

THESE MINUTES ARE SUBJECT TO APPROVAL AT THE NEXT BOARD OF FINANCE MEETING

Town of Chester, Connecticut
SPECIAL Board of Finance Meeting
Thursday, September 28, 2017
Chester Meeting House
4 Liberty Street, Chester, CT

Minutes

CALL TO ORDER

Chairman Virginia Carmany called the meeting to order at 7:37 P.M.

SEATING OF MEMBERS

Virginia Carmany, Chairman; Jennifer Rannestad, Jon Joslow, Charles Park, Richard Nygard (Alternate – not seated), David Cohen, John O'Hare (Alternate – not seated) and Bob Gorman. First Selectman Lauren Gister was also in attendance. There were approximately 150 public officials and members of the public present.

Chairman Carmany welcomed everyone, thanked the people who had worked on and been involved in the proposed Library/Community Center project, noting that it had been a long journey from an initial study group, thanking them for all the time and energy put into this project.

She called attention to and identified the three exits from the building, as requested by the Fire Marshals, who were present.

Using a PowerPoint presentation, Carmany reviewed the agenda for the meeting. For those who might not have been familiar with the Board of Finance's role in town government, the history and legal basis of the Board was reviewed, beginning with its institution in the late 19th and early 20th centuries. Boards of Finance provide a mechanism to consider all financial aspects of town government as a whole, ensuring healthy fiscal management of resources and restraining wasteful and extravagant expenditures. Annual budgets are balanced through careful preparation and monthly oversight of revenues, estimated or on hand, and expenditures. State Statutes §7-148 and §7-433 through 381 provide legal framework for Board duties and the responsibility for financial control over all aspects of town government operations. (Details taken from presentation; copy of this portion attached as Appendix A and made a part of these minutes.)

The Chester Board is elected, with six full members and three alternate members, and oversees the current annual Town budget of \$13 million. Responsibilities include financial control of government operations, accounting, auditing functions, fiscal policy as well as review of requests for expenditures and funding. Each year the Board presents to a Town Meeting a balanced budget to meet Town expenditures within available revenue. Tasks also include the mandate to establish and maintain a ten-year capital improvement fund; annually setting the property tax rate; ensuring that an annual audit is conducted, and publishing an annual Town Report. When needed, must review, recommend and either approve or disapprove requests for additional appropriations and transfers between departments once the annual budget is approved. Education budgets (District #4 and Chester Elementary School) are also reviewed, as they are administered separately.

Carmany went on to explain the Presentation by Jennifer Rannestad was intentioned to put the Library/North Quarter Park project in context with the overall financial climate of the Town in conjunction with the potential impacts from reduced State aid.

First Selectman Gister pointed out that the Library Building Committee had worked long and hard on the project being presented at this meeting. She recommended careful and thoughtful consideration of the financial presentation, and the need for all the facts to be available before making a decision.

REPORTS – Library Building Committee Presentation – Library/North Quarter Park Project

Dennis Tovey, Chairman of the Building Committee presented information from the 64-page Estimated Project Budget Summary (two company’s Budget Estimates). The Summary included the result of the averaging of two submissions; from 1) A.M. Fogarty & Associates, of Hingham, MA, Engineering Consultants, and 2) from Enterprise Builders, Inc. of Newington, CT, a general contractor/construction management firm specializing in commercial, industrial, and institutional projects.

Mr. Tovey advised the Town had prepared a Grant Application for a \$1 million from the State of Connecticut in April of 2014, and that \$100,000 had been appropriated in March of 2015, allowing the Committee to begin working with an architect on schematic plans, which over two years became the basis of the Budget Summary and current plan. The \$1 million grant was awarded to the Town contingent on “shovel ready” by November 2017. Since the Town was not ready, the Town requested an extension for the grant and the timeframe has been extended one year. The project budget as presented shows a projected total cost of \$7,400,000, and provides the following summary details, as approved by the Committee:

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#

Building Costs (7,995 square feet)	\$ 2,920,000
Site Costs	\$ 1,430,000
Design Contingency	\$ 470,000
General Conditions, Insurances, Bonds, Profit, Permits, etc.	\$ 680,000
Building & Site Construction Costs	\$ 5,500,000
Escalation @ 5% to June of 2018	\$ 270,000
Construction Contingency @ 8%	\$ 440,000
A/E* Fee – basic services	\$ 490,000
A/E* Fee – added services	\$ 270,000
Furniture, Fixtures, Equipment	\$ 200,000
Moving/Relocation, Testing Lab, Clerk of the Works, Utility Fees, Telephone System, Security, Insurance, Printing Costs, Survey Allowance	
Soft Project Costs	\$ 1,900,000
TOTAL PROJECT COSTS	\$7,400,000 *

* A/E = Architectural/Engineering

Total costs exclude interest, estimated at an additional \$3M.

