

**TOWN OF EAST HADDAM**  
**BOARD OF FINANCE**  
**Special Meeting**  
June 6, 2013  
Town Hall

**CALL TO ORDER**

The special meeting of the East Haddam Board of Finance was called to order by Chairman Susan Link at 7:00 pm at the Town Hall.

The Pledge of Allegiance was recited.

In attendance:

Board of Finance Members:

Susan Link, Chairwoman  
Robert Bennett  
Daniel Alexander  
Bruce Dutch  
Harvey Thomas  
Raymond Willis

Others:

Mark B. Walter, First Selectman  
Deb Denette, Town Clerk and BOF Recording Secretary  
Cindy Varricchio, Finance Director  
Approximately 80 individuals were present in the audience.

**2013-2014 PROPOSED BUDGET**

Chairman Susan Link stated that following the failure of the budget referendum, the Selectmen were directed to bring back suggested cuts totaling \$1,000,000—two thirds from the Board of Education budget and one third from the town budget for consideration by the Board of Finance.

Robert Bennett requested discussion on why it was felt the budget failed.

Daniel Alexander stated that he believed it was because:

- The \$100,000 town match of a \$200,000 grant for the grange and town hall building.
- \$620,000 reliance on fund balance being used as operating
- The mill rate increase

Mr. Bennett noted that the voter turnout was only 7%.

It was noted that the town is experiencing more of a revenue problem than an expense problem. Mrs. Link stated that it is costly to conduct referendum.

First Selectman Mark Walter stated that recommendations bring the budget back to the level of the 2008-2009 budget. He stated that each year for the past six years, he has re-invented how the town is run. He reviewed shared staffing with the assessor and ZEO. He stated that

there appears to be confusion over shared services, which are being facilitated to reduce overall costs.

Mr. Walter stated that efforts to merge into one library system is also causing stress, he stated that the process is nearing completion. Mr. Walter stated that there has been a considerable challenge to do more with less and that he did not believe that services to the town have suffered. Mr. Walter stated that he is not proposing layoffs at this time. The Board of Selectmen are proposing the following reductions:

Expenses:

- Wage reduction of \$4,660 (Tax Collector's office)
- Wage reduction of \$3,440 (Recreation Commission)
- Elimination of \$10,000 Conservation Commission capital request for a footbridge
- Shifting three capital expenditures to be paid from capital reserves and not general fund expenditures: flail mower in the amount of \$115,000, police cruiser in the amount of \$40,000, and public works truck in the amount of \$94,000
- Reduction of \$167,237 for capital projects representing increased Town Aid Road funds, corresponding increase to transfer to capital projects funds
- Reduction of \$75,000 to shared services spread evenly over town maintenance fund, technology fund, and BOE maintenance fund).

Revenues:

- Elimination of revenue sharing grant in the amount of \$78,500
- Reduction of PILOT grant in the amount of \$1,437
- Increase to Casino grant in the amount of \$1,264
- Increase to Town Aid Road grant in the amount of \$167,237
- Reduction of LOCIP grant in the amount of \$429
- Reduction of Adult Education grant \$131
- Reduction School Transportation grant in the amount of \$1,795
- Increase to Education Cost Sharing grant in the amount of \$54,685

Mr. Walter stated that discussion was held regarding a sticker fee for use of the transfer station, but he stated that it was felt to be a re-alignment of tax. He stated that if the Board of Finance was in favor of going that route, that the Transfer Station Study Committee be re-convened.

Finance Director Cindy Varricchio stated that reliance upon the fund balance is reduced by half as indicated on the 2013-2014 estimated revenues budget request summary (2013-2014 proposed budget #2). She stated that as submitted by the selectmen, these cuts would bring the proposed tax increase from 4.0% to 3.1%.

Reserve accounts were reviewed. It was noted that proposed allocations were shifted to being funded by capital reserves to reduce the reliance on the general fund.

Harvey Thomas questioned whether mowing less would have any savings. Public Works Administrator Elizabeth Lunt replied that vines would overtake the road.

Mr. Thomas stated that he was in favor of assessing fees for the use of the Transfer Station.

Mr. Walter stated that for the past five years, the town's budget has remained constant with 33 FTEs. Responsive to inquiry, Mr. Walter stated that his proposals have a net effect of

\$342,529.00 on the budget. It was emphasized that this was not \$342,529 in cuts, but a combination of additional revenue and cuts. He noted that an additional \$167,000 in revenue will be received for town aid roads.

