

**TOWN OF EAST HADDAM**  
**BOARD OF FINANCE**  
**Special Meeting**  
March 26, 2014  
Nathan Hale-Ray High School Cafeteria

**CALL TO ORDER**

The special meeting of the Board of Finance was called to order at 6:59 pm by Chairman Susan Link.

The Pledge of Allegiance was recited and emergency exits were identified.

In attendance:

Board of Finance Members:

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

Others:

Mark B. Walter, First Selectman  
Emmett Lyman, Selectman  
Deb Denette, Town Clerk  
Denise Dill, Tax Collector  
Tracey Gionta, Board of Education Member  
Craig Mansfield, Director of Facilities and Operations  
Tiffany Quinn, Recreation Director  
Cindy Varricchio, Finance Director  
Tim Cahill  
Alicia Dargenio  
Priscilla Hoover  
Jay Moreau

**2014-2015 BUDGET**

Mr. DiCristofaro presented a methodology for the budget process as follows:

- List all expenditures, as submitted, categorized by budget area
- Set a desired expense increase—a spending goal
- Prioritize spending
- Review each budget— provide guidance and make adjustments
- Allocate revised expenses
- Subtract expenses from goal in order of priority
- Recommend budget to public.

It was noted that a \$1,763,946 increase over last year's budget was requested. Prior discussion led to a conclusion that no more than a 2 mill increase would be brought forward (\$1,200,000). Appropriating funds to maintain a level \$2,100,000 debt service as proposed by

the town's Financial Advisor from Webster Bank Xaykam Khamsyvoravong "Xay" would subtract \$400,000. He noted that \$2,200,000 could be the targeted figure if the Board wanted to build reserves up faster. \$296,260 is an increase in debt service without allocating any funds for reserves. Capital expenses are proposed at \$345,592, shared services reflects a \$150,362 increase due to new transfers into that account, general government proposes a \$271,594 increase in spending and education presented a \$700,138 proposed increase.

The Board of Finance engaged in a line by line review of capital. Mr. Walter stated that the boiler replacement at East Haddam Free Public Library could be held off and the boiler at the Rathbun could be undertaken with those funds in the 2014-2015 budget, resulting in a reduction. Mr. Mansfield added that the Rathbun boiler was in worse shape. The Grange Hall needs paving, however, Mr. Walter stated that he had ideas to fund that in the current fiscal year. There are \$46,000 in unallocated funds in the capital projects fund that can further reduce general fund capital support. It was also determined that the flyover had a \$150,000 price tag associated with it. Mrs. Link suggested using Google earth. Mr. Thomas explained that the intent of the aerial photography is to address topography. Mr. Walter stated that because this is such a tight year that was pushed out. Mrs. Link noted that because of the high price tag for it reserves should be created.

Mrs. Link questioned whether we really needed to fund a bridge for the Conservation Commission. Mr. Walter stated that the identity of the town that is being created is for open space, agriculture and tourism. He stated that this bridge links an important piece together. He stated that the Board of Selectmen feel that making open space more accessible is very important.

Mrs. Link questioned whether there was a clear plan for the \$10,000 requested to address entrance or exit areas or if it is just putting a figure out. It was also noted that the foot bridge is a one to one match, the Board of Selectmen would like to match dollar for dollar up to \$15,000. Mr. Bennett questioned why copper gutters were necessary for the River House. Mr. Mansfield responded that the River House is on the National Historic Registry and regardless of its future with the town would need these type of renovations to remain historically appropriate. The Radio towers were discussed, Mr. Mansfield noted that \$500,000 will likely be needed in 2015-2016, however, the \$30,000 budgeted prior allows the town to meet the FCC requirements. It was noted that no funding has been reserved for this anticipated expenditure. Police and Fire were reviewed again. It was reported that it is anticipated that only half of the \$350,000 reserved for the tanker will be needed, however, airpicks will all need to be replaced in 2017-2018 so the additional funding can be repurposed for that. Responsive to inquiry from Mr. Bennett it was determined that the road schedule is being adhered to and is working fine. Capital projects for Parks and Recreation were reviewed again. There is \$30,000 budgeted to engineer the lower fields which was determined to be a good start to what will be a phased in \$1,200,000 project. Mrs. Quinn noted that this is not a new request, but one that has been cut each year. Mrs. Varricchio reported that additional savings may be realized with the phone system at the libraries when they move to the VOIP system, however, they are not there yet. She also reported that the middle school has issues with its phone system and the windows, she suggested that a portion of the \$68,000 that was received from the State in connection with the close out of the audit for the 4-8 middle school be appropriated for those items. It was noted that the carpets in the high school library are in need of replacement. The roofs on the high school dugouts could be pushed out another year.

It was determined following the review that the increase in capital can be reduced from the \$345,592 requested to \$299,000.

Mrs. Varricchio reviewed reductions or savings in the capital projects analysis 2013-2014. This represented funds allocated for projects that came in under budget. These savings remaining in capital total \$102,783. Mr. Walter stated that he would like to repurpose a portion of those savings to pave the grange hall parking lot.

It was noted that following the methodology outlined earlier, \$440,000 remains in the budget to be spread out between general government, shared services and board of education.

Likewise the Shared Services budget was reviewed. Of the approximately 800 computers in the school system 249 are for staff and 555 are for students. It was noted that the Board of Education technology budget had been reduced by \$50,000 as a result of shifting to leasing computers rather than purchasing and cannot be reduced further without impact to the school technology infrastructure grant.