Mr. Tovey reviewed numerous individual items within the Summary. Because of the volume of information available in the document, interested parties are advised to request a complete copy from the Town Clerk or Chairman of the Board of Finance for additional detail.

Library Building Committee member, Charles Muller, displayed a schematic of the proposed project, pointing out that two informational meetings had been held for residents in May for the public to review and comment on the plans as the project moved forward, resulting in the displayed overview. It was noted that while the project has become known, informally, as “the library project”, it is more accurately identified as the North Quarter Park Development Project, which includes a Library/ Community Center building. Using the display,

Mr. Muller pointed out the location of the various uses within the project, including but not limited to the building structure, proposed relocated playground area, open spaces, existing trails, etc., as well as areas where materials could be relocated on site to achieve better landscaped terrain.

Steve Tiezzi, also a Committee member said that while the total projected cost of the Project was \$7.4 million, the library/community center building cost is estimated at just \$2.9 million, against which the previously approved \$1 million grant would apply, but that the grant will be available for only one more year, if State funding of grant programs is funded. Currently pledges are being solicited in an effort to offset costs to the Town. Note however, additional site work costs are necessary to build at \$1.4 million.

Mr. Tiezzi reviewed, specifically; the “soft costs” included in the Summary Budget. He then announced the Project Committee has scheduled its next meeting for Wednesday, October 4 in the Town Office Building.

Mr. Tovey reminded those attending that the Board of Finance mailed an informational post card to every household to ensure that townspeople were aware of the proposed project and of this scheduled meeting.

The meeting continued as a Q&A, question and answer, session with Chairman Carmany moderating. Questions included, but were not limited to the following:

- Demolition debris from the former Chester High School building is buried on the North Quarter Park site. Is it known if this material contains hazardous materials?
 - It should more accurately be referred to as “regulated material”, which, if it remains on and is used within the site, would be considered acceptable. To date 10 test borings and test pits have been utilized, but until the site is actually opened, it is not possible to know exactly what materials are there.
 - There have been no provisions made for funding if hazardous materials (HazMat) are present.
- Is the playscape equipment part of the total \$7.4 million projected cost?
 - Anything/everything beyond a five-foot perimeter of the proposed structure was included in the estimates provided.
- Are there new trails being planned and are the costs in the estimate?
 - No, there were not any new trails planed.
- How did the Committee arrive at a total project cost of \$7.4 million when the estimates provided show totals that are approximately \$1 million apart?
 - Two estimates were averaged.
 - These are only “estimates” and the plans provided are only “schematics”.
 - Finalized plans, once prepared and approved, are what would be used to determine more accurately the actual costs of the project.
- Are utility (electric, water, gas, phone, etc.) costs included in estimates?
 - All utilities have been included.
 - Finalized plans, once prepared and approved, are what would be used to determine more accurately the actual costs of the project.

