

# TOWN OF WILLINGTON

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## Capital Improvement Committee

40 Old Farms Road  
Willington, CT 06279

**Regular Meeting**  
**Hybrid — In Person and Online**

**March 13, 2024**  
**7:00 PM**

### **Committee Members in Attendance:**

Christina Mailhos — In person  
Stuart Cobb — In person  
Jennifer Goodale — In person  
James Marshall — In person  
Melissa McKinnon — via Zoom  
Donna Latincsics, Business Manager — In person  
Stephanie Summers, Board of Finance Delegate — In person

Ralph Tulis, P.E.- via Zoom  
Phil Stevens, Superintendent — via Zoom

Members of the public were also present in person and on Zoom.

**Committee Members Absent:** KarenAnn Caldwell

### **1. Call Meeting to Order**

Mr. Cobb called the meeting to order at 7:00 PM.

### **2. Present to Speak - none**

### **3. Approval of Minutes**

#### **a. March 6, 2024**

*Ms. Summers motioned to approve the minutes of the March 6, 2024 meeting.*

*Mr. Marshall seconded the motion.*

*Edits: none*

*A roll call vote was taken.*

*In favor: Cobb, Marshall, Summers, Goodale, McKinnon*

*Opposed: none*

*Abstentions: Mailhos*

*Motion passed. (5-0-1)*

### **4. Review Year 1 of CIP Plan (previously approved)**

Mr. Marshall expressed concern regarding the \$31K (line 3) in year 1 in that it depletes the reserve in Fund 04 to under \$100K. While they are shifting transfers between the school fund and the general fund in year 2 to a degree, they are at the mercy of the budget in the following year. He is concerned because many of the projects are underbudget in the coming years, which can increase bonds and bond payments.

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Ms. Mailhos explained that typically the funds in the capital reserve are tied to projects. Ms. Latincsics explained that in year 1, \$297,500 is for three projects: \$80K CES chimney; \$200K WHFD D&E New Firehouse; \$17,500 2028 Reval. These three projects up set to be approved as of July 1<sup>st</sup>. Ms. Mailhos confirmed that there is sufficient money in the fund to cover these projects. After these projects, the balance of Fund 04 would be \$133,284 after the \$31K is transferred. Ms. Mailhos asked Ms. Latincsics for her opinion on the balance. Ms. Latincsics explained that there are sufficient funds to cover the projects but if there is an emergency, there would not be a lot in savings. Mr. Cobb noted that this does not happen often, and the balance fluctuates. He noted that when he asked the Committee at a prior meeting, while not unanimous, many members did not want to go after more money to put into savings. Mr. Marshall explained that he is concerned that as it stands, it is shortsighted and does not incrementally start to get them ahead. Ms. Goodale commented that while the \$31K is lower than what they would like, they do not know what will happen next year in terms of commitments on the town's part. The plan needs to be in place first. Mr. Marshall commented that they have more projects than the town can afford to do without significant bonding. Currently, they do not have a reserve fund to level of the \$30M in projects. They should do anything they can to spread or reduce the impact. Additionally, it feeds into the approach that year 1 and years 2 through 5 are not interrelated which is a flaw in logic. Ms. Mailhos explained that they are interrelated in that over \$1M is going into the local capital fund in year 2. She reviewed the plan noting that bond payments start in year 3. Mr. Marshall commented that the more they can do to pre-plan and build savings to avoid financing in the future, the better it will be.

Ms. Mailhos referenced the e-mail from Rick Maloney who suggested bonding all of the school projects in year 1 rather than using the cash. Ms. Mailhos explained that if this were to be done, \$500K could be put back in the local funds. Mr. Marshall noted that the schools do not yet have fully defined projects. Ms. Mailhos explained that a \$10M placeholder could be put in with an estimated \$900K bond payment each year with another bond in later years to complete the projects but they do not have enough information at this time about the specifics of the projects. Mr. Marshall added that the projects are not yet ready and if they bond now, payments will still need to be made. That said, Ms. Mailhos noted that the money will need to appropriate the funds even if they will not yet be spent.

