

Board of Finance
Minutes Monthly Meeting
Tuesday, Sept. 18, 2018

RECEIVED FOR RECORD
KENT TOWN CLERK

2018 SEP 20 P 1:38

BY J. Bracey
TOWN CLERK

Present: Jim Blackketter, Fran Goodsell, Mark McWhinney, Mark Sebetic.

Public and Invited Guests: Bruce Adams, Martin Lindenmayer, Lynn Mellis Worthington.

Chairman Mark Sebetic called the meeting to order at 7:00 p.m.

Minutes: Mr. Blackketter made a motion to approve the minutes of the June 19, 2018 meeting. Mr. McWhinney seconded the motion, and the motion was approved unanimously.

Correspondence: There was no correspondence.

Reports: Tax Collector: Debbie Devaux was unable to attend the meeting and did not provide a report.

Board of Education: Chairman Marty Lindenmayer reported the following:

- The school board hired two replacement teachers for second and fourth grade over the summer.
- The school is looking to hire a 15-hour/week math aide, using savings from the two teacher hires, and the school board has approved this hire.
- The school has a new chef who is making meals primarily from scratch. Mr. Lindenmayer said the spending for food has increased only slightly while the numbers of students buying meals has gone up considerably. The state requires these meals have calorie counts, and the school is discussing how to expand the chef's hours to meet these needs.
- There will be an informational meeting September 25 to share information about the window replacement project. There will be a sample of the proposed window at that meeting.
- The next project for the school building committee would be looking at the potential installation of solar panels on the roof over the gym.

Mr. Adams asked if the school board is doing anything to address the declining enrollment. Mr. Lindenmayer said to keep people in the school, we need to keep people in town.

Mr. Sebetic said he is curious about the numbers of students whose parents work at a private school, saying he feels we should try to understand the relationship.

Mr. Adams asked if there is any truth that a number of students have left KCS due to the grading policy. Mr. Lindenmayer said the principal and staff held meetings with parents over the summer on how to implement the grading policy as a practice. He commented that if the grading policy is a destabilizing factor in the school when the superintendent's contract is reviewed, the school board could not renew the superintendent's contract.

Board of Selectmen: First Selectman Bruce Adams reported the following:

KVFD:

- KVFD is not interested in the specs provided by First Light for a flat bottomed boat. We are seeking additional funding to purchase this boat. Mr. Adams added that the cost of the boat would be about \$20,000; it doesn't have to be a new boat and that they are looking at ways to raise the other \$10,000.

Streetscape:

- The committee presented its plan to P&Z last week requesting their endorsement. It was granted. Next will be a presentation to the BOS to bring the plan to a town meeting. Committee will likely be seeking early release of some Capital funds to pay for survey work.

Mr. Sebetic said he would like the Streetscape Committee to make a presentation to the Board of Finance before the committee takes the proposal to the Town. He asked that this be on the October meeting agenda.

Union Contract:

- Contract settled. First time with major BOS involvement
- 3 year contract
- 2.25% wage increases in each year.
- Continued funding of Union Pension
- Union agreed to move to a different health insurance plan, including HSA=approximately \$26K savings to Town.

Management Review:

- Review is complete and will be presented to BOS soon. I have not seen it yet.

Assessing Municipal Fiscal Health in CT – Yankee Institute for Public Policy:

- Ranks all 169 CT towns on their fiscal health – Kent is tied for #23 with 82 points
- Above 70 is healthy, 50-69 marginal and below 50 is distress. Lowest – Hamden-25; Highest – Bridgewater-99 (criteria attached).

Kenico Road Project:

- This project has been going on for over a year. There have been some complications and a few unanticipated things but it is slowly being completed. Blasting is being done now and that has been difficult. It is on a short hiatus at the moment. The road is closed. Funding is through the Capital Plan.

Mr. Adams said the Town is in possession of the four signs to monitor speeding and is learning how to program them before they are put on streets.

Treasurer: Barbara Herbst was unable to attend the meeting and did not provide a report.

Business: Sewer Commission Letter: The board acknowledged receipt of memo from the Sewer

Commission regarding a proposed discount for hook-up fees for Kent Affordable Housing's five new units – Phase II of Stuart Farms Apartments – on Maple Street Extension (attached). Mr. Sebetic suggested letting the Board of Selectmen first consider the request and bring a recommendation to the Board of Finance. Mr. Sebetic asked to put this item on the October meeting agenda.

Fire Department meeting request: BOF rep(s): Mr. Sebetic said the fire department is looking to get representation from the Boards of Selectmen and Finance to meet with the department to discuss how to fund the cost of fire, rescue and EMS services. Mr. McWhinney and Mr. Sebetic volunteered to serve on such a committee.