- Are utility (electric, water, gas, phone, etc.) costs included in estimates?
 - All utilities have been included.
- There is reference to the tie-in to Main Street (access drive, water and sewer lines, etc.).
 - This is not part of the estimates provided.
 - These connections should be a part of the Main Street Project, when the remainder of the streetscape work is performed for the area between School Lane and Route 154/ Middlesex Turnpike.
- There are significant drainage issues impacting North Quarter Park and, ultimately, Pattaconk Brook and the abutting marshlands. What will be done to remediate them?
 - This work would become a part of the site landscape program.
 - With its proximity to Pattaconk Brook, is the potential for flooding likely to be a problem for the structure? Note that the town center has been impacted during high water events during the past eighty-plus years.
 - It is believed that this should not be an issue. The Park is on high enough ground.
- Plans indicate that a sewer line installed for the proposed building will require an on-site grinder pump as the structure is below the elevation of the sewer line in Main Street.
 - This would not require a pump station facility because volume would not require it.
- Bonding costs have not been included in estimates provided. Estimated at \$70K.
 - Bonding must be for the full amount of the cost of the project.
 - Grant funding, if realized, cannot be considered in connection with bonding.
 - Short-term financing would be utilized during development and implementation of the project.
 - Bonding would be undertaken only upon completion, when final costs are known.
- Is the \$1 million grant an absolute guarantee in connection with the proposed project?
 - As of 2017, the Grant was extended to November 2018.
 - State funding was in the State budget two or three years ago, but it is not known whether that funding will still be available in the future.
 - Grant funding is predicated on the number of square feet of building structure and the population of the municipality, among other criteria.
- If the building size is reduced, the grant could be reduced or withdrawn.
 - The proposed project would have to be a “prevailing wage” project, in compliance with Connecticut’s Prevailing Wage Rates.
 - Phasing the project is probably not feasible because costs would increase.
- If the building size is reduced, the grant could be reduced or withdrawn.
 - The proposed project would have to be a “prevailing wage” project, in compliance with Connecticut’s Prevailing Wage Rates.
 - Phasing the project is probably not feasible because costs would increase.
- Based on the estimated Operating budget in comparison to the library’s current operating budget, is the proposed cost of utilities included in the presentation adequate?
 - A “net-zero building” for utility and energy costs is the ultimate goal. Heating and cooling as well as electrical costs are not expected to be significantly increased though the building is 4 times the current building.
 - The committee has worked with the Town’s Energy Team to help reach that goal.

- No additional staffing was considered.
- There is no provision for a capital reserve contingency in the proposed project budget.
- Personnel costs would ultimately be the largest portion of any operating budget if the project is developed.
- Reference in estimate documents is identified as “NIC”, which is “Not Included in Contract”.

Committee members reiterated their position that they have prepared and presented a well thought out, conservative estimate, and noted, “It’s our (tax) money, too.”

Jennifer Rannestad, Board of Finance member, thanked those who put together all the information provided and expressed appreciation for their hard work. She spoke of her service on the Board of Finance, noting how well the Town has managed budgets over the years. She also said that the last two years have been much more difficult with the current status of the over-all economy, the uncertainty in connection with State budget and financial decisions, and that this proposed project must be considered as a part of our current situation.

Utilizing a PowerPoint presentation, Ms. Rannestad showed where the Chester mil rate is in relationship to the mil rate of other municipalities. Because Chester has a larger number of more modest properties than many other municipalities, its Grand List is also smaller. She explained that the mil rate is predicated on the Grand List, which potentially will decrease in coming years. With revaluation scheduled for 2018, there will be adjustments to the Grand List, resulting in the potential for a changing rate of taxation. Additionally, State funding in the future will almost most certainly be reduced if not, for the most part, eliminated. The challenge is how to manage the mil rate with a stagnant or decreasing Grand List and expenses that are on an increasing trajectory. Of concern going forward are the status of State funding, a probable shift in ADM funding, the potential of escalating special education student costs, reduction of employment in a tightening labor market, etc.

Ms. Rannestad used the graphs in her presentation to provide comparative information showing projections, which could affect the taxpayers of Chester. She reiterated throughout her presentation that she had maintained what she referred to as “an optimistic outlook”. Mil rates for Chester and surrounding municipalities, as well as Chester’s position within other statewide communities showed Chester to be below that of a majority of those shown. Grand Lists of the same surrounding towns showed Chester as having the lowest, more than 80% lower than Saybrook. Looking to 2018, the percentage of expected expenditures for Chester is among the lowest of the same towns. The graph covering both the budgeted and projected Grand List for Chester clearly indicated the impact revaluation has on a municipality and further showed that projections for the future indicate a further reduction, anticipated to continue. Using the historical information it could be predicted that the Chester mil rate could climb from its present 26.36 to as high as 35.47 by fiscal year 2024, a 6.04% tax increase. The base line of a flat Grand list (total property values) with projected expense increases of around 3% affect our taxes. Additionally, as student population both declines and shifts, Chester’s share of education costs is expected to increase in the same four-year period, increasing Chester’s tax burden, which could increase by 4.6%. All factors included, projected increases can be anticipated in each category within the budget by an estimated total of 2.4%. Key assumptions and their effect on the mil rate, with or without the projected change if a \$7 million bond were included, showed a

projected increase of over 11%. (Details taken from this portion of the presentation are attached as a copy as Appendix B and made a part of these minutes.)