General Government was reviewed again. It was noted that three unions are in or going into negotiations, accordingly there is a place holder for wage increases. Expenses associated with the old middle school were cut from \$15,000 to \$10,000. A review of contingency expenses over the past several years was held, it was determined to leave that line as is. It was determined to reduce the Economic Development Commission's request for a consultant for engineering of Moodus center with the understanding that when they have a proposal ready that they can justify, they seek funding through contingency. It was determined to leave them \$5,000, reducing their request from \$20,000 to \$5,000.

Mr. Mansfield reported that Emergency Management can be reduced from \$60,000 to \$59,169 as an estimated figure has been replaced with an actual. It was noted that additional software savings may be anticipated in connection with the libraries pursuant to them being under town licenses, however, that has yet to occur. It was determined that \$4,000 in savings could be anticipated. It was also determined that the seed funding for the Recreation Commission Special Revenue Fund was no longer necessary, reducing another \$20,000 from the budget (with a reduction to revenue in the amount of \$15,000). Responsive to inquiry from Mrs. Link, Mrs. Quinn advised that the needs assessment is a very important tool for determining the direction and the wants of the town, however, it could be pushed out a year if that was the will of the Board of Finance. An additional \$78,745 was removed leaving a balance of \$99,900 for the Board of Education if the budget is to be held at a 2 mill increase.

The Board recessed from 8:55 pm to 9:00 pm.

Mr. Thomas stated that he was comfortable with the remaining \$99,900 to go to the Board of Education. He stated that he saw no reason to entertain a line by line review when the Board of Education is charged with allocating the funding it receives. Mrs. Link stated that a 2 mill increase is an 8.4% tax increase, representing a \$350 increase to the average household. Mrs. Link stated that she did not believe holding the Board of Education to a zero percent increase would enable the budget to pass. She noted that last year the Board relied on \$300,000 from the general fund to balance the budget. She stated that the 2013-2014 forecast is that approximately \$138,000 of those funds will be utilized. She stated that if the anticipated savings were added to the \$99,900 remaining for the Board of Education, it would bring that budget to approximately \$262,000 which would about cover their contracted obligations. Mrs. Link stated that she does not want to rely on general fund balance in this budget, she also stated that she would like to present a budget that will pass. Mr. Willis stated that he was not opposed to the scenario Mrs. Link stated. Mr. Thomas stated that argument could be made to dedicate the \$162,000 savings to debt service. Mr. Thomas stated that if the Board of Education is "goosed up" that becomes the new floor. Mr. Dutch

stated that he agreed that a zero is too little. He stated that he also felt that the process to arrive at the number was backward. It was recognized that new positions are included in the contracted services pie.

Mr. Bennett noted that he did not think that the Board of Finance should be afraid to hold the Board of Education at a zero increase. He noted that they were advised well in advance that was what the Board of Finance wanted to see, he also stated that declining enrollments allow the budget to be less than zero and that is not what is being discussed. He added that for the first time since he has been on the Board of Finance, he has heard public comment that the Board of Education is out of control and needs to be reduced.

Mr. DiCristofaro stated that he felt that in order to effectuate change the Board of Finance needs to really challenge the Board of Education or nothing will happen. He stated that a good argument can be made that this is the year to do it. He also stated that in addition to whatever increase the Board of Finance may allow the Board of Education, the town is supporting education with the increases in debt service which are primarily to support the beautiful new middle school and to start planning for renovations to the elementary school. Additionally, funds have been transferred out of the Board of Education budget and into Shared Services, which support the school.

Mr. Willis stated that dividing the total education cost by the number of students enrolled, calculates out to \$19,325 per student. Mrs. Gionta stated that there is a more complex formula for determining tuition. She stated that at the elementary school it is \$14,494, the middle school is \$14,944 and the high school is \$16,058 per student. Mr. Willis stated that none of the figures are inclusive of the costs expended to provide and maintain the facilities.

Mr. DiCristofaro was asked to write up several scenarios for the Board to consider at its Monday meeting.

### **GROUNDS MAINTENANCE EQUIPMENT**

Mr. Walter stated that he would like to create the position that he spoke of regarding expansion of the ACO to a grounds maintenance position in this fiscal year. He stated that funding is included in the proposed budget that will accommodate the request; however, there is need now. Mr. Walter stated that he can fund the salary in the current budget season, however, there is not funding for the equipment. He stated that leasing with a non-funding opt out is the more cost-effective option, however the costs associated with the equipment are \$1,100 per month. Mr. Walter opined that the town will see huge improvements on the town's grounds with this position. The Board of Finance raised no objections to Mr. Walter proceeding.

## **PUBLIC COMMENT**

Jay Moreau agreed with the Board of Finance cut for the engineering study for the Economic Development Commission.

Responsive to inquiry from Mrs. Link, Mr. Moreau stated that he would like to see the Board of Education reduce its budget. In particular, he stated that a \$150,000 annual salary for a Superintendent was outrageous in a district of under 1,200 students. Mr. Moreau stated that a 2 mill increase was acceptable to him and he emphasized that the Board of Education needs to do much more with less. He concurred, however, that a zero increase to the Board of Education would not pass.

Mrs. Varricchio reported that with the adjustments noted, a \$1,253,360 increase over last year's budget is proposed. With an increase to the fund balance of \$150,000 and an increase to the Board of Education at \$100,000 this would result in a tax increase of 1.93 mill.

Mrs. Link stated that voting on what budget to bring forward would occur on Monday.

**Motion was made by Mr. Thomas to adjourn at 9:30 pm. Mr. Bennett seconded the motion and it was unanimously approved. Motion carried.**

Respectfully submitted

Deb Denette  
Town Clerk & Recording Secretary