Ms. Summers asked how the scenario changes if a bond is considered and if it would relieve pressure on the mill rate. Ms. Mailhos explained that if the bond payment was less than \$1M, then the \$500K could be put back into the reserve fund for local items but it would need to be eliminated to make a difference in the bottom line of the BOS budget. The bond payment would still need to be made and come from the school reserve. For the payments, Ms. Latincsics explained that she would put the \$1M in the BOS budget once the bond is set. If it is in the school reserve, payment would have to be made from the school reserve and a Town Meeting would be required. Ms. Summers asked if bonding in year 1 would relieve pressure on some of the other factors. Ms. Mailhos explained that it would if the \$500K was eliminated. In future years, they would lower the transfer. Currently, they are at \$1.5M and if reduced this year, it will be hard to build it back up next year when they will need it to be higher.



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Superintendent Stevens commented that while some of the large projects are not ready, if they bond now, many other projects could be done next summer. Summer 2026 would be for projects such as HVAC, roofs, and solar. Without bonding, the \$1.5M plus the \$1M in place, would need to be saved for the roofs, solar and HVAC whereas if a larger amount, such as the \$10M noted, is bonded, he can start working on the other projects. While these projects are not in year 1, if funds were bonded, they would start the projects in summer 2024. He noted that any projects that require engineering and architectural services would be a longer plan. Superintendent Stevens explained that he is happy with the \$1.5M and the set up but it makes him nervous because the school system is on the third bond of the CIP meaning the fire house and roads would be bonded first. By the time year 3 comes along to bond for the schools, he is concerned that it may not happen. Mr. Marshall asked if they bond and start on the other projects if it jeopardizes the high priority projects because they would need to go back out to bond. Superintendent Stevens explained that they would ensure this would not happen but if they bond \$10M and HVAC comes in at \$20M, there is nothing he can do but with the \$1.5M they can start doing the work to determine the HVAC costs. If they bond, preparation for the HVAC would take place at the same time as the other projects and they would know what will be needed. He noted that his concern is the cost of the HVAC project.

Ms. Summers asked Superintendent Stevens about the value of a \$10M bond with the reimbursement. Superintendent Stevens explained that the \$10M bond is cash. At 63% reimbursement, if HVAC is \$5M and they miss the reimbursement opportunity, the town would have to pay the full amount making the \$10M potentially \$15M depending on the HVAC grant. Ms. Summers asked if bonding sooner rather than later would make it easier to get the HVAC. Superintendent Stevens responded that he does not believe this is necessarily true. It allows them to keep moving if the project comes in at a higher cost. They are looking at the number of the average approved grant. Until they receive the report from QA&M, they will not know the dollar amount, but he believes it will be beyond \$12M.

Ms. Summers explained that Mr. Maloney spoke of an \$8.5M bond with an approximate \$11M value. Mr. Marshall asked what Superintendent Stevens believes is the danger if they bond this year given the other school projects. A \$10M bond still leaves \$6.5M in school projects on the table and there may not be support to bond another \$6M-\$8M for them. Superintendent Stevens explained that they may not have an opportunity beyond the \$1.5M if the schools follow the fire house and the roads. That said, only year 1 is funded right now. They need to start to put money aside for future bonds. He believes it is worth investigating getting a \$10M bond with \$1M set aside annually in the budget. If the bond could be covered with \$800K, the \$1M remains and \$200K is banked for the next bonding project, saved for an emergency, or used to build cash for the next project. While the BOE will take what it can to repair the buildings now, it understands that there are other projects that have value and need. Superintendent Stevens noted that he believes as it stands right now is a bigger risk than bonding in year 1. They should research the payment for different bonding amounts and if the savings fall under \$1M, based on the CIP plan, taxes will not increase, and they could potentially bank \$300K-\$400K for the next bond.