FY2018 Audit: There was no report.

FY2018 Annual Report: Board clerk Lesly Ferris reported she has emailed requests for reports, some of which she has received, and has the cover page complete. Mr. Sebetic asked Mrs. Ferris to write the Board of Finance's report.

Comments from Public and Invited Guests: There were no comments.

Mr. Blackketter made a motion to adjourn the meeting at 8:07 p.m.

Lesly Ferris
Board Clerk

Minutes are not considered final until approved. Refer to the minutes from ensuing meeting for any changes and/or corrections.

A New Type of Fiscal Scoring

This scoring system uses a different methodology than national credit ratings agencies, which have been accused of rating municipal bonds more harshly than corporate bonds, raising the cost of borrowing for cities and towns. This scoring method developed by Marc Joffe, now at Reason Foundation, offers a more balanced approach to determining the fiscal condition of a municipality.

In his study, *Doubly Bound: The Cost of Credit Ratings* published by the Haas Institute at University of California, Berkeley, Joffe determined that “significant cost savings are possible by replacing the current rating system with model-based assessments that yield higher ratings overall while still differentiating at-risk issuers.”^[ix]

This scoring method assigns a 0-100 rating for a municipality based on 5 factors:

1. The ratio of a city’s general fund balance to its expenditures (40 percent weighting);
2. The ratio of its long-term obligations (including OPEB but excluding pensions) to total government-wide revenues (30 percent weighting);
3. The ratio of actuarially determined pension contributions to total government-wide revenues (10 percent weighting);
4. The change in local unemployment rate (10 percent weighting); and
5. The change in property values (10 percent weighting).

This scoring method results in better scores for municipalities and the potential for savings in the future.

Analysis

Connecticut’s major cities fared poorly in the scoring and, as previously noted, Bridgeport, Waterbury and Hartford have all faced the prospect of bankruptcy in the past and required extra financial help from the state, including oversight boards that improved their ability to negotiate manageable labor contracts and control spending.

Of cities with populations over 100,000, Stamford scored the best with a 53. Its relatively low score is primarily due to its long-term debt, which is more than double its pension and OPEB liabilities combined. New Haven, Hartford, Waterbury and Bridgeport all scored below 50, meaning that they remain in severe financial distress even after the state’s efforts to get them on track.

Stamford has the benefit of being a major hub for business, and its proximity to New York helps the city attract investment companies. Unlike the rest of Connecticut, Stamford’s population is climbing and it enjoys higher real estate values, median income, and lower unemployment than its major city counterparts.

It is difficult to compare mill rates directly because of different land and home values. A better way to compare is by analyzing property taxes paid as they relate to local median income. A statewide analysis based on these data was completed by the Western Connecticut Council of Governments. (See online version of paper for full analysis.)

Among the major cities, taxpayers in New Haven pay 6.4 percent of their median incomes toward their property taxes, while in Hartford the rate is 6.6 percent. These are two of the highest rates in the state. Meanwhile, in Stamford, property taxes are 3.7 percent of the area’s median household income.

Stamford has recently begun making full payments toward its OPEB liability and Stamford Mayor David Martin says he is “making progress” in negotiating with the city’s labor unions to reduce long-term retirement costs.^[x] However, total debt remains high.

Danbury, though slightly smaller than other Connecticut cities, scored markedly better than other cities with a 65 rating. Although its debt is not nearly as high as other cities, expenses were higher than revenues for the fiscal year examined. Danbury does have reserve funds in order to bridge deficits.

