

Board of Selectmen
Tri Board Meeting
Nathan Hale-Ray High School Auditorium
June 12, 2017
Special Meeting

In attendance:

Board of Selectmen Members: Emmett J. Lyman, First Selectman; Susan Link; Ernest Malavasi

Board of Finance Members: Raymond Willis, Chairman; Robert Bennett, Secretary; William DiCristofaro; Bruce Dutch; Gregory Lauria; Harvey Thomas

Board of Education Members: Bryan Perry, Chairman; Marc Piscioti, Secretary; Laurie Alt; Erik Anderson; Karin Blaschik; Shawn Conroy; Tracy Gionta; Nicole Hendry

Also present: Debra H. Denette, Town Clerk & BOF Recording Secretary; Cindy Hughson, Executive Assistant to the Superintendent; Cindy Varricchio, Finance Director and approximately 75 people were in the audience.

1. First Selectman Emmett Lyman called the special meeting of the Board of Selectmen to order at 7:00 pm. Board of Finance Chairman Raymond Willis called the special meeting of the Board of Finance to order at 7:00 pm. Board of Education Chairman Bryan Perry called the special meeting of the Board of Education to order at 7:00 pm.

The Pledge of Allegiance was recited.

2. Unfinished Business

- A. 2017–2018 Proposed Budget – Tri-Board Meeting with Boards of Finance and Education:

Review and Discussion: First Selectman Lyman welcomed the Board members and citizens. He discussed the next steps for what happens after a referendum fails, stating that the decision of how much to cut and send back to a second referendum lies with the Board of Finance. Mr. Lyman noted that the Board of Selectmen and Board of Education were there as support and to answer any questions.

Mr. Lyman discussed the town budget and highlighted that expenses had already been reduced close to of \$300,000 from 2016-2017 budget, and that the need for the mill rate increase was to offset the reduction of state revenues of approximately \$800,000. Mr. Lyman suggested cuts to the town budget to the Board of Finance.

Mr. Lyman noted that the town is in good financial order and we have planned well into the future. The fund balance, the town savings account, is strong and is a factor in the AA+ rating the town holds.

Mr. Lyman reviewed the budget calendar:

- The Board of Finance has until June 19th to move a budget forward. He added that they are not required to adjust it, however, he anticipated that they would.
- Public Hearing is scheduled for June 27th for the new budget.

- The Board of Selectmen will set the mill rate for July 1 so that operations of the town can continue.
- Special Budget Town Meeting is scheduled for July 11th.
- Budget Referendum is scheduled for July 25th.

Mr. Lyman noted that the budget can be bifurcated and he explained the process. He stated that after 90 days without an approved budget, the town must revert to the prior year's budget. He advised that documentation was available in the back of the room that delineates the process.

Mr. Lyman indicated that the state does not have a budget yet, accordingly, East Haddam could rely on full funding from the state. He stated that it would be irresponsible, but it could be done.

Mr. Perry, Chairman of the Board of Education, stated that their board is meeting on Tuesday, June 13, 2017 at 7:00 pm and will discuss the possible cuts at that time. The Board of Education was waiting to make any decisions until after this meeting. Per state requirements, the Board of Education will run a flat budget until the next referendum. The referendum is only one month from the start of school.

Mr. Willis stated that he would like to hear thoughts from Board of Finance members as to what mill rate impact to move forward. He stated that .50 mills was apparently too high, he stated that he believed that a 0% tax increase was too low for the future of the town.

It was noted that in addition to the town reductions suggested by Mr. Lyman, that the Board of Finance was looking to reduce education by \$15,000.

Mr. Lauria discussed the possibility of using money from the fund balance to help offset the mill rate increase. The Board of Finance members discussed the concept of further expense cuts, using fund balance monies and a combination of both.

Mr. DiCristofaro concurred with a compromise between zero and .50. He stated that without a tax increase, it catches up. He stated that choices are to cut services or eliminate capital expenses, he added that the Board should look to keep increases low, and avoid large future bumps or spikes in taxes.

Mr. DiCristofaro continued that perhaps a combination of cuts and additional reliance on the fund balance would be a good compromise. He advised that the Board of Finance has a goal of maintaining 8% - 15% of fund balance in reserves, he stated that some funds could be utilized and remain close to the range.

Mr. Bennett stated that the biggest problem is not expenses, it is what the state has taken away from us. He added that we cannot continue taking from savings because that will go away. He opined that if we go to a zero tax increase, we will lose services and people. He added that is detrimental to a small community.