Mr. Walter also stated that the \$1,000,000 is not feasible to cut without eliminating jobs and/or impacting services. He further noted that the Board of Education budget request cannot be cut beyond \$312,000 pursuant to a state statute and the minimum budget requirement.

Mrs. Link stated that the per pupil enrollment costs have skyrocketed from \$12,000 to \$16,000 per student. She noted that enrollment is down but due to contractual increases, their budget continues to rise.

Mrs. Link thanked David Telep, the teacher's union representative for their efforts in changing health insurance providers. Mr. Telep noted that the Board of Education is working well with the union. He further stated that he believed many people supportive of the budget just got too busy to get out and vote. He further noted that he believed that untrue rumors, particularly surrounding the vice principal at the high school did not help matters.

Mrs. Link stated that the Board of Education budget has been reduced over what it originally presented by \$167,000 in its technology request. The impact of potential cuts, along with a cumulative total was reviewed. Mrs. Link was informed that the list was in order of priority. It was the consensus of the Board to hear public comment prior to commencing deliberations.

Elaine Welge questioned why less students equated to higher cost. Superintendent Dr. Mary Beth Iacobelli noted that much of the salary cost is contractual. She also noted that the student reduction is across the board and not all in one area. She stated that the Board endeavors to offer rigorous, challenging curriculum which is made possible by a wide range of offerings. Ms. Welge also discussed the sewer hook ups. She was advised that the users are paying the use fee and not the residents.

Trish Taranew (153 Leesville Road) stated that cuts should not be made to the Board of Education budget. She stated that without a strong school system people will move away and the town will wither and die.

Kim Dodge questioned what the salary increase for the Board of Education is. She was advised \$256,358.

Patty Stricker questioned the priorities of the Board of Finance and the Board of Selectmen bringing forward to referendum open space purchases knowing the impact of this year's budget.

Denise Gable requested the Board of Education budget be left alone and she assured the Board of Finance that she would work very hard to get people out to vote this time.

Mrs. Dodge stated that she believed the budget failed because people cannot afford any more, let alone what they already pay in these economic times. She noted that salary increases in the private sector are practically unheard of. She noted that many are on fixed income and are unemployed or under employed.

Todd Gelston stated that balance needs to be found. He noted that additional economic development is needed. He further stated that this Board needs to build credibility. He

noted that the Board set a very aggressive schedule and raised concern that it could not do its due diligence in that short time frame. Mrs. Link responded that the Board of Finance has been reviewing the budget since February. Mr. Gelston inquired what was spent on the old middle school. Mr. Walter reported \$29,000 annually. Mr. Gelston encouraged the Board to keep the budget simple to understand.

Mr. Larry Johnson of Birch Road encouraged the Board of Finance to leave the Board of Education budget alone. He also stated that he did not vote at referendum, but he would be assured to vote and encourage others to as well.

Morgan Humble encouraged a full day referendum to allow everyone the opportunity to vote. She also encouraged the rumors to be addressed.

Lisa Conroy thanked the town for being sensitive to economics, yet encouraged the town to keep the educational system a priority.

Ron Savitski stated that the 366 page budget is difficult to follow. He encouraged additional clarity with a simplified approach.

Tim Cahill stated that he was the only non-employee or committee member at the budget public hearing held last month. He encouraged participation to be on-going.

MaryBeth Mordecai inquired why the information being reviewed by the Board was not available to all. She further stated that the budget only failed by 43 votes, she stated that she will work really hard to have it approved if it is left uncut. She stated, however, that if it is cut, she will work equally hard to have the budget defeated.

Patty Flanagan questioned how the Board knows that a failed budget went down because it was too high. Mr. Walter responded that the Board can only guess. No exit poll was conducted.

Mrs. Varricchio reported that there is no statutory obligation to change the amount, either up or down following a failed referendum.

Irene Haines stated that she is a big proponent of education and does not want to see that part of the budget cut at all. She inquired whether an additional police cruiser was really necessary. She agreed that cuts needed to be made, but stated that balance needed to be preserved. She also stated that the schools needed to remain a priority.

Mrs. Link ended the public comment portion of the meeting and sought deliberation among the Board of Finance members. She solicited feedback.