There was spontaneous, enthusiastic applause at the conclusion of her presentation. Board members pointed out that Ms. Rannestad had been very careful to present what she referred to as a “very optimistic” and conservative picture.

Chairman Carmany re-stated many of the major points raised during the meeting; First Selectman Gister noted that the Town is working on a daily basis to control and contain costs and look for ways to grow the Grand List (Tax base).

A lengthy Audience of Citizens took place.

In a general exchange between Board of Finance members, points raised included:

- The potential in-progress sale of Chester Village West to Masonicare, which is a non-profit organization, and at what level might the new ownership provide PILOT funding to the town. (PILOT = Payment In Lieu of Taxes).
- Is it possible to privately raise enough money to pay for the proposed project if grant funding is not realized and to also to minimize the impact on taxes?
- The Community Foundation may provide some funding if the project is approved.
- What will happen to the current Library building? Note was made of its history and historic past, potential future uses, costs, and a study of the building that had not been completed in years past.
- What costs would be incurred in connection with bonding and the impact on taxes?
- Interest on any construction loans was not included in any of the cost estimates.
- What other sources of funding might be available, other than those that are grant-related?
- Inflation was not factored into the presentation Ms. Rannestad made.
- Would it be fiscally responsible for the Town to commit to spend \$7.4 million at this time?

There were extensive, multi-generational pro and con questions, answers and opinions voiced by the members of the public who remained. At the end of which much of the audience of officials and citizens left the meeting; approximately 30 remained as the Board continued its deliberations.

Continued New Business – Next Steps

Chairman Carmany advised the Board it had three options to consider: a vote, YES or NO on the proposed funding ; or to table the matter, a yes vote would send the project to a Referendum. Board members reviewed the individual options; noted that a Referendum would allow an opportunity for the citizens to vote; the asked itself if the Board would be observing its responsibility in connection with its fiduciary obligation if it “approved” the project to send it to referendum; if not funded, does the proposed project get returned to the Board of Selectmen (yes), and the fact that the Board has a responsibility to be a financial watchdog for the municipality.

Motion was made by David Cohen, seconded by Bob Gorman, to table the proposed \$7.4 million North Quarter Park project. After brief discussion, the motion was withdrawn.

Motion was made by Jon Joslow, seconded by Charles Park to approve the expenditure of \$7.4 million for the Library/North Quarter Park project.

The motion was defeated on the following vote: In favor: Bob Gorman; Opposed: Jon Joslow, Charles Park, Jennifer Rannestad and Virginia Carmany; Abstaining: David Cohen.

Adjournment

On motion by Charles Parker, seconded by Bob Gorman, it was unanimously voted to adjourn the meeting at 10:55 P.M.

Respectfully submitted,

Bettie Perreault

Recording Clerk

Reviewed by Virginia Carmany

Appendix C includes three pieces of correspondence received by and provided by Chairman Carmany:

- Email from Caryn Davis/Leif Nilsson dated September 25, 2017
- Email from Karin Badger dated September 28, 2017
- Letter from Deborah Morrow, Cable Prep dated 28 September 2017

Appendix A

Chester Board of Finance
Special Meeting September 28, 2017

The Role of Chester's Board of Finance

History and Legal Basis

- Boards of Finance were instituted in the late 19th and early 20th centuries in Connecticut. Reasons for creating the Boards included:
 - Providing the mechanism to consider all financial aspects of town government as a whole rather than from the standpoint of a particular department, board or office;
 - Ensuring healthy fiscal management of each town's resources; restraining wasteful and extravagant expenditures; and
 - Exercising care in properly balancing the annual budget by performing all administrative tasks involved in budget preparation and ensuring monthly oversight of actual vs. estimated revenues to expenditures.
- State Statutes S7-148 and S7-433-381 provide the legal framework for the Boards' duties and carry with them the responsibility for extensive financial control over all aspects of each town government's operation.
- The Chester BoF is an elected Board made up of six full members and three alternate members. It oversees the annual Town budget of \$13 million.

The Role of Chester's Board of Finance

Main Responsibilities

- Exercising extensive financial control over all phases of the town government's operations, including supervision of the accounting and auditing functions and the setting of fiscal policy.
- Reviewing all requests for expenditures for town activities, evaluating all requests for funding and recommending to town meeting a balanced budget which, in its judgment, meets all of the town's expenditure needs within available revenue resources.

