Town of Washington

**Board of Finance**

***April 17, 2017***

Present: Members: Michael Jackson, Jack Boyer, Barbara Brown, Liddy Adams, Edward Bent, Craig Schoon, Sally Cornell

Alternates: Keith Templeton, Phyllis Allen

Selectmen: Mark Lyon, Jay Hubelbank

Treasurer: Linda McGarr

Chairman Michael Jackson called the meeting to order at 4:57 p.m.

**Minutes:** Motion to approve the minutes of March 20, 2017 & April 3, 2017 by Phyllis Allen second by Michael Jackson and unanimously approved

**Tax Collector Report:** Question on what represents the Motor Vehicle Supplement of $86,619.80 that is on the Tax Collector report. It represents the Motor Vehicle tax assessed on vehicle purchase after October 2nd of each year.

**Treasurer Report:** No Comments

**Selectman:** Mark Lyon Reported that the current budget:

Winter maintenance is over by $127,211 due to the following reasons:

In 202-2017 we started out with a full shed full salt so budgeted less and needed more.

Overtime was over due to timing of storms

Because of the fluctuation in the weather it created havoc on dirt road so more

stone and gravel for the dirt roads was needed.

Highway maintenance is at 50% with only 3 months to go so it might balance out for yearend but will have to see.

**Financial Reports**: No Comments Financial looks good.

**Education:** Valerie Anderson presented updates on the Region 12 budget. The budget increased by $25,000 or .12% since presenting the superintendent’s budget at the last meeting. The reason is due to adding back hours for a music teacher. The Referendum for the School budget is May 2, 2017.

Ms. Anderson want the towns to be aware how closely they guard the budget money. When there is excess unused funds at the end of a fiscal year over and above the “1% fund” for capital expenditure and the elementary school lease agreement of $100,000 that is put aside, funds are returned to the towns**.** Last Budget year 15-16 $167,959 was returned to the three towns.

Region # 12 has $450,000 of debt left. By the end of 2018 they will be debt free of their current debt.

When they take on the Ag-stem & Science labs project they will be taking on debt payments that will be equal to the debt payments they have had in the past. In the past it has been around 500,000 debt service per year.

They are aiming to keep the budget neutral. There are untrue rumors that the taxes will double.

A recent study listed Shepaug as number 36 of all high schools in Connecticut

$377, 629.44 has been spent on the Ag-stem project to date. Attached breakdown.

The Ag-stem project is $31,926,000 with the state grant percentages being mixed. Region #12 will be responsible for 9,500,760 of debt amortized over 20 years. Total from the state will be 22,426,000. When full operation there should be 139 students

Diebold Foundation has pledge a Million dollars but Valarie was not sure what there restriction may be.

Discussion on the “Claw Back” provision. A “Claw Back” is universal on any state grants. If a project uses state money and the project is no longer being used for public use the state requires to pay back prorated funds. Michael Jackson just want taxpayers to know that if the school does not succeed the towns would have to pay back the funds. There was discussion to send a letter to the taxpayers from the Board of Finance but it was decided that it was not necessary. There is no knowledge of any school that had to pay back to the state.

There is a forum on April 25, 2017 with board of Education candidates. Another opportunity for information on the project

**Old Business: Changes on the 2017-2018 Budget since the April 3, 2017 meeting.**

* Health Insurance was previously budgeted at 7% and its renewal will be a 16% increase. Basically same plan with a little more for the employee to cover in the deducible. The employee will be responsible for the first $300 of the deductible if single and $600 for family. This also includes adding two new employee; Fulltime Fire Marshal and the split position of Administrative Assistant in Selectmen office & Parks & Recreation Director. The insurance is through the MEHIP program through the state which gives a discount rate.
* Increase in pension expense for the two additional fulltime employees.
* Increase in non- recurring of $40,000 for the Lake Waramaug Dam gate valve repair. The cost will be an additional $60,000 and hoping to get a total of $20,000 from Warren and Kent toward the expense.
* Nothing more on the Teachers’ Retirement Expense from the state.

