

TOWN OF EAST HADDAM
BOARD OF FINANCE
Special Meeting
March 18, 2014
Nathan Hale-Ray High School Cafeteria

CALL TO ORDER

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

The Pledge of Allegiance was recited.

In attendance:

Board of Finance Members:

Susan Link, Chairman
Robert Bennett, Secretary
William DiCristofaro
Bruce Dutch
Harvey Thomas
Raymond Willis

Others:

Mark Walter, First Selectman
Deb Denette, Town Clerk & Recording Secretary
Denise Dill, Tax Collector
Emmett Lyman, Selectman
Board of Education Members:
Bryan Perry, Secretary
Laurie Alt
Shawn Conroy
Tracey Gionta
Marc Piscioti, Board of Education
Mary Beth Iacobelli, Superintendent of Schools
Mark Knittel, IT Manager
Cindy Varricchio, Finance Director
Alicia Dargenio
Janet Kelly
Jay Moreau
Patty Stricker

2014-2015 BUDGET—BUDGET DISCUSSION AND REVIEW

Shared Services:

Mrs. Link advised that she requested additional information regarding Shared Services. In particular, she questioned what salaries were included in it. Mr. Thomas inquired whether additional hours were necessary to Town staff because of people working under Shared Services. Mrs. Varricchio answered that the Town Finance Assistant is working more hours because of the libraries being brought under the auspices of the Town and other increased items. Mrs. Varricchio

reviewed the history and staffing from 2011-2012 to the 2014-2015 proposed budget. It was also emphasized that the Town's Treasurer has been "shared staff" for 15 years.

Mrs. Varricchio reported that the responsibilities of emergency management virtually warrant a full time position. Mr. Mansfield added that the requirements are the same for the small towns as they are the large towns.

It was noted that there are three Finance Assistants one for the Town and two for the Board of Education. Two different unions are involved. The positions were noted to be similar, both are responsible for accounts payable and payroll. Mr. Thomas suggested that if any measure of the success of Shared Services is to be achieved, it would make sense to capture all costs associated with operating it in one place.

Discussion moved to information technology. Mrs. Varricchio reported that the average ratio is 80 computers to one IT staff member. The District maintains over 700 computers and has two IT people and one data integration person. Mrs. Link requested to see a breakdown of how many computers were for employees and how many were for students. Desktops for teachers are being replaced with laptops and docking stations.

IT Manager Mark Knittel reported that at the elementary school there are more computers for staff than students. He stated that at the middle school it is completely opposite. He added that some computers are shared between staff and students.

It was noted that fringe benefits were moved to Shared Services for the employees that it supports.

The MUNIS schedule was reviewed. Mrs. Varricchio reported that automating processes will continue to alleviate burdens to staffing. She also noted discussions relative to leasing vs. owning computer equipment. She stated that she confidently feels \$50,000 can be removed from the budget if leasing is pursued for education computers.

New in the budget is an increase for the Animal Control Officer to add a component to the dog licensing system that allows for remote access to the licensing information by the ACO as well as automated reporting.

Mrs. Varricchio reported that when the 4-8 middle school was built, all technology was new. She stated that it has all aged simultaneously necessitating a large spike last year in the budget. She reviewed opportunities through grants that are offsetting those costs and the determination to build reserves for technology and fund at a steady rate.

Capital Projects and Reserves:

It was requested that only reserves be reviewed, capital items will be reviewed when the person making the request presents it. i.e. the Fire Department. The Other Budgetary Funds tab was reviewed. The school security grant was noted to be a \$500,000 grant with \$250,000 of it coming from Board of Education Capital Reserves. Mr. Mansfield identified that the grant will purchase cameras, card access, id badges, etc. for all three schools.

Current long term debt was reviewed. The new middle school and open space purchases have made up the last several bond issues. A short term financing solution will be retired upon reimbursement from the State for the new middle school.

