

TOWN OF SOMERS

BOARD OF FINANCE

REGULAR MEETING

September 24, 2007

I. CALL TO ORDER

The regular meeting was called to order at 7:05 p.m. by Chairman James Persano. Members present were Steve Krasinski, Tom Mazzoli, George Warner, Marilyn Provonost and Michael Parker. Also attending: First Selectman David Pinney, Treasurer Ed Sullivan, Superintendent of Schools Dr. Maynard Sufredini, Tim Potrikus, Developer Harvey Edelstein and Housing Authority Chairman Len Slaga.

II. BOARD OF EDUCATION UPDATE

Tim Potrikus informed the BOF that the open positions have been filled. The teachers bargaining negotiations will begin soon. The BOF representative for these meetings is Steve Krasinski.

Joan Formeister is preparing a 4-5 year long-range forecast from information supplied by school staff and teachers.

The Somers Elementary School roof job will go to bid this winter and construction will begin next summer

III. HOUSING AUTHORITY - TOWN PILOT GRANT

Len Slaga had mailed an information packet to the BOF members recapping the Housing Authority's (HA) request to waive the payment in lieu of taxes (PILOT). This mailing included information on the Phases of the Woodcrest Project, information on the Resident Service Coordinator (RSC) position, and a sample PILOT waiver agreement.

Mr. Slaga said that construction of the eighty-six units of Phase I will begin in October. The Selectmen have passed a motion to waive the PILOT fees and he hoped the BOF would as well.

He recapped the Housing Authority's request to waive the pilot fee citing that Enfield has waived the fee for 20 years. He described the PILOT as a \$200 per year tax on the people at Woodcrest that is taken from the rent they pay. Because this money goes to the Town it cannot be used for services for the residents.

He addressed the following questions (in italics) that had been previously expressed regarding the waiver:

If the PILOT is waived might the prison PILOT may be affected?

Mr. Slaga referred to a letter in the packet he had mailed that states that there is no correlation between these two PILOTs.

The HA has \$16 million in Phase I money, can't the \$12,000 that would be gained by the HA with the PILOT waiver come from this money?

After receiving all contractor estimates, the Phase I project is \$1,000,000 short with different ways to cut expenses being considered. The money is not available here.

Will Title 19 cover the services needed? Title 19 covers some but not all necessary services.

Can the Federal or State government pay more toward these services? The HA gets all the money they can from both entities.

The Town has budgeted this money and cannot afford to lose the \$12,000 per year the waiver would represent. The Town can more afford to lose this money than the Woodcrest Residents can.

Mr. Slaga reiterated the four ways that the PILOT waiver would be used to help Woodcrest residents: 1. Hardship ie. groceries 2. rent assistance 3. health and safety ie. walkers and 4. to hire the RSC.

Mr. Slaga suggested that the HA could set up a Town of Somers Resident Tenant fund. The PILOT monies would be deposited into this account and would be used to address these needs only. In the unlikely event that any money remains in the account at year end it would be returned to the Town.

He added that the 13-acres that were donated by the Town for the project would not have generated income so waiving the PILOT represents no loss of income from this land. Later in the discussion George Warner pointed out that the Town actually donated 21-acres of land worth up to \$2,000,000. If the land had not been donated the HA would have had to purchase it.

James Persano opened the floor to questions or comments.

Mike Parker questioned why there should be such focus on \$12,000. He asked if the waiver of the PILOT is a condition of the financing. He said that he had been repeatedly assured that it is not, however if it is a condition the BOF wants to know exactly what is being waived and who would benefit from this waiver, ie. Bondholders. He continued that the BOF wants to understand how the waiver impacts the financing and why the \$12,000 PILOT monies cannot be appropriated by the BOF to fund the elderly. Currently the PILOT is deposited into the General Fund and the money to cover these hardships can be appropriated from the General Fund into an account for this purpose.