Mr. Thomas stated that kicking the can down the road is futile and that he is quite certain that next year the state is not going to be giving more money next year. He agreed that

there is a revenue problem, he also suggested that we have a spending appetite problem. He added that there are no free town services, and difficult decisions need to be made.

Mrs. Link inquired about the impact to fund balance to fill in the gap if the Board of Finance was looking for a zero increase.

Mrs. Gionta noted that the Board of Education needs to plan on an \$85,000 reduction if the budget does not pass.

Mr. Willis asked the Board of Education if it could find \$85,000 in reductions in its budget. Mr. Perry responded that any decrease would have an impact. Superintendent Reas noted that \$15,000 could be reduced from the budget without impact to staffing.

Guest and Audience Comments: Mr. Willis opened the floor for public comment.

Charlene Riling, Main Street, encouraged more creative thinking to bring in revenue. She advised that she has done a complete analysis of transfer station revenue and believed a permit fee was in order.

Bill Cross, Alger Road, noted that the year-to-date expenses are under budget and inquired why we did not use that surplus to offset the expenditures for next year. Mrs. Varricchio stated that it is not responsible to plan for surplus in one year's budget to offset the next, especially because we do not have final audited amounts until November. Mrs. Varricchio also noted that while we are forecasting spending less than budgeted for expenditures, we are also forecasting revenues less than budgeted for and that the two would potentially "wash" each other out.

Terry Dickinson, Daniel Peck Road, suggested low attendance was due to insufficient advertising. She also suggested that if all employees, both town and district wide, forego their raises, it would result in a \$454,000 savings. She inquired if two libraries were a necessity, she concurred that there is a very large appetite in East Haddam. She also noted frustration that the people feel unheard. She noted that the no vote has seemingly gotten the attention the public has been asking for.

Bill Wamaster, Cragmere Road thanked the Boards that came to the table with recommendations. He noted his disappointment that the Board of Education is not meeting until tomorrow to discuss what it may do. He stated that he was pleased with the format of the meeting and that it would have been beneficial to have met like this weeks ago. He stated that the Boards have a long way to go to restore confidence back to the people.

Melanie Kolek from Clark Gates Road stated that the Board of Finance determines the amount that it provides to the Board of Education to run the school system and to the Board of Selectmen to run the town. She stated that she would like to hear what would be lost with an \$85,000 cut vs a \$15,000 cut.

Superintendent Reas stated that an \$85,000 cut would mean a teaching position. He stated that a \$15,000 cut would not result in cuts to staff and could be accomplished through attrition. He also advised that on July 1, 2017 the town will set a mill rate, and

that establishment of the mill rate means different things statutorily to the Board of Education than it does to others. He stated that the Board of Education has to prepare for the potential that the budget does not pass.

Terry Dickinson submitted a letter to the Board of Finance regarding the budget reduction that she offered. Said letter is on file in the Finance Office.

Jay Moreau, Mount Parnassus Road, suggested that the Ambulance Association contribute more to the town since it utilizes our buildings and town's staff. He also noted that the Board of Finance put forward a \$104,000 expenditure from savings a short while ago to fund an additional bay at the firehouse outside of the project approved at referendum. He noted that there were no concerns with spending at that time. He also stated that non-union employees are some of the lowest wage earners in town, he suggested that cuts come from elsewhere.

Todd Gelston, Bogel Road, suggested that the town has been more reactive than proactive. He noted disappointment that there were not more people in attendance, but noted that the meeting was poorly advertised. He stated that falling tides lower all boats. He encouraged people to stand up, step up, and make structural changes. He stated that the important question is are we getting our money's worth, and can we afford it. Even at a 0% increase he inquired whether we were getting our money's worth. He again questioned staffing levels in the Land Use Office.

He stated that he understands the difficult timetable and that the legislature is allowing towns to delay. He suggested that tabling action may make more sense than to keep defeating a budget.

Mr. Gelston questioned the million dollars that has been spent to date on the municipal office building committee without a letter of credit or bond from the USDA. Mrs. Varricchio responded that short-term borrowing is occurring to pay the costs incurred. She stated that it is appropriate action and authorized by the adopting resolution. She stated that the short-term debt was issued at 1.29 and 1.19% as two separate short-term notes. She added that the USDA is locked in at 3.625%, the final interest rate could be lower, but cannot be higher. Mrs. Varricchio stated that she works closely with the financial advisor.

