

**TOWN OF EAST HADDAM
BOARD OF FINANCE**

March 29 2010
7:00 pm
Town Office Annex

Call to Order

The Special meeting of the East Haddam Board of Finance was called to order by Chairman Paul Maxwell on Monday, March 29, 2010 at 7:01 pm at the Annex. The Pledge of Allegiance was recited.

In attendance:

Members:

Paul Maxwell, Chairman
Bob Bennett
Matthew Budzik
Bruce Dutch
Susan Link
Ed Schwenzfeier

Also in attendance:

Mark B. Walter, First Selectman
Deb Denette, Town Clerk and BOF recording secretary
Cindy Varricchio, Finance Administrator
Emmett Lyman, Selectman
Mark Fortier
Wyley Peckham
Toni McCabe, Director Youth & Family Services
Rebecca Hayes
Michael Sassi

Youth & Family Services

Ms. McCabe reported that State cuts are anticipated for the next fiscal year. She stated that the \$19,000 received from the State presently funds the counseling program. She specifically identified a 10 hour position for a Drug & Alcohol Counselor and a 10 hour position for a General Counselor. Youth and Family Services were hopeful that they would be able to reinstate a part time secretary; however, that will be eliminated as well.

Present staff includes a 30 hours per week Youth Program Coordinator and the Director. Responsive to inquiry from Mr. Maxwell, Ms. McCabe stated that she believed that programming could continue at its present rate through the remainder of the fiscal year, however, she anticipated that it would be necessary to expend private donations. Responsive to inquiry from Mr. Walter, Ms. McCabe advised that the Drug and Alcohol Counselor presently services 27 middle and high school students and the General Counselor services 15 different individuals.

Ms. McCabe also noted that other revenue streams are projected to decrease as well. She noted that funding from the United Way will be reduced. Mrs. Link requested a list of expenditures outstanding, or reconciliation to the current income. It was noted that the last

tax report on file was for 2007-2008. It was noted that their accountant Tom Comer is working on the tax report for the 2008-2009 period.

Mr. Maxwell stated that the Town maintains reserves and that the Town may be able to assist with maintaining crucial programs at Youth and Family Services, however, he stated it would not make any commitments until the level of funding from the State is determined.

Discussion was held relative to \$54,000 that is being held in cd's for the skate park. Ms. McCabe stated that \$20,000 of those funds were from Consumer's Union, and it may be necessary to return them if the park is not going to go forward. The momentum for the park seems to have fallen away. It was noted that the balance of the contributions would likely need to be redirected via a Town Meeting. She stated that as the funds collected were "tin can" type donations and there is no way to return those funds to the donors. She further stated that attorney guidance would be necessary. Mr. Bennett suggested approaching Consumer's Union with a request for them to redirect the funding. He noted that it may be necessary to return the funds to them and have them re-issue. Mr. Bennett further suggested that perhaps the funds could be utilized to maintain counseling services. Ms. McCabe stated that that she would call David Champion in the morning. Ms. Link reiterated that she would like to see reconciliation through year end.

Other Budgets

Mrs. Varricchio distributed documentation entitled 2010-2011 Proposed Budget estimated revenue and expenditures summary. Changes were color highlighted depicting adjustments to heating and diesel (based on the bid results), debt service (in conjunction with the financial advisor) and to the Transfer Station (for adjustments recommended by Director of Public Works Fred Thumm). Mr. Walter indicated that there was an opportunity for additional budget savings, explaining that the Fire Department had requested \$25,000 to redo their kitchen and make some other interior renovations, and that according to Mr. Pear they were uncertain that the \$25,000 could accommodate those renovations; which are not urgent. Estimates will be obtained and the item revisited in next year's budget. Mr. Bennett stated that he spoke with Mr. Ed Smith and Mr. Pear also who relayed the same information to him.

Mr. Maxwell inquired why an architect was necessary at the Elementary School to replace the roof. Mrs. Varricchio opined that it may be necessary pursuant to State reimbursement, but stated that she would clarify with Bob Carroll. Discussion relative to the chimney was also held. It was noted that the \$250,000 is a worse case scenario requiring full replacement. It is hopeful that the engineer can design a fix that will prevent carbon monoxide from entering the building.

Discussion was held regarding the replacement and relocation of the playscape at Nicholas Field. The new playscape will go behind the basketball court. Public Works will be charged with tearing down the present swing and preparing the site. Matting (worth approximately \$10,000) has been donated. Equipment cost is estimated at \$16,000 and additional funds from Consumer's Union are anticipated to be awarded for the project.

The funding for Town roads was deemed sufficient in order to maintain the pavement management plan.

Discussion was held on the \$5,000 appropriation for open space reserves, the balance in that account now totals approximately \$83,000. The intent of those funds was to provide

immediate accessible funding should an appraisal or legal expenses be necessary to secure open space.

Mr. Budzik inquired if the spreadsheet developed by Mark Fortier had been updated. He noted that it is a great planning tool. Mr. Maxwell stated that work on it is planned following the Middle School bonding. Mr. Budzik requested that it be available for the next regular Board of Finance meeting.

Mr. Walter stated that State projections are for a \$350 million budget deficit this year, escalating to a \$700 million deficit in 2011 and heading for a \$3 to \$4 billion deficit beyond that.

Mrs. Link stated that she was appreciative of Mr. Peckham's comments at the last meeting. She stated that in following up with that she attempted to find evidence that increased spending resulted in better student performance. She stated that she could not document that. She presented a spreadsheet that was an attempt to piece together dollars spent with test scores. Noting that the student population continually changed was a challenging factor.