Rick Cheney of Rockville Bank referred to a letter to Mike Parker from Rockville Bank's Bill McGurk. He stated that he was sure when Mr. McGurk wrote that the project financing is not contingent upon the PILOT waiver, that he was speaking regarding the Bank's portion of the financing only.

Mr. Parker referred to #5 in the sample PILOT waiver agreement that Mr. Slaga had mailed. His understanding of this paragraph was that once signed, the PILOT waiver would be a condition of the financing and could not be changed in the future.

Harvey Edelstien affirmed Mr. Parker's interpretation of this paragraph. He added that it is one of the conditions in the low income tax credit financing package. He stated that one condition has "to do with the funding of the Community Resident Services Coordinator's Position from the PILOT's funds". It is a condition of the financing that this position be funded. (The operating budget for the Woodcrest project was distributed at this time.) He added that there are not enough funds in the income of the residents living in this housing to support the housing. This is why the housing is falling apart.

Steve Krasinski stated that when a tax abatement is given it is for people who need it for some reason. After reviewing the HA's operating budget from last year he asked why the Town should offer a tax abatement when last year's profit was \$62,000 and the HA has a reserve of \$406,000.

Len Slaga answered this by stating that the capital needs study found that \$1.5 million was needed to repair the current facility. There are a number of repairs needed to correct health and safety issues that have not been performed. Tony Pellegrino added that at this time the reserve has gone down to \$211,000 because the architect bill for the new project had to be paid.

Mr. Krasinski continued that when giving tax breaks he prefers to give money directly to those in need rather than giving it to a corporation to delegate. He asked why if the RSC position is a requirement for funding was this only now

being presented to the BOF? Furthermore, he said that from a functioning standpoint he did not understand why the Town should have three people in charge of social services. The Town already has two people addressing these needs for the rest of the Town. It was asked if the Town could hire one person to serve the needs of the entire Town including the residents of the HA?

Harvey Edelstein said that as long as there is a Town commitment to provide the services in the job description to the HA population others may be served as well. However, this is a certified position that requires a license to provide specific services to the elderly.

James Persano suggested that the BOF allocate the PILOT taxes into a fund to be used to address tenant hardships such as groceries, electricity bills, rent assistance, and to help with health and safety issues such as walkers and handrails. He said that if financial resources for the project are contingent upon hiring the RSC the Selectmen should create the position and hire this person. He suggested that the RSC position might be combined with other social service positions within the Town.

Tom Mazzoli asked what would happen to the project funding if the PILOT waiver is not approved? Len Slaga answered that in order to get low income housing tax credit money the RSC will need to be hired.

Mariyn Provonost asked how much the salary for the RSC would be. Harvey Edelstein said it would be about \$20,000. It was reiterated that the \$12,000 PILOT is actually \$13,500 presently and will grow to \$40,000 when factored out to 150 units.

Mike Parker said he wants to know if someone issuing the major funding wants as a condition not only that the RSC be hired but also that the funding for the position be paid by a waiver of the PILOT? If so, is it to make more money available for the rate of return on the Bonds. He further asked were do the funds come from to support the financing of the Housing Bonds?

Harvey Edelstein said that the money comes from Federal taxes that are waived to people who invest in the Bonds. It pays 95.6% for \$1.00 worth of taxes over 10 years. They earn \$.05 on the dollar over 10 years.

Mike Parker moved to table the matter until the next meeting. Steve Krasinski seconded and the motion carried.

IV. SELECTMEN'S UPDATE

David Pinney suggested that he might find someone through the Connecticut Housing Authority that can explain to the BOF the Woodcrest financing and the strings attached thereto.

Mr. Pinney provided copies of the twelve résumés received from the CFO applicants to Selection Committee members Mike Parker and Jim Persano. Also on the Committee are Joe Tolisano and Bill Boutwell.

The position description for Tax Collector is being drafted. The Selection Committee for this position will be comprised of the same people who choose the CFO.