Scores Sorted*

Hamden	25	Brooklyn	62	Stelton	66	Woodbridge	70	Windham	74	New Hartford	76	Chester	80	Oxford	88
Waterbury	32	Seymour	62	Stafford	66	Darien	70	Ashford	74	Willington	77	New Milford	80	Washington	89
Stratford	36	Watertown	62	Marlborough	67	Westbrook	70	Greenwich	74	Woodstock	77	Suffield	80	Roxbury	90
Hartford	44	Trumbull	63	Wethersfield	67	Colchester	71	Franklin	74	Morris	77	Voluntown	81	Windsor Locks	92
Bridgeport	46	Gulfport	63	Ridgefield	67	Bolton	71	Barkhamsted	74	Hampton	77	Killingly	81	Sterling	93
New Haven	48	Wolcott	63	East Hampton	67	Griswold	71	Southington	74	Windsor	77	Kent	82	Old Lyme	94
West Haven	50	Prospect	63	Farmington	67	Middlebury	71	Sherman	75	Madison	77	Newington	82	Warren	96
Sprague	50	West Hartford	63	Ledyard	67	Durham	71	Canaan	75	Cromwell	77	Sharon	82	Cornwall	96
Stamford	53	North Haven	63	Mansfield	67	Middlefield	72	Pomfret	75	Ansonia	77	Enfield	82	Eastford	98
Derby	54	Torrington	63	Bloomfield	68	Easton	72	Woodbury	75	Colebrook	78	Lebanon	82	Bridgewater	99
Naugatuck	55	Old Saybrook	63	Litchfield	68	Scotland	72	Weston	75	Harwinton	78	Winchester	82		
North Canaan	56	East Hartford	64	Groton	68	Coventry	72	Southbury	75	Burlington	78	Columbia	83		
Deep River	58	Monroe	64	Granby	68	Norwich	72	Essex	76	Orange	78	Stonington	83		
New London	58	Newtown	65	North Stonington	68	Plainville	72	Lisbon	76	Bethlehem	78	Preston	84		
East Haven	58	Danbury	65	Norwalk	68	New Fairfield	72	Canton	76	Hartland	78	Ellington	84		
Meriden	58	Clinton	65	Tolland	69	Beacon Falls	72	Glastonbury	76	Vernon	79	Killingworth	84		
Brookfield	59	Thomaston	65	Manchester	69	East Haddam	73	Canterbury	76	Portland	79	Somers	84		
Union	59	New Britain	65	Berlin	70	New Canaan	73	Redding	76	Plainfield	79	Killingly	85		
Milford	60	Rocky Hill	66	Thompson	70	Chaplin	73	Haddam	76	Bristol	79	Branford	85		
Waterford	61	South Windsor	66	North Branford	70	Norfolk	73	Lyme	76	Salem	79	Bethel	85		
East Lyme	61	Avon	70	Montville	73	Bethany	74	Westport	76	Hebron	79	East Windsor	87		
Fairfield	61	Wilton	70	Bethany	74	Salisbury	76	Middletown	76	East Granby	79	Goshen	87		
Cheshire	62			Simsbury	74					Wallingford	79	Putnam	88		

*For full data set see www.YankeeInstitute.org/WarningSigns

Kent Sewer Commission
P.O. Box 144
41 Kent Green Blvd.
Kent, Ct 06757

June 22, 2018

Mr. Bruce Adams
First Selectman
Kent Board of Selectmen
41 Kent Green Blvd.
Kent, CT 06757

Mark Sebetic, DVM
Board Chairperson
Board of Finance
41 Kent Green Blvd.
Kent, CT 06757

HAND DELIVERED TO TOWN HALL

Dear Bruce and Mark:

The Kent Sewer Commission is in the process of considering the modification of its policies including reduction of connection fees to incentivize those non-customers in the village center to come on the sewer line. At this time, there is no contemplation of changing the annual Base Rate and quarterly Use Fees.

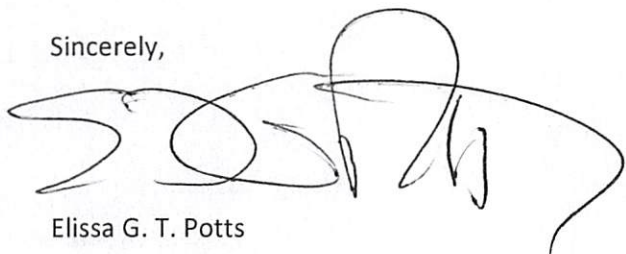
The commission has received an application from Kent Affordable Housing ("KAH") to connect its second phase, five additional affordable housing units to the Maple Street Extension sanitary sewer line. At the inception of the project, Kent Affordable Housing approached the commission with a request for a fifty percent reduction in the sewer connection fees as we had done for all customers on the line within a year of sewer line project completion. Since the second phase project was outside one-year time frame, we informed KAH that we would consider it at the time KAH was ready to connect. That time is upon us and KAH has approached the commission.

After due consideration of the commission, it is its belief that the fifty percent discount should be offered to KAH to support this important community asset. All use fees would be charged at the regular rates and distributed to the town as previously agreed. Inasmuch as most Maple Street Extension sewer

revenue is hypothecated to the town, the commission is requesting the support and approval of your board for this connection fee reduction.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Elissa G. T. Potts', with a large, stylized loop at the end.

Elissa G. T. Potts

Kent Sewer Commission, Chairwoman


Cc: Mark Sebetic, Kent Board of Finance

CC: Bruce Adams, First Selectman

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