Mr. Marshall noted that they would want a level principal bond. Ms. Latincsics agreed. She understands the benefit of putting the school bond in year 1 and believes the bond for the fire house in year 2 could be moved out. Mr. Marshall asked about having a school bond in year 2



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and the fire house bond in year 3. Ms. Summers asked how this would impact the time-sensitive school projects. Mr. Marshall explained that the risk returns. Ms. Goodale commented that that bonding discussion was in regard to relieving pressure on this year's budget. Superintendent Stevens explained that it would relieve pressure on year 1 because the \$1.5M that would have been put in would revert back to the \$1M. The CIP is \$200K higher than last year so if they revert back to the \$1M, they would be \$300K less than what is currently in the plan. Ms. Mailhos noted that it depends on what is done with the \$500K. It was taken from town projects for the BOE. Ideally, they would put it, at least in part, toward town projects.

Superintendent Stevens explained that when bonding, the Level Debt option has essentially the same payment throughout the term (20 years) versus the Level Principal option where the payments decrease and there are significant savings in interest. The payment for the bond would be covered by what is currently in the CIP.

Ms. Summers asked if postponing to year 2 would make it dicey to make the deadlines on the HVAC grant. Superintendent Stevens explained that the challenge is not in the application. As long as the \$1.5M is in place, whether or not the town bonds, something can be done but additional funds may need to be added in year 2. The state has not yet provided information on when the HVAC grant application will open again. He noted that the grant would have timelines involved for completion and provided examples.

Mr. Marshall asked if the Superintendent will be applying for an HVAC grant regardless of what happens. Superintendent Stevens explained that improvements would still be needed for HVAC, but they would not be grant-funded. He is not aware of any grants that would cover them other than the one being discussed tonight, and he would apply for whatever grant money the town can afford. They would address whatever HVAC aspects they could.

Ms. Mailhos noted that they should present the CIP and bonding information. Mr. Marshall noted that he would have a difficult time voting for something that does not put money back into the capital fund or future planning. They need to commit to saving for long term expenditures. Ms. Goodale commented that while fiscally sound, the decision cannot be made in isolation. They need to help people understand the situation and the trajectory of the budget. Ms. Mailhos explained that another option would be, if they bond, to add \$500K to the \$31K and have \$1M for the schools.

A discussion took place regarding switching the bonding for the schools in year 2 and the fire houses in year 3 given the timelines for projects. Ms. Mailhos explained that in year 1, they would have a slight increase due to the schools going from an appropriation of \$1M to \$1.5M. The following year, if they bond for the schools, the bond payment would not have a great impact. In year 3, another bond would be added. While there is an increase, it is being done slowly. Mr. Marshall commented that the small increase in year 1 is for the schools and other projects. A brief discussion took place. Ms. Latincsics noted that many municipalities have a debt policy where they aim to borrow 10% of their expenditure budget or less. For Wellington, the bond payment would be \$2M and while close, would be under 10%. She confirmed that the grand list will have little growth this year.

A discussion took place regarding moving the salt shed to year 2.

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## 5. Approve CIP Plan, Years 2-5

Ms. Mailhos motioned to approve the Capital Improvement Plan for years two (2) through five (5) with the following changes:

- I. Move the bonding for the schools from year 3 to year 2 and change it from \$12,000,000 to \$10,000,000 but keep the bond payment at \$1,000,000 and,
- II. Move the bonding for the fire houses from year 2 to year 3.

Ms. Summers seconded the motion.