Mr. Gelston inquired why salaries cannot be revisited. Mr. Perry stated that opening a contract would be costly due to attorney's fees associated with mediation and arbitration and that there is no guarantee it would even be successful. Mr. Perry further stated that there is a good relationship between the groups that has been developed over the years.

Kate O'Boyle, Main Street, stated that she is all about education. She stated that we need to look at creating revenue from bringing kids in for some of our exceptional programs. She encouraged creative thinking.

Charlotte Gelston, Bogel Road, suggesting asking staff for givebacks for the good of the town to save positions. If there is agreement, there would be no reason for arbitration.

Kerianne Rand, Falls Bashan Road that this is the last week of school and there are many activities going on, which likely impacted parental attendance. She noted that the teachers do so much for the district's children, she was disappointed that even a \$15,000 cut to education would be entertained. She noted that there were 212 comments supporting education on her Facebook page, yet only a few have spoken up tonight.

Deb Denette, Schulman Veselak Road, stated that municipal employees work very hard as well and she stated that she found it disheartening to hear suggestions for cuts to employees on the municipal side where it is already understaffed. Mrs. Denette noted that town hall is run by only 12 employees.

Mr. Gelston Bogel Road, inquired what the goal was for a tax increase. Mr. Willis responded 1%. Mr. Gelston encouraged a 0% increase.

Charlene Riling, Main Street, encouraged better communication. Mrs. Denette explained that notification followed state requirements and was on the website.

Lisa Timothy, encouraged developing a rural magnet school, she cited that perhaps we should not cut the Land Use department, and that developing may net a better return than cutting.

Board of Finance Vote To Send to Public Hearing:

In response to Mrs. Link's earlier inquiry on the impact to fund balance if there was a zero tax increase, it was noted that the ending balance would be approximately 13.8%. Mr. DiCristofaro stated that is still solid.

The following cuts were reviewed:

EXPENDITURES		
Budget that Failed at Referendum	30,915,470	
Public Works Calcium Chloride	(19,500)	Will not be applied to dirt roads
Capital Improvement, Heritage Park	(28,200)	To be paid from donations from Consumer's Union and the Lion's Club
Capital Improvement, Education	(31,614)	Reductions to be determined by the Board of Education
Municipal Office Building operations	(21,700)	Reduced due to the delay in moving into the building
Town Non-Union Wages	(16,395)	Town non-union wage increase reduced to 1%
Board of Education	(15,000)	Reductions to be determined by the Board of Education
Total Reductions	(132,409)	
New Proposed Budget	30,783,062	
REVENUES		
Budget That Failed at Referendum	30,915,470	
Reliance on Fund Balance	(100,000)	In accordance with Board of Finance Fund Balance Policy

Reduction to Taxes	(232,409)	As a result of budget cuts and fund balance
New Proposed Budget	30,783,062	
Mill Rate Impact	.23	
Tax Increase	1.2%	

Mr. Thomas inquired what dollar figure was necessary to get to a 1% increase rather than a 1.2% increase. He was advised about \$50,000. Mr. Thomas suggested that was doable.

Mr. Dutch stated that he was not sure he was comfortable with the \$15,000 cut to education. Mr. Reas was asked if a \$15,000 cut would adversely impact the educational budget. Mr. Reas stated that they would make that work without significant cuts to personnel.

Mr. Perry inquired what would happen if this budget did not pass on July 25th. Mrs. Varricchio advised that the Board of Selectmen will set the mill rate on July 1, 2017. For the first 90 days without a budget, the Board of Finance allocates 1/12 of the current year budget. If we do not pass a budget beyond that the BOE will need a \$85,000 cut. The town will receive a \$300,000 increase.

Motion was made by Mr. Bennett to recommend to Public Hearing scheduled for June 27, 2017 a total budget of \$30,783,062 based on the grand list of October 1, 2016 of \$858,490,432. The budget would require a mill rate increase of .23 mills or a 1.2% tax increase. Mr. Lauria seconded the motion and it was unanimously approved. Motion carried.

3. Adjournment: Motion was made by Mr. Lyman to adjourn the Board of Selectmen meeting. Mrs. Link seconded the motion and it was unanimously approved. Motion carried.

Motion was made by Mrs. Alt to adjourn the Board of Education meeting. Mrs. Gionta seconded the motion and it was unanimously approved. Motion carried.

Respectfully submitted,

Susan Link, Secretary