S COMMUNICATION-*First Selectman Vavrek* said that they have broken ground for the police department renovations and noted it was a team effort between many departments and individuals. *Mr. Tomchik* provided the board members with information on the bonding rates the town achieved; he added it was "good timing and circumstances" and that he felt they did fairly well.

PUBLIC PARTICIPATION-*Manny Cambra* spoke as a designated authority for the Forest Road collection. He said it is a \$250,000 collection and it will take 10 years to collect but he, along with the auditors and the Finance Department have the tracking reports in order. *Mr. Cambra* stated that he will provide the Board of Finance with an annual recap of the monthly collections.

NEW BUSINESS

a. Debt service and pay-as-you-go policies-*Vice-Chairman Manjos* said that though there was confusion regarding the wording on the pay-as-you-go policy, he hoped the board would adopt the debt service and undesignated fund policies that had been previously proposed. He added that he did not feel the pay-as you-go policy was complete as he wanted to further quantify exactly what pay-as-you-go is and how they were going to get there. *Vice-Chairman Manjos* and *Board Member Ownes* will continue to work on the policy and bring it before the board for a vote in the next month or so. *Board Member Ownes* added the Moody's report stated that the Undesignated Fund Balance level was "narrow". He added that the report commented on potential areas of weakness including the need for a policy on pensions. *Mr. Tomchik* stated one of Moody's primary concerns is that the fund balance is not within the parameters they feel it should be; *Mr. Tomchik* added that the town is moving in a positive direction and though it will take the town awhile to get to the levels Moody wants to see, Monroe is a "solid community."

Motion to Approve

Motion: (J. Ostaszewski)

To approve the proposed Debt Service and Undesignated Fund Balance

Second: (S. Ownes)

Discussion: None

Motion passed 4-0

b. Chalk Hill Update-*First Selectman Vavrek* said that the numbers he provided to the board were accurate as of today. He said that the delta to keep the building open is \$295,044 and the budget includes \$150,000 to mothball it. Because there are no signed contracts or commitments from tenants, he recommends mothballing Chalk Hill. *Doug Arndt* assisted in putting the numbers together and he said that there was been a lack of clarity in terminology regarding hibernation and mothballing. *Vice-Chairman Manjos* said that it was his understanding that Chalk Hill would be closed to the public and the heat and water kept at a level that would keep the building in a condition that would allow it to re-open; *Mr. Arndt* responded that he was correct. *Vice-Chairman Manjos* asked about the estimated costs for lighting, power and heat as the figures are considerably higher than they were a few years ago. *Mr. Arndt* stated that the calculations were based on the building being used at full capacity; *Vice-Chairman Manjos* added that the estimates to keep Chalk Hill were for full use and realistically, the numbers could be reduced. *Mr. Tomchik* added that due to volatility in the markets, they could only work with the information they had at the time; since the numbers were calculated, oil costs have declined. *Ms. Meade* added that the cost to maintain the building decreased to a cost of \$12,000 for one individual; the Board of Education's cost was \$213,000. *Vice-Chairman Manjos* continued that the biggest variance was the heating costs and he had concerns with the 20% contingency to keep the building open; he added that there should be a contingency to replace the boilers in 2-3 years. He added that the delta of \$290,000 is not what they should be looking at, the board should be looking at the cost of keeping it open and closing it; "the number we put into the budget was a figure we now know was wrong so the decision shouldn't be based on a number we know is wrong, a decision should be made on the upside/downside and the cost of hibernation compared against the cost of keeping it open." *Vice-Chairman Manjos* continued that the Board of Finance's role is to examine the numbers; he added the delta is \$180,000 with the potential to bring down the heating costs. *Mr. Tomchik* reiterated the uncertainty and stated the bottom line is that they need to get firm numbers. He added that the consortium won't lock into the cost for heating until July. *Ms. Plunkett* updated the board on revenue and it was noted that there are no programs that are a guarantee; it had previously been stated that Parks and Recreation would get 25% of the revenue from programs. *Ms. Plunkett* said that attendance at Teen Night has increased significantly and *Ms. Meade* noted that though the growth was impressive, they were still at a deficit from a financial perspective. *Vice-Chairman Manjos* also noted that the increase in participation was significant but he wanted to know if that type of number was realistic to expect over time. *Vice-Chairman Manjos* asked that *Mr. Arndt* continue to work on the numbers.