Discussion: Mr. Marshall asked about the \$2,273,500 for the school projects which has not been accounted for. Ms. Mailhos believed that the \$12,000,000 was an estimate. Mr. Marshall noted that it was \$11.7M and change. Ms. Mailhos asked if with reimbursements the figure would drop to \$8M. Mr. Marshall noted that he is unsure if there is reimbursement given that he does not have the project list. Ms. Goodale noted that QA&M will come up with a different list of items. It is a placeholder. Mr. Marshall explained that projects were submitted. Ms. Mailhos commented that Mr. Maloney's e-mail indicated that it was \$8M after reimbursement. Mr. Marshall commented that Mr. Maloney did not have the full set of information. Mr. Marshall recommended transferring it as a bond for \$12M in year 2 since it will change. Mr. Marshall commented that years 3-5 tallied to \$11,714,450.

Ms. Mailhos amended the motion to the following:

Ms. Mailhos motioned to approve the Capital Improvement Plan for years two (2) through five (5) with the following changes:

- I. Move the bonding for the schools from year 3 to year 2 for \$12,000,000 and
- II. Move the bonding for the fire houses from year 2 to year 3.

Discussion: Mr. Marshall commented that in year 2 the \$12M could eat up the \$2,273,500. Thus, the \$12M would stay. He noted that they are working with hypothetical numbers given that they do not know the interest rate. Ms. Mailhos noted that they need to remember that the \$1M from the current year will be in the account to help offset. Mr. Marshall noted that reimbursement could reduce this as well. Mr. Cobb asked if they need to start paying on the full bond request or if it can be treated as a line of credit. The Committee was unsure as to the answer. Mr. Cobb asked if they bond the total amount if they are required to accept the full amount and start paying interest on it immediately or if they can treat it as a line of credit given that they may not spend it all in one year. Ms. Latinsics provided information about the library bond. They did a bond anticipation note. When construction was completed, they bonded for the total cost, paid off the note, and made payments on the bond. She is unsure if they can get the funds and use them a little at a time. Mr. Cobb noted that they could take the full amount, put it in an interest-bearing account, and spend it as needed.

Ms. Summers seconded the motion.

Discussion: Mr. Marshall confirmed that it would be a \$12M bond for the school in year 2. He asked if the bond for year 3 would include the roads. Ms. Mailhos recommended moving the bonding for the roads to year 4. Ms. Goodale commented that given the cost of bonding, they would want to combine the bonds if possible. Mr. Marshall agreed that it would be a good idea to consolidate if it is advantageous. Ms. Mailhos commented that she believes the



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bonding for the roads (\$3M) could be combined with the bond for the schools in year 2 but should keep it on the CIP as two separate items. She confirmed that the bond payment is included in the CIP at \$225K. Ms. Mailhos asked if bonding for the roads could be in year 4. Mr. Marshall recommended keeping it in year 2. It can be discussed by the Board of Finance and between now and next year they can get more information from the Director of Public Works. Mr. Marshall noted that he believes the number for the road project is an estimate and is unsure that it is shovel ready. Mr. Cobb noted that the Village Hill Road Project is listed as having a TRIP grant in year 1. If this does not come to fruition, the \$500K may have to be moved to the Schofield/Liska projects or they can be treated separately in the out years. He does not believe they have applied for the grant yet. Mr. Marshall asked for clarification of the motion.

Motion presented for clarification:

Ms. Mailhos motioned to approve the capital improvement plan for years two (2) through five (5) with the following changes:

- I. Move the bonding for the schools from year 3 to year 2 for \$12,000,000 and
- II. Move the bonding for the fire houses in the amount of \$11,500,000 from year 2 to year 3.

A roll call vote was taken.

In favor: Goodale, Summers, Mailhos, Marshall, McKinnon

Opposed: none

Abstentions: Cobb

Rationale:

Mr. Cobb noted that he abstained due to the vote component for the fire house. He has connections and feels it would not be appropriate.

Motion passed.

(5-0-1)

## 6. Adjourn

Ms. Summers motioned to adjourn at 9:08 PM.

Mr. Marshall seconded the motion.

All in favor. Motion passed unanimously.

Respectfully submitted,

*Lisa Pascuzzi*

Lisa Pascuzzi

Recording Secretary

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TOWN CLERK