The Role of Chester's Board of Finance

Additional Tasks

- Establishing and maintaining a ten-year capital improvement funds to ensure functionality of the town's infrastructure – roads, vehicles, buildings, projects, etc.
- Setting the property tax rate after the annual budget is approved by the town.
- Ensuring an annual municipal audit.
- Publishing the annual town report.
- Reviewing, recommending and approving any additional appropriations and transfers between town departments after approval of the annual budget.
- Serving on the town's retirement board to assist in evaluating the municipal pension plans; also participating on other boards and commissions.
- Reviewing school budgets, such budgets must be submitted two months prior to the town meeting to approve the budget.

Appendix B

Key Assumptions

REVENUE

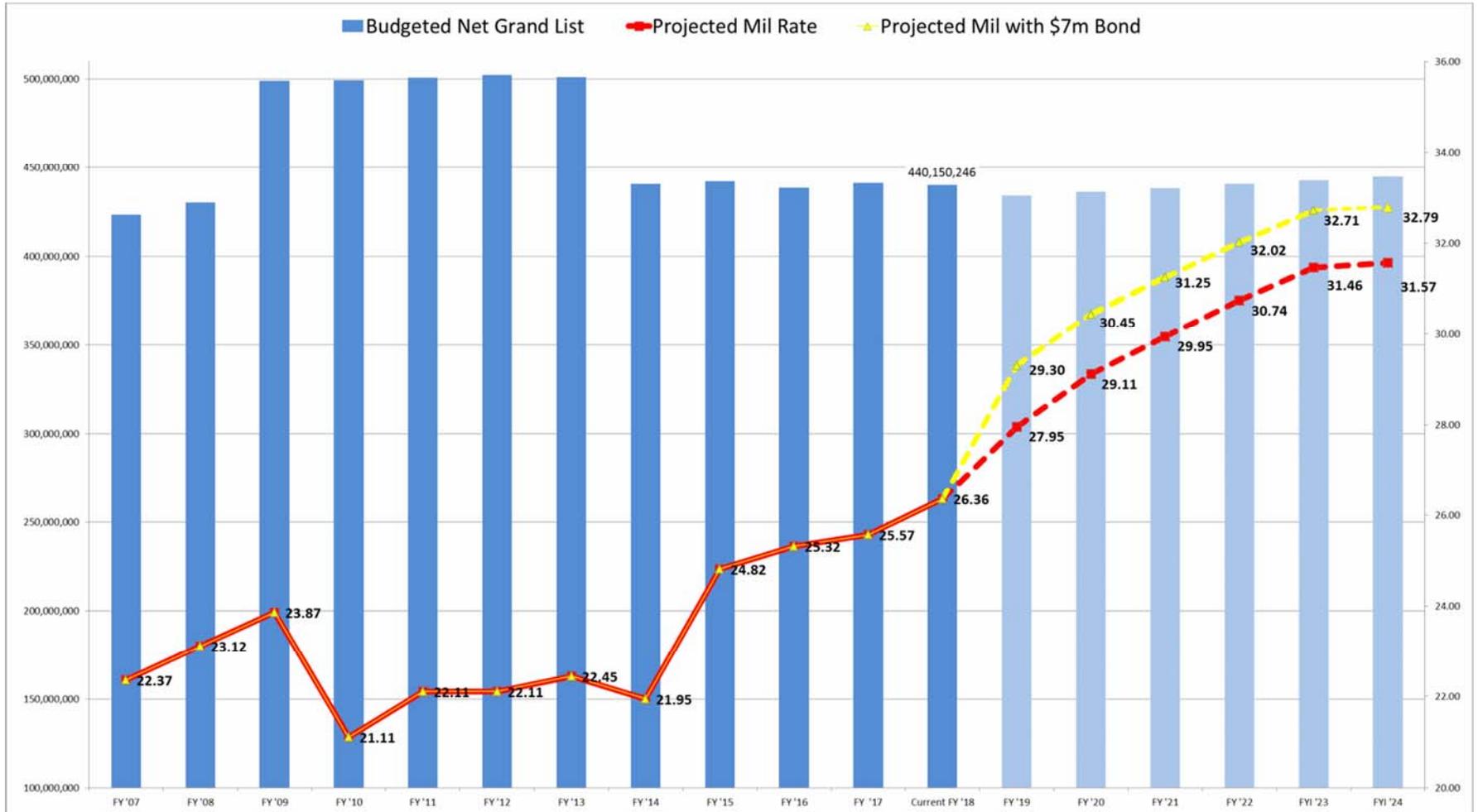
- Growth of Grand List .5%
- Collection Rate 99.75%
- Town fees, Permits, Services 2%
- State Revenue Reduced 70k FY18 and decreasing 20% for next 4 years, stabilizing at \$300k
- Assigned Balance Funding \$100k each year

