FINANCE AND ADMINISTRATION COMMITTEE MEETING
WEDNESDAY, APRIL 6, 2022, 5:00 P.M.
MINUTES

1. Call to Order

A. Meeting was called to order at 5:00

B. Attendees: Chairman Liam Sweeney, Mayor Shari Cantor, Councilor Leon Davidoff, Councilor Mary Fay, Acting Town Manager Rick Ledwith, Director of Finance Services Peter Privitera, Town Clerk Essie Labrot, IT Director Jared Morin, Deputy Corporation Counsel Gina Varano, Town Assessor Joseph Dakers.

2. Business Items

A. Minutes from 2-7-22 meeting were approved.

B. Mr. Ledwith summarized the resolution appropriating a Community Connectivity Grant awarded by the State of Connecticut, Department of Transportation in the amount of $233,200. The grant will reimburse the Town of West Hartford for planned infrastructure improvements, including installation of pedestrian signals and countdown signals at fifteen (15) signalized intersection around Town.

C. Councilor Davidoff recused himself from the Assignment and Assumption of Lease Agreement for the West Hartford Fellowship Housing discussion as he serves as the President of West Hartford Fellowship Housing and Vice President of the Development Board.

Ms. Varano stated they were approached by West Hartford Fellowship Housing with respect to property they own at 60 Starkel Road regarding refinancing and pulling out equity on a construction mortgage they have on the property, which is accruing interest at 9%. They also want to create another entity to assign the current lease to. They need approval to assign the lease to the third party and extend the term of the lease. We own the underlying property and have a long-term ground lease in favor of West Hartford Fellowship Housing. When they refinance, the HUD requirement is the lease term be at least 50 years after the refinance. We are looking to extend the ground lease from 2072, then assign the lease to a new entity for purposes of executing a new agreement with HUD and a new mortgage. There will be no change in the use of the property.

Councilor Fay questioned what precipitated the need to refinance and the deployment of the equity.

Ms. Varano stated the 9% is egregious and the rates today are low. The equity pulled out will be used to make improvements to the building.

D. Responses to February 7, 2022, Meeting: Mr. Ledwith asked Mr. Privitera to walk through the Memorandum of Understanding and response to two questions at the previous finance and budget meeting related to the flooding in August and the displacement of the residents in the apartment building.

Mr. Privitera stated there were questions to two items – the relocation expense and how Fire overtime is calculated. With respect to the relocation expense, the number is dated, which is up to about $400,000. We are still assisting two tenants with housing. He had talked with Ms. Rubino-Turco for the latest update. Mr. Privitera's expectation is we will not venture too far over $400,000 for the projection for this fiscal year. The assignment of Fire overtime was prepared by Chief Priest. There is a process in place how the overtime is assigned. There is a rotating schedule.

Mayor Cantor questioned if the $400,000 is in a special account and how it is funded.

Mr. Privitera stated it is funded through the Department within our projections. The account is over-expended because a certain amount was budgeted during the course of the year. Overall projections are showing a surplus at the end of the year. When budget is adopted, it allows surplus to be move from one department to another to cover overages. At the end of the year, money will be moved to cover the shortfall.

Chairman Sweeney questioned if there is a way to create something that is more predictable with the overtime figure, which seems to be a year-after-year issue.

Mr. Privitera stated he has never seen this reach a point like this. We usually budget $10,000-$30,000 and usually is sufficient but this case involved a structure that has multiple housing units and a situation we were fiscally unprepared for. Within our overall budget, we can manage future situations of a lesser magnitude.

Mayor Cantor stated regarding risk that we self-insure. It was a natural disaster. She asked if it made sense to do those with a big event like this.

Mr. Privitera stated the property is not owned by us and we could not charge to the risk fund. He stated he could talk to the risk manager about it again but if every time there was a disaster or something similar happened, we would have to cover it through our risk fund and it would not be an appropriate expense.

Councilor Davidoff wanted clarification that there was a natural disaster in August 2021 and people were living in a rental apartment building and they could not go back to their building because it was unsuitable for occupation.

Mr. Privitera stated the flooding in the basement caused the water level to be above the utilities and electrical panels were shorted out.