c. MUNIS Update-*Dr. Tunks* and *Mr. Koorse* updated the board on MUNIS. *Dr. Tunks* stated they completed the request for quote process and he provided a list of vendors and the responses they received. He continued that they received responses from Tyler Technologies and Unifund. Unifund has since been acquired by Tyler Technologies. *Dr. Tunks* continued that Unifund, though competitive financially, has a product that is too small for the town's needs. He added that they looked at MUNIS self hosted and MUNIS Tyler hosted. He provided the board members with a breakdown of the costs involved for both. On the client hosted side, the district would need to buy some hardware and on the Tyler hosted solution, the maintenance costs are the yearly reoccurring costs and the actual maintenance cost is \$113,250. *Dr. Tunks* stated they recommend the Tyler

hosted solution. *Dr. Tunks* continued there is one-time software training for \$20,000 and services include training, conversion costs and support. *Dr. Tunks* said a benefit of the conversion cost is that it would “potentially take our Legacy data on systems we can’t use onto a system we can.” The hardware cost includes electronic signatures for the signing of checks and purchase orders. He added that *Ms. Meade* negotiated with Tyler to waive the \$20,000 software fee at the time of the contract signing and the services cost would be reduced by \$13,256 also at the time of signing for Tyler hosting. The client hosted solution would be within the town and “there is a cost of having in house hardware to run the system with the same redundancies and back-ups as if you were in a hosted solution.” There would be multiple servers and they budgeted for replacement equipment every 3 years as that is what the Tyler hosting agreement provides. *Dr. Tunks* continued that the price doesn’t include the update to the fiber optic network that would be necessary “as the speed to this system would be limited based on the traffic already on the system and there should be, in a perfect world, an installation of a span where separate storage and network can allow access to the system.” He estimated the cost of the installation to be approximately \$100,000. *Board Member Quinlan* asked why they recommended the Tyler hosted option; *Dr. Tunks* responded that in the years he has been in the district, he has not been able to get a backup system approved; “currently, back up for the town and Board of Education data is done on a donated system; “we don’t invest the money to keep the infrastructure solid to bank the future of the town’s finances.” The difference between client and Tyler monitoring is 10% difference and that level, *Vice-Chairman Manjos* said they are better off having someone else do it as it minimizes risk. *Mr. Koorse* provided the example if the town lost internet and power, under the hosted plan, the finance staff could go to any other location and access it as it will be available wherever there is an internet connection. *Mr. Tomchik* reiterated that it is the “safest protection that we have.” *Mr. Koorse* added “the storage area network alone is a very specialized field that we would need to bring in staff just to maintain it.” *Mr. Cambra* added said that Tax Department is responsible for 80% of the revenue in town and there has to be adequate backup and with the Tyler hosted option, he could collect taxes from anywhere. *Vice-Chairman Manjos* said that it sounded good and he wanted to see it move forward.

d. Internal Leasing Program-*Mr. Tomchik* said “we are presently looking at internal financing of the lease program. “The town currently gets \$200,000 a month in payback from the outstanding bonds; “we can take that and invest that in an internal lease and amortize it over a certain amount of time. It’s a pay-as-you-go financing situation that has to be paid back within 5 years; *Vice-Chairman Manjos* said that instead of doing external leases and having to pay rates and fees to set up, doing it internally, the town saves the fees and reinvests the same dollars. He added that part of the discussion has been to set up a rolling stock plan for vehicles and maintenance equipment. The board was of the opinion was to move forward.

e. Engineering Repurpose of Appropriation-*Mr. Tomchik* said there was a \$10,000 appropriation he would like to transfer from the Engineering Department’s consulting fees to purchase a large map printer that will be used by Engineering and other departments for a net cost of \$8885.00 with the additional money to be spent on supplies.

REVIEW OF FINANCIAL REPORTS

Expense & Revenue Summaries-*Board Member Quinlan* asked if anything could be done with the escalating legal fees; *Ms. Meade* said that most of the invoices were from Pullman and Connelly for ongoing P&Z cases that have resurfaced and there is no way to control the cost or settle the cases. *Board Member Quinlan* asked about the police disability; it was stated that this

has nothing to do with the police department; it is for cases that were settled many years ago and are court ordered. There are 7 individuals who receive medical benefits and/or compensation.

EMS-It was noted that EMS is in a positive position and they are moving forward on the paramedic plan.

Tax Department-*Mr. Cambra* stated he will make budget at 100.08% which is approximately \$525,000 over revenue budgeted. He provided the board members with figures that were accurate as of the close of business today.

Treasurer's Report-*Mr. Bunovsky* said that they will be coming in under budget this year. It was acknowledged that hitting the objective is nearly impossible given the current rates.

BOARD OF EDUCATION CORRESPONDENCE

Vice Chairman Manjos said that the end of April balance went down slightly from March on the insurance fund but the Board of Education is still \$100,000 ahead of where they projected. He added that based on the Board of Finance recommendations, the Board of Education did lower their funding for next year. *Vice-Chairman Manjos* continued that the Board of Education is working on setting a policy; he and *Board Member Ownes* will also look at surrounding towns for their funding levels.

Expense reports-*Board Member Quinlan* said he was trying to understand their Enterprise funds; *Vice-Chairman Manjos* said that they Board of Education is spending them down and Superintendent Agostine wants greater transparency.

COMMITTEE REPORTS-There were none tonight.

OLD BUSINESS

Pension Committee-It was noted that the committee has been officially appointed but there is a caveat in that being involved in the committee opens an individual to fiduciary responsibility. Mr. Tomchik said that he is working to see what can be done to mitigate that.

Motion to Adjourn

Motion: (M. Manjos)

Motion to adjourn the meeting at 9:45 p.m.

Second: (T. Quinlan)

Discussion: None

Motion passed 4-0

Respectfully submitted,

Diane Behringer
Board of Finance Clerk