EXPENSES

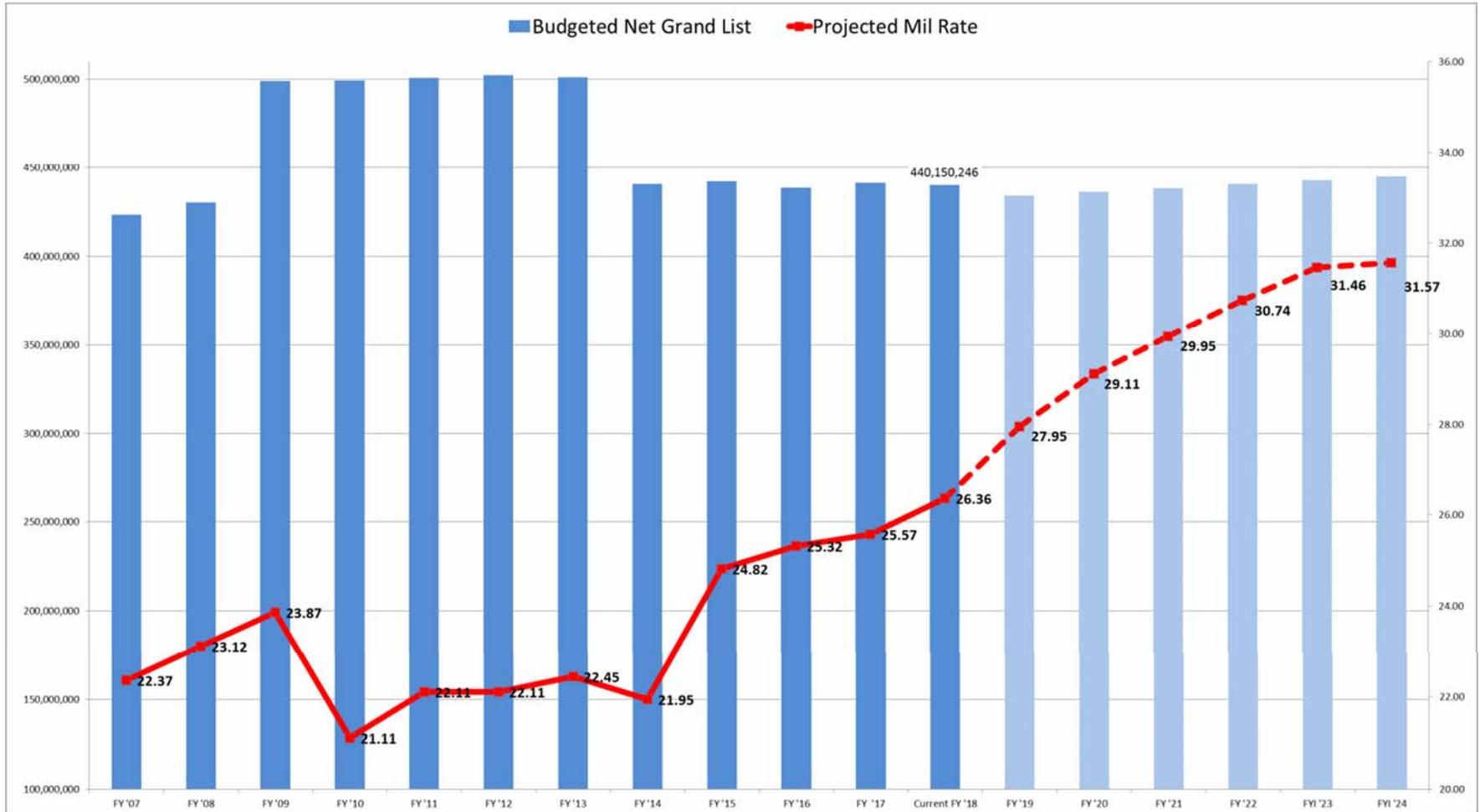
- Overall Expenses 2.4%
- Town Operating Expenses 3%
- Chester Elementary Expenses 2%
- Region 4 2%
- Capital 4%
- Retiring Town Hall Bond FY '19 \$147,900 savings
- Retiring Region 4 Bond FY '24 \$228,450 savings