Councilor Davidoff asked if the property itself had insurance to cover losses and if we would then put a lien on the property equal to the value of whatever we have expended with respect to the cost of alternative housing for those who were displaced.

Ms. Varano stated the Town's responsibility arises through State law, which is the Uniform Relocation Assistance Act. The municipality has the ability to file a lien against the property owner to seek reimbursement for expenses, such was the case here. A lien has been filed against the property to secure the reimbursement for relocation assistance benefits. This disaster was characterized by the insurance companies as a flood event and most commercial buildings/residential units do not have flood insurance if outside the flood zone and was the case here, so uninsured.

Councilor Davidoff asked if the property owner made repairs to the building so it is suitable for occupancy or is the building condemned and has no value.

Ms. Varano stated there are three buildings and she thinks all the buildings have been approved by the Building Department for occupancy. It was not until January or February that anybody could move back in. It required substantial renovation and building up to code since the buildings were older. Some of the tenants were brought back.

Councilor Davidoff asked if we were going to wait until there is a property transfer to act on the lien or if it needs to be discussed in Executive Session.

Ms. Varano recommended Executive Session.

Chairman Sweeney asked if the owner has an investigation as to how this took place or is the MDC directing it.

Ms. Varano stated they and the Town did an investigation. The buildings have a private road separating them and in the middle of the driveway is a privately owned drain and the drain goes to a public street but the drainage system in the public street is owned by the City of Hartford, so there is no nexus between that infrastructure and the Town of West Hartford.

3. Staff Reports

A. Financial Services Update: Mr. Privitera stated the projections indicated a positive variance of a little under $700,000, which is well above the last report. We are doing very well on tax collection overall in all tax categories and will be collecting over $1 million over budget. We received additional intergovernmental revenue related to reimbursements for some COVID expenses. Charges for services category is increasing $465,000. We are doing very well on building permits, fire plan review fees and conveyance taxes. The only area showing a decrease and has been consistent is in miscellaneous revenue related to investment earnings because the interest rates have been low. Overall revenues are up about $1.5 million. Expenditures are projected to be about $814,000 over budget. The fire department overtime has stabilized. Police overtime has gone up because of a significant portion of vacancies. Leisure and social services is over about $435,000 and driving that is the $400,000 for the relocation expenses. Public works is showing a surplus and they are projecting $262,000+ surplus. The bulk of that is coming from recycling. All the department budgets are showing an overage in their budget because when we adopted the budget the union contracts were not settled for all non-public safety union contracts, so we are projecting the full payroll now but we are also deducting $1.3 million that were in a contingency account to basically balance it out, so our non-departmental budget is reduced by about $1.6 million. $1.3 million is for the wage settlement distribution and there is roughly $252,000 in savings related to a reduction of busses for nonpublic school transportation. At the time of the report, the Board of Education was projecting a surplus of $95,000. We have had 16 retirements. The total termination payroll has been a little over $508,000, which is less than we have seen in prior years. A few more folks have indicated they are going to retire, so Mr. Privitera's expectation is we should be a little over $600,000 in retirement termination pay, which is significantly lower than the past few years. This surplus will get better and we are in a good financial status situation.

B. Information Technologies Update: Mr. Morin highlighted Item #6. We finished migrating successfully 95% of our phone numbers for the Town and schools, nearly 3,000 phone numbers. It will save us thousands of dollars in the future.

C. Human Resources Update: Mr. Ledwith stated that is for informational purposes for the committee.

3. Executive Session

Chairman Sweeney moved to Item #6 and moved to enter into Executive Session to discuss the settlement of a tax appeal filed by the Sisters of Saint Joseph Corporation regarding 27 Park Road and 14 Ringgold Street. There were no objections.

After coming back from Executive Session, Chairman Sweeney stated as follows: The commercial lot located at 27 Park shall be categorized as tax exempted on the 2019 Grand List. The property located at 14 Ringgold Street shall be categorized as tax exempt on the 2019 Grand List. The fair market value of the taxable portion of the main campus is located at 27 Park Road shall be reduced from $5,801,300 to $3,162,688. Chairman Sweeney moved adoption. Approved by Committee members.

The Committee moved back into Executive Session to discuss potential lease of real estate and will not be returning after the Executive Session.

3. Adjournment

Meeting adjourned at: 6:16 p.m.