Two applications have been received for the position of the Town Engineer / Director of Public Works. The ad is being rerun to increase response for this position. The salary range for this position is posted for \$75,000 to \$84,000, which is comparable to that of other towns for similar positions.

David Malden of the Manchester Fire Department has been selected to be the Fire Marshall. He will continue to be a full-time firefighter and EMT paramedic in Manchester and will serve Somers 20 hours per week at \$25.00 per hour.

Wednesday, September 26th, the three finalist candidates for the Mill were interviewed. This Selection Committee includes the Selectmen, the Chairman of Planning, the Chairman of Zoning, the Chairman of Economic Development, the Somersville Planning Committee, the Town Planner and the Town Sanitarian.

Once the developer is chosen a conditional agreement will be drafted that transfers control of the property to the developer. Before the transfer occurs, research will be done on environmental and structural conditions, a market plan, market feasibility and financing to ensure the plan is sound.

The current owner wants the property to be foreclosed upon. The Selectmen hope to avoid Town ownership responsibility of the property by transferring the liens to the new private entity, then that entity could foreclose.

V. CORRESPONDENCE

There was no correspondence.

VI. MINUTES APPROVAL, AUGUST 13, 2007

A motion was made by Steve Krasinski to approve the minutes of August 13, 2007 as written; it was seconded by Mike Parker and unanimously voted to approve.

VII. BILLS, TRANSFERS, AND APPROPRIATIONS

A motion was made by Steve Krasinski, seconded by Mike Parker and unanimously voted to approve the following bills, transfers and appropriations:

By the Tax Collector for transfers of \$364.32 from Tax Collector's Part-time Salary (10-13-508.2) to Tax Collector's State Allocation (10-13-599.2), \$109.00 from Advertising (10-13-516.1) to Tax Collector's State Allocation (10-13-599.2), \$1414.00 from Assessor Clerical Assistant (10-15-503.1) to Tax Collector's State Allocation (10-13-599.2).

By the Planning Department for a transfer of \$3.00 from Dues and Seminars (10-25-534.1) to Engineering (10-25-846.1).

By the Police Department for transfers of \$104.48 from State Police (20-17-539.1) to Uniform Maintenance (20-17-565.1), \$42.00 from Cell Phone (20-17-561.2) to Uniform Maintenance (20-17-565.1).

By the Transfer Station a transfer of \$2.99 from Parks Electricity (30-19-560.1) to Tipping Fees (30-34-589.3), \$199.50 from Parks Electricity (30-19-560.1) to Maintenance Operations (30-34-589.6).

By the Sanitarian for a transfer of \$0.83 from Map Copier Maintenance (40-19-521.2) to New Equipment (40-19-530.5).

By Police Outside Services for an Additional Appropriation of \$8401.05 to Police – DUI (90-99-767.2).

By the Maple Street Bridge for an Appropriation of \$446.53 to (69-10-230.1).

By the Selectmen for transfers of \$500.00 from Health Insurance (10-10-511.1) to Postage (10-12-533.1), \$50.00 from Health Insurance (10-10-511.1) to Vital Statistics (10-12-538.1), \$700.00 from Health Insurance (10-10-511.1) to Computer Data Processing (10-12-543.1).

By the Selectmen for an Appropriation of \$2,766.60 to Town Hall Ma (10-10-525.1).

By the Town Clerk for a transfer of \$80.00 from Supplies (10-12-520.1) to Copy Machine (10-12-521.1).

By the Selectmen for a Reimbursement Appropriation of \$9,687.00 to Buyout Net R (90-99-770.1).

By the Selectmen a Reimbursement Appropriation of \$6,873.00 to Buyout Net R (90-99-770.1).

VIII. ADJOURNMENT

A motion to adjourn the meeting at 9:46 p.m. was made by Mike Parker and seconded by Tom Mazzoli; the motion carried by unanimous vote.

Respectfully submitted,

Jeanne Reed, Recording Secretary

MINUTES ARE NOT OFFICIAL UNTIL APPROVAL AT A SUBSEQUENT MEETING