A motion to approve the proposed 2017-2018 Operating Budget and 2017-2018 Non-Recurring Capital Budget by Edward Bent, second by Liddy Adams and unanimously approved.

**New Business:** A motion to appoint Charles Heaven & Co, Inc. as the auditor for the year ending June 30, 2017 by Edward Bent, second by Michael Jackson and unanimously approved

**A motion to adjourn at 5:56 by Barbara Brown and Second by Michael Jackson unanimously approved**

**Town Hearing: May 4, 2017 at 7:30PM**

**Next Meeting: May 15, 2017 at 5:00PM**

Respectfully submitted,

Linda Kennedy Gomez Financial Administrator

REVIEW OF AGSTEM COSTS AND ANTICIPATED COSTS TO DATE 4/7/17

Prepared by Valerie Andersen, Board of Education Treasurer

The referendum of November 10,2015, which passed by a decisive majority in all three member towns, was for a gross bond of $39,491,000 for the AgSTEM project plus renovation on four science labs. Of this total, $27,739,000 (+/- 70%) would be from a state grant leaving a balance of $11,752,000 to be paid according to percentage population of the member towns. Since that successful referendum the project has been reviewed several times and downsized appropriately $7.6 million. The cost now stands , for the entire project of science labs plus AgSTEM, at $31,926,000 gross, with state grant of about $22,426,000 and towns responsible for $9,500,760 The portion of debt for the town of Washington at 45% share is approximately $4,275,300 over a 20 year bonding schedule.

Due to the State’s financial condition, there was an unprecedented delay in the final grant approval process. However the State has now reviewed this project through the Department of Administrative Services and the Education Committee and it now awaits, along with other school projects, the final vote expected in June. Attached on the last page is additional expenditures planned, post approval, to get to the bidding stage as actual construction begins.

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| --- | --- | --- | --- | --- | --- |
| Pre Referendum Expenditures |  |  |  | 1/9/2017 | |
| Agriscience & Science Lab Projects | Paid |  | pending | Total | |
| Kaestle Boos Architectural Services  O & G Industries Inc. (Construction Manager) | $ 200,000.00 |  |  | $ 200,000.00 | |
| Dr. Clarence Welti, P.E., P.C. Test Boring & Geothermal Study | 17,000.00 |  | 3,000.00 |  | 20,000.00 |
| T. Michael Alex  A-2/T-2 Topographic Wetlands Survey | 5,425.00 |  |  |  | 5,425.00 |
| Nutmeg Soil Services Wetlands Study | 1,200.00 |  |  |  | 1,200.00 |
| AcuMark Utility LLC | 1,375.00 |  |  |  | 1,375.00 |

Locating Underground Utilities



Legal Referendum Expenditures

|  |  |  |  |
| --- | --- | --- | --- |
|  | Paid | Pending | Total |
| Day Pitney LLP  (Bond Counsel) | 18,842.00 |  | 18,842.00 |
| Republican & American | 387.44 |  | 387.44 |

Advertising



(Post Referendum Costs)

Design & Pre-Construction costs

Paid Pending Total

Kaestle Boos Architectural Services 86,000.00 86,000.00

O & G Industries Inc. (Construction Manager) 44,400.00 44,400.00



# Total $ 130,400.00 $ 130,400.00

|  |  |
| --- | --- |
| Pre Referendum & Pre Construction Payments from 2016/2017 Operating Budgets of which there will be an eventual 80% grant to offset. | 377,629.44 |

In addition, there is a$125,000 allocation in the proposed 2018 operating budget to cover anticipated interest on a $10 million BAN(Bond Anticipation Note,a short term bank borrowing) to fund the project if it starts as planned in this next fiscal year.

Additional Pre Bid costs for schematic design, design development, and construction documents are projected but not yet billed to be:

Kaestle Boos $1,120,000

O & G $ 66,600

Total $1,186,600

($1,186,600 plus paid $377,629 equals $1,564,229 to bid stage after State approval)