Mr. DiCristofaro reported that he asked for scenarios regarding how much debt the Town could carry without impacting our bond rating. Mr. DiCristofaro understood that amount to be an additional \$7,000,000. Mrs. Varricchio reported that she would seek clarification from Xay Khamsyvoravong from Webster Bank. She believed that number to be \$7,000,000 per year. Mr. DiCristofaro emphasized a need to fund a reserve account for capital projects. Considerable discussion was held regarding a past practice of the Board under Mark Fortier's chairmanship that funded such reserves without policy to define it. Reserve funds have been tapped to meet capital costs over the past several years. Discussion was also held relative to what amount should be funded, Mr. Willis opined that \$500,000 would be necessary. Mrs. Varricchio reported that she thought \$450,000 would be a prudent figure. Mr. DiCristofaro stated that he believed even more would be necessary, however, not likely feasible. The current budget does not have any reserve for debt built into it. Mr. Bennett recalled that the Board of Finance use to fund approximately \$1,000,000, however, that practice has stopped. If a \$30,000,000 project were to pass at referendum there would be a 2 mill increase per year for that alone.

Mr. Walter noted that if the referendum does not pass, there is also a need to put funds into addressing issues that would be addressed with the building projects. In particular, he noted that the elementary school needs a new roof and that the Town Office Building is not handicapped accessible. Mr. Mansfield opined that the elementary school would need an estimated \$2,500,000 to \$3,000,000 as a band-aid approach.

Mr. Thomas summarized that the Town needs to start saving for its down payment on these big projects and establish a clear policy about how said funds will be spent. Mrs. Varricchio noted that the only reserve account that has a policy in place is open space.

Mrs. Varricchio reviewed other Town funds such as the Purple Fund that requires \$400,000 to never be spent. The question was raised regarding how much capital reserves are necessary, Mrs. Varricchio stated that she would ask the auditor. Mr. Willis encouraged the Board to zero in on an amount, it was noted that approximately \$850,000 is a mill. It was also noted that the Town has not been experiencing grand list growth. Mrs. Varricchio reviewed another sheet prepared that documented tax impact. It was noted that if expenditures remained the same, there would still be a 2.492% tax increase due to decreases in revenue.

Mrs. Link noted that she was pleased with the report. She asked, however, that another column be added, she requested the dollar amount change to the average tax payer. Mrs. Varricchio noted that much of the General Government increase is attributable to debt service. She noted that the Town's budget is virtually the same as it was 2007-2008 in expenditures, it is the decreased revenues that are the challenge.

Board of Education:

Mr. Perry reviewed a pie chart breaking down the \$700,137 requested increase. The largest component of the increase to this year's request is purchased services, which consists of curriculum writing and special education tuition. Mrs. Link noted that she attended about all of the Board of Education meetings and she found that the discussions were all over the place. She added that she was very concerned with curriculum and she stated that she does not feel that the Board of Education has a very good handle on where it is going. She noted that she has not seen supporting documentation on whether more or less AP courses are necessary. She noted that we all want what is best for our kids and she heard the argument for the hall monitor to protect our most vulnerable children (at the elementary school), however, there is already \$500,000 planned for security improvements at all three schools through a grant and a Town

match. Mrs. Link has heard of a need for world languages, she inquired how that is being built into the curriculum. Mrs. Gionta inquired if she should address any of these questions, or whether they were rhetorical. Mrs. Link responded that she was addressing the Board of Finance.

Mrs. Link continued that she did not feel that there was a lot of support from some of the ideas put forth by the Superintendent, she stated that she felt that the Superintendent went in one direction and the Board of Education went another. She also noted that the budget brought forward was actually higher than what the Superintendent proposed. Mrs. Link finished that she articulated her concerns because it is for these reasons that she feels takes the validation out of the budget presented.

Mr. Willis noted that the special education costs for education appeared excessive. He noted that he believed that transportation costs could be lower if consolidation occurred. He noted that the Town is expending \$18,000 per student. Mrs. Varricchio reported on the ECS grant of approximately \$4,000,000 that goes into the general fund. She also reviewed the grants received and their very specific or targeted uses. Mrs. Varricchio reported that bus scheduling occurs manually at this point, she stated that software is needed to be more efficient. Mr. Willis continued that \$700,000 is spent on tuition, he stated his opinion that Board of Education spending is out of control.

Page 4 of the district wide budget was reviewed, particularly staff and enrollment. It was emphasized that enrollment has declined 250 students.

Mr. Thomas cited the reasons he is going to be very unpopular for his comments, however, he felt that the Board of Finance should establish a policy on how it funds education and he suggested that it utilize the State of Connecticut formula. He stated that the formula would provide a figure each year that would be multiplied by the number of students enrolled, he also noted that the figure provided by the State would be adjusted each year. Mr. Thomas stated that statute would allow the budget this year to be reduced by \$90,000 from what it was last year, which is a nearly \$800,000 cut from what was requested. He stated that when the time comes, he will motion to fund the Board of Education in this manner.