Bruce Dutch stated that it would be his preference that reliance on fund balance be eliminated. Responsive to his inquiry, Mrs. Varricchio clarified that no more than \$312,000 could be removed from the Board of Education budget request. Mr. Dutch also requested that whatever consensus the Board comes to, it do so unanimously.

Mr. Thomas reiterated that if the Board of Finance is going to leave the Board of Education budget alone, it should not take a whack out of the town's budget. Mr. Thomas also stated that because of shared services, the Board of Education is still receiving an increase, even if \$300,000 is removed. He noted that it is all in the alignment of the shells.

Mr. Alexander stated that he would be in favor of reducing the Board of Education budget request by the \$300,000 it is allowed. He stated that the town also supports education in \$1,400,000 in debt service to its buildings.

**Motion was made by Daniel Alexander to accept the revised budget for town government and to keep the Board of Education operating budget flat from last year. Harvey Thomas seconded the motion.**

**FAVOR: Alexander, Thomas, Willis**  
**OPPOSED: Bennett, Dutch, Link**  
**MOTION FAILED**

**Motion was made by Harvey Thomas to accept the Board of Selectmen budget as presented and to reduce the Board of Education budget by the same amount. Daniel Alexander seconded the motion:**

Mr. Thomas stated that it is not fair to continually hinder the town government without sacrifices to the education budget. He further noted that the proposed cuts are all front line staff and the administration has been left entirely alone. Mr. Thomas reiterated that the Board of Education reaps additional benefit as dollars have been moved to shared services. Mr. Thomas opined that there are too many buckets. He also reiterated that the Board of Education should get at least the same haircut as the town side, particularly when it already gets two thirds of the budget.

Robert Bennett sought clarification of what dollar amount that would be as the reduction on the town side was a blending of cuts and savings. Approximately \$57,000 in cuts would be required. The public comments expressed earlier by the public were reiterated.

Mr. Thomas withdrew his motion.  
Mr. Alexander withdrew his second.

**Motion was made by Susan Link to accept the proposed budget cuts as presented by the Board of Selectmen and to reduce the Board of Education budget by \$6,333 (savings realized by the retirement of a paraprofessional). Raymond Willis seconded the motion.**

It was noted that the motion on the floor cuts reliance on the fund balance in half. Mr. Alexander stated that he felt that the current proposal was light on cutting spending, particularly to the Board of Education. He stated that he understands that folks are passionate about education; however, he stated that a balance needs to be found to meet that passion with the needs of the residents in town.

**Motion was made by Raymond Willis to call the question. Harvey Thomas seconded the motion.**

**FAVOR: Bennett, Thomas, Willis**  
**OPPOSED: Alexander, Dutch, Link**  
**MOTION FAILED**

Discussion continued.

Responsive to inquiry from Mrs. Link, it was calculated that the budget on the floor represents a budget of \$28,351,214, a tax increase of 3.1% a mill rate increase of 4.48 mills for an even 26.0 mill rate.

Mr. Alexander opined that there are more reductions in spending needed. He stated that he would like to reduce the Board of Education budget as unpopular as that may be. He reiterated that there is a decrease in student population yet spending is still increasing. He noted that this budget increases Board of Education spending an additional quarter of a million dollars.

Mr. Alexander stated that there is no good answer to the budget dilemma, just a less bad answer. Mr. Alexander stated that it is imperative to poise the town as best as able for the \$30,000,000 in capital expenditures that are coming down the pike. He added that with shared services, we are still supporting education with more funding than last year. Mr. Bennett stated that based on public comment, the town will not pass a budget if it cuts education.

Mr. Thomas stated that he will not vote in favor of the motion on the floor. He stated that if the Board of Education budget is not to be cut, than the Selectman's budget should be restored. Mrs. Link noted that there is still a reliance on the fund balance. Mr. Thomas responded that the town budget should not be continually penalized.

There being no further discussion on the budget, the Chairman called for a vote to accept a budget of \$28,351,414 representing a 3.1% tax increase. The new amount accepts the cuts proposed by the Selectmen and reduced the Board of Education budget by \$6,333.

**FAVOR: Willis, Link, Bennett, Dutch**  
**OPPOSED: Alexander, Thomas**  
**MOTION CARRIED:**

Motion was made by Daniel Alexander to adjourn at 9:30 p.m. Susan Link seconded the motion and it was unanimously approved. Motion carried. The motion to adjourn carried unanimously.

Respectfully submitted,

Deb Denette