Discussion relative to union concessions was held. It was noted that the position of the unions has been that the Town has reserves. Mr. Walter stated that the position of the State government has been to utilize reserves for operating; the position of municipal government has been to utilize reserves for capital. This philosophical difference can be recognized in the bond rating achieved.

Mr. Maxwell inquired if there were any additional comments or concerns regarding the Town side of the budget. Mrs. Link raised concern that the First Selectman's salary had fallen below the salary chart prepared by the consultant a few years ago. Mr. Maxwell stated that he would consider revisiting the issue based upon what the educational staff does.

Mrs. Link polled the Board to determine where members stood in regard to the Board of Education. Mr. Maxwell and Mr. Dutch indicated that they were in support of a 0% increase, both due to frustration at the lack of cooperation from the unions. It was noted that one furlough day offered from the staff would generate \$45,000 in savings to the town. Mr. Budzik stated that he was not pleased with the unions' lack of concessions; however, he stated that he did not wish to hold the Board of Education at zero again. He went on to state that it does not bode well for the long range educational future for the town. Mr. Schwenzfeier colorfully inquired whether there was a number between 0% and 2.51% that would be appropriate.

Mr. Dutch stated that if the Board of Finance does not recommend the figure requested by the Board of Education it does not mean that the Board of Finance does not have a commitment to education. Mr. Budzik stated that the Board of Finance is charged with settling on a figure that the Town can afford, the issues with the union are not part of the Board of Finance's charge. Mr. Dutch noted that there is a frustration with wanting to do as much as possible with the Town's educational dollars, yet salaries are escalating at an unreasonable level. It was the consensus of the Board to invite Nancy Haslam, Chair of the Board of Education, to Wednesday's Board of Finance meeting.

Mrs. Varricchio noted that the Board of Finance would need to recommend a budget by April 5th in order to stay on the timeline established.

Public Comment

Mr. Fortier noted concern with the lack of discipline relative to Town reserves. He stated that by removing funds from the reserves without replenishing will have great financial impact down the road. He reviewed the history of the reserve account and stated that by spending down the reserves, it appears as though the government side is expending more than last year, while calling it a decrease in spending. Mr. Fortier stated that as he sees it that the reserves are being depleted to increase debt service, fix a chimney and to fund Board of Education raises. He stated it was totally inappropriate to decimate the reserve funds for operating. Mr. Fortier stated that each department defends its account; however, no one is defending the Town's piggy bank, the reserve funds. Mr. Fortier stated that with a republican majority, he found it a travesty to utilize reserve funds without funding it. Discussion between Mr. Fortier and Mr. Walter was held, Mr. Fortier acknowledged that spending the reserves on the ventilator and chimney projects at the schools would represent a proper expenditure from the reserve account. Mr. Fortier argued, however, that the funds should be replenished, funds in/funds out, which would prevent auditing concerns as the Town is not allowed to build a slush fund without having an identified plan in place and that it that cannot go more five years without utilizing funds.

Mr. Fortier stated that the Unions are playing hardball with the Board of Finance. He encouraged them to play back. Mr. Fortier stated that it would be his suggestion to vote a 0% increase now and send that message back to the Board of Education to convey to its unions, he stated that such a motion could be rescinded if they came to the table.

Mr. Fortier opined that raises for elected officials should be given in election years and not in off years. He stated that the chimney at the high school has been on the agenda for the past seven years, he recalled that it is not a height issue, but that the chimney was made too large. He stated that an engineer should be charged with fixing the problem and not redesigning and rebuilding. Mr. Fortier further noted that a fix it approach, even if it comes without a guarantee, would probably be a more cost effective approach. Mr. Fortier also noted that the ventilators have been a long request, but that he couldn't speak to whether they were necessary or not.

Mr. Fortier opined that the intent of the \$5,000 for open space reserves was to build up enough funds to be able to pay for an appraiser or legal fees without the need to go to Town Meeting if time was of the essence. He stated that the intent was to build up to between \$50,000 and \$100,000. He stated that there is that much reserve in the account and opined that it was not necessary to continue to fund that line item, until the reserves are utilized.

Mr. Peckham stated that he agreed that a 0% increase over last year's budget was appropriate for the Board of Education. He agreed that the unions are playing hardball. He reviewed several articles in yesterday's newspaper evidencing today's economy. Mr. Peckham noted that 85% of the Town's total budget is dedicated to education; he noted concern that there is absolute security for tenured teachers and that is why there is no willingness to negotiate. Mr. Peckham stated that with so many teachers at salaries in the \$100,000 range with fringe benefits, the soak poor to feed rich philosophy is what is occurring in East Haddam. Mr. Peckham reiterated that in the final analysis, layoffs and personnel cuts are not the decision of the Board of Finance or the Board of Education, they are the decision of the unions.

Mr. Maxwell stated that there is no harm in putting off the vote to speak with the Board of Education. He stated that he has heard rationale for their numbers, but have not heard their philosophical rationale for its budget approach.

There was no additional discussion.

Mrs. Varricchio requested that if any additional information is wanted, that she be emailed so that she can obtain the information for the next meeting.

There being no further comment or questions, **Mr. Dutch motioned to adjourn at 9:22 pm. Mr. Schwenzfeier seconded the motion. The motion to adjourn carried unanimously.**

Respectfully submitted,

Deb Denette