Mr. Thomas added that it is not the Board of Finances charge to argue over how they do bussing, but to determine what dollar amount the Town can afford to spend on education, how they spend it is the Board of Education's charge. Mrs. Link stated that she appreciated all of Mr. Thomas' comments, she did not necessarily agree with them, but she appreciated them.

Brief discussion was held on the mandate to advise the Board of Education of non-educational budgetary suggestions prior to March 20th. It was emphasized that the deadline was for non-educational budget recommendations. Mrs. Varricchio was asked to clarify prior to Thursday's meeting. Mr. Thomas stated that he did not believe board members would be pleased if the budget request had to go forward as presented because a deadline was missed, he stated that he was ready for further discussion.

Mr. Bennett questioned the purpose of reviewing each line item of the Board of Education as when it gets its funding they spend it as they see fit.

It was reiterated that a prudent plan is needed regarding the funding obligations for future debt.

Mrs. Varricchio spent considerable time reviewing the revenues that come into the Town. Including, but not limited to:

- Tax revenue
- Grand list growth
- Pilot (payment in lieu of taxes)
- Shared staff (payment from Chester)
- Casino funds
- Town aid road
- Transportation grants
- Educational cost sharing grants
- Tax relief
- Emergency management
- Conveyance tax revenue
- Interest income
- Permits and fees
- Rent from cell towers

Mr. Bennett inquired whether any fees should be reviewed and raised.

Mr. Walter stated that he has been attempting to negotiate with Consumers Union and the Goodspeed Opera House on increasing the PILOT received without success to date.

Mr. Bennett suggested additional education occur to our residents that use the Transfer Station to encourage recycling. He noted that recycled products cost less to dispose of than municipal waste. It was also noted that fees could be collected for use of the Transfer Station. Mr. Bennett stated that he has served on three different Transfer Station study committees and fee collection has been discussed at each one, however, it was also noted to be a last ditch effort.

COMMUNITY DEVELOPMENT BLOCK GRANT APPLICATION – RENOVATIONS OAK GROVE SENIOR HOUSING COMPLEX

Mr. Walter noted that the grant is essentially a pass through opportunity to provide much needed attention to the senior housing complex located off of William F. Palmer Road. The only burden to the Town is the paperwork associated with administering the grant.

The \$800,000 grant will address items such as a new roof.

Motion by was made by Mr. Dutch to approve the Community Development Block grant Application for Renovations at the Oak Grove Senior Housing Complex. Mr. Willis seconded the motion and it was unanimously approved. Motion carried.

Mr. Dutch stated that he is concerned the way things are flowing. He inquired of Board of Education members present whether they were concerned with a \$700,000 increase. Mrs. Gionta replied that she was. It was reiterated that the Superintendent's budget was \$19,382,000 and the Board of Education's adopted budget was \$19,464,000 or it went from a 3.3% increase to a 3.7% increase. Mr. Dutch inquired whether the Board of Education had given any consideration to what would be sacrificed if their budget was kept flat, or if it was reduced \$90,000 from last year's amount. Mrs. Gionta responded that they have not had those discussions. Mrs. Gionta stated that the budget that was put forward was what the Board of Education felt was necessary to service the students of the Town.

Mrs. Link inquired about the Curriculum Committee. Mrs. Gionta responded that the Curriculum Committee met in March, prior to that it had met in December. Mrs. Gionta acknowledged that it

had been some time prior to that, however, she advised that the school district understood that it would receive assistance from the State to implement the core curriculum and it did not come.

Mrs. Gionta stated that last year the district should have cut one teacher based on enrollment and it was missed. She stated that two teaching positions are being eliminated this year due to enrollment. Mr. Thomas noted that the State formulas are driven by enrollment. Mrs. Gionta stated that one size does not always fit all. For example, given the land mass area of East Haddam bus routes are more challenging for our district. Mr. Willis inquired what number could likely be sold to the voters.

Discussion was held regarding what amount the Board of Selectmen cut out of the budget requests received. It was noted that the budget was trimmed by approximately \$200,000 prior to being forwarded to the Board of Finance in the areas of athletic fields, lake association and Conservation Commission.

Motion by was made by Mr. Dutch to adjourn at 9:12 pm. Mr. Bennett seconded the motion and it was unanimously approved. Motion carried.

Respectfully submitted,

Deb Denette
Town Clerk & Recording Secretary