PROPOSED PROJECT

- \$7m Bond Payments from Phoenix Advisors: \$560,000 \$549,500 \$539,000 \$528,500 \$518,000 \$507,500
- Additional Operating Cost of new Library \$25,000 with 2.5% per year
- Additional reserve funding for new building \$0



FY '19 Tax Increase
 Projected change in mil rate: **6.04%**



FY '19 Tax Increase

FY 18/19 Tax Increase

Projected change to mil rate if \$7m Bond: 11.17%

Projected change in mil rate: 6.04%

Appendix C

Re: BOF MTG

Subject: Re: BOF MTG
From: "Caryn B. Davis Photography" <caryn@carynbDavis.com>
Date: 9/25/2017 9:33 AM
To: Virginia Carmany <vcarmanyruiz@comcast.net>

Here is out shortened version to be read into the minutes. One paragraph! I have attached it as a word doc as well. Thank you.

September 28, 2017

To: Chester Board of Finance

Regarding: North Quarter Park Library

Please read at the meeting and include in the minutes.

We do not think it is fiscally responsibly to move ahead with this project. We do not think a library of this magnitude is warranted for our population of 4,245 residents. We do not think it can be sustained by Chester's taxpayers, or will be used enough by Chester's population especially with only 1041 library cardholders and 7 other libraries 2-8 miles away. Additionally, we do not what know the precise cost of this building will be with bonding included, annual upkeep and maintenance, staff, new furniture, new computers, new collections, insurance, electricity, heat, AC, snow and leaf removal, landscaping, etc. All this will add to the current cost and continue to increase each year with inflation.

Respectfully,

Caryn Davis

Leif Nilsson

Kind regards,

Caryn B. Davis

Imagination in focus.


CARYN B DAVIS
PHOTOGRAPHY CARYNBDAVIS.COM 860.526.5936

Attachments:

BOF LEtter

61.2 KB

Letter to BOF-Sept 28 2017 Special Meeting

Subject: Letter to BOF-Sept 28 2017 Special Meeting
From: Karin Badger <kbadger01@snet.net>
Date: 9/28/2017 11:28 AM
To: Finance@chesterct.org, virginia carmany <vcarmanyruiz@comcast.net>

RE: September 28, 2107 BOF Special Meeting: Proposed \$7.4 million New Library at NQP

Please read into the minutes:

To the Chester Board of Finance,

I feel the Library at North Quarter Park plan that you have before you, is not right for the Town of Chester.

This project is much too costly. The institutional design and scale is not appropriate for the neighborhood, or the character and style of our small downtown.

The Chester Library is a well-loved, beautiful, historic building; we should work with what we have. We already have meeting spaces. We should improve the park, and keep it as an open space, I believe that is what most residents want.

This proposed move comes with great aesthetic loss and financial cost, an additional burden on Chester taxpayers, that should be carefully considered and not be taken lightly.

Respectfully,

Karin Badger
Chester Library Board of Trustee Member



A Ben Hughes Communication Products
Company

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Fax: 860-526-2291
www.cableprep.com

28 September 2017

Virginia Carmany
Board of Finance Chair
Town of Chester
203 Middlesex Avenue
Chester CT 06412

Dear Ms. Carmany,

I am a local business owner and wanted to write to you to express my support of the North Quarter Park project.

I have a great interest in this project because of the value added to our community. We already attract families to our school systems. We need industry for the tax base and I hope that becomes a reality. However, what the town has to offer will attract more business, so I feel that a project like this will give our town the shine it deserves.

Yes, we have nice restaurants and small shops, but there is not much to keep the residents in town other than to eat and shop. I would like to send my employees to some of the proposed library classes or events so they can learn and enrich themselves.

This note was sent off the top of my head, and since I am not able to attend tonight's meeting, I am sending via John Williams.

Cordially,

Deborah Morrow