

TOWN OF EAST HADDAM
Financial Needs Roundtable
Tuesday, December 21, 2010
Middle School Library
7:00 pm
Special Meeting

Members present:

Mark Walter, First Selectman
Paul Maxwell, Board of Finance
Bruce Dutch, Board of Finance
Bryan Pear, Board of Education
Bruce Perry, Board of Education
Anthony Sarraco, Planning & Zoning Commission

Others present:

Deb Denette, Town Clerk and Recording Secretary
Cindy Varricchio, Finance Administrator
Alan Hanks
Bob Casner

Call to Order

Mark Walter called the meeting to order at 7:05 pm.

The Pledge of Allegiance was recited.

Introduction of Members

Mark Walter introduced the Roundtable members as well as others present.

A. Confirmation of Chairman

Motion was made by Mark Walter to appoint Mark Walter as Chairman.
Bryan Perry seconded the motion and it was unanimously approved. Motion carried.

Explanation of Process

A. Review of Charge

Mark Walter reviewed the Charge of the Roundtable as approved by the Board of Selectmen as follows:

RESOLVED: That a Financial Needs Roundtable of seven (7) members, be appointed, for the purpose of researching and analyzing the Town's short and long-term financial needs and infrastructure and to make

recommendations on planning for projected expenses, revenues and structuring of debt and savings.

The Roundtable shall be composed of the First Selectman; the Chairman of the Board of Finance (or his designee) and one other member of the Board of Finance from the opposing parties; the Chairman of the Board of Education (or his designee) and two other members of the Board of Education from opposing parties; and the Chairman of the Planning and Zoning Commission (or his designee). Members shall be appointed by the Board of Selectmen and the terms of office shall be for one year. Members shall serve with no compensation. The First Selectman (or his designee) shall Chair the Roundtable. The Roundtable shall meet at least quarterly and their meetings shall be open to the public. The Roundtable shall invite advisory participants to their meetings as needed.

The Roundtable shall make recommendations to the Board of Selectmen for short and long-term needs and requirements and corresponding economic and taxpayer impacts.

Mr. Walter stated that he wants to hear from citizens and Boards and Commissions with regard to their ideas and different points of view.

Deb Denette arrived at this time.

B. General Discussion:

Mr. Walter solicited feedback from each of the members regarding the newly formed Committee. Mr. Maxwell stated his hope that a more collaborative atmosphere can be bridged. He stated typically the Board of Finance only learns about financial needs when it has become a crisis. He stated that he would like to see the Town have a better handle on long term projects, particularly those with big financial impact.

Mr. Walter added that he feels that there is a good understanding of the needs of Public Works for the next five years, however, he stated that many other areas, such as emergency services and Park and Recreation that are less studied.

Mr. Perry stated that he believed the Roundtable was beneficial for all of the Town Boards and Commissions to see how each specific Board of Commissions needs fit into the big picture.

Mr. Saracco stated that the Planning and Zoning Commission is gearing up for its annual review of the Plan of Conservation and Development. Mr. Walter noted that open space ties in with the Plan of Conservation and Development but stated that there should be a larger goal of ecotourism or something. He stated that he would like to see a plan for the open space, such as leasing an open space parcel for farming or another suitable venture that can generate revenue for the Town and protect and preserve the property.

Mr. Pear stated that the school has a long range school facilities plan. It was briefly reviewed. Proposed plans include an expansion project at the Elementary School to increase the size of the media center, an expansion project at the high school to expand the size of the music facility, create a bigger cafeteria and add more class rooms and an agriculture area.

Mr. Walter stated that in progress for the schools are an update to the air handlers and a new well at the Elementary School and chimney repairs at the High School. Mr. Walter noted that an Education Reserve Fund has been established with the goal that any surplus Board of Education operating funds be allocated to the reserve annually.

Mr. Walter stated that the Town must be very mindful of revenues. He said that he has been cutting expenses wherever possible for the past three years, and that he is running out of creative ideas. Mr. Walter stated that the Town now "shares" its Fire Marshal, Zoning Enforcement Officer and Assessor with other municipalities to save costs. He added that he is looking to regionalize Animal Control. Mr. Walter stated that Public Works is working closer with the Board of Education to reduce costs.

Mr. Dutch stated that it would be good for the Town to develop a plan for what it wants, what it needs and what it can afford. He stated that the biggest issue is the Old Middle School and that a plan for it must reach fruition. He stated that annual expenses of \$78,000 to operate the facility as it stands now are hurtful to the Town. He also stated his opinion that a \$12,000,000 rehabilitation of the school to Town offices is more than the Town can afford. But if the plan does not go forward, he stated that something needs to be done with the Middle School.

Mr. Walter stated that at the next Board of Selectmen meeting, Selectman Govert has indicated that he will make a motion to move the project forward as recommended by the Middle School Conversion Committee. Mr. Walter stated that he cannot in good conscience recommend the project to go forward, as he does not feel that the Town can afford it. It was recognized that the project can go forward to referendum via petition, and a petition should be anticipated.

Mrs. Varricchio briefly reviewed the financials from the Annual Report for the fiscal year ended June 30, 2010. Expenses, revenues and debt service were reviewed. The Committee requested a year-to-date version in the same format for their next meeting.

Mr. Walter stated that another item that needs clarification is capital reserves. He stated that there is much confusion as to the purpose and intent of the capital reserves that have been set aside. Some have said that it is for open space purchases, others have said that it was set aside to offset the debt of the Middle School Conversion, others said it was set aside to buffer spikes to the mill rate.

A list of the top 10 tax payers was reviewed. It was noted that Sunrise Resort which has been sold to the State is no longer on the Grand List and that it is anticipated that Franklin Academy will be purchasing the property they currently lease and as a non-profit will also be removed from the tax rolls.

Mrs. Varricchio reviewed data from the Office of Policy and Management regarding per capita debt. In 2009 East Haddam ranked 60th out of 169 towns. She added that this data did not include the bonds that were issued in August of 2010. Mr. Walter added that Connecticut is already carrying some of the largest debt in the country.

Mrs. Varricchio offered her willingness to produce whatever financial information was needed by the Committee. Responsive to an inquiry, Mrs. Varricchio advised that approximately \$2,500,000 of the \$5,000,000 bond authorization has been utilized for open space.

Discussion was held regarding safety issues noted at the High School, and it was noted that modifications for the entrance have been deemed necessary. Mr. Perry noted that \$15,000 was approved to be expended by the Board of Education responsive to the recommendations and that the expenses will come from within the Board of Education budget.

The village revitalization is also a component that the Committee should visit. The consultant that the town has retained indicates that the Town will be more successful if it partners with a developer. Particularly, if the Town handles the demolition of the garage and a developer can start with a level, environmentally friendly, approved and ready to go building lot.

Mr. Walter stated that the work of the Village Revitalization Committee can go forward whether the Town Office building moves or not. The garage and the River House are key components to be vacated, however. This led to discussion about housing emergency vehicles and Mr. Walter noted that he is having discussions with the owner of a building on Mt. Parnassus Road near the Public Works garage that could be a potential home for an Emergency Management Center, (Police, Ambulance, Fire, Public Nurse). Discussion returned to the future of the Old Middle School, conversion to Town Offices, or demolition. The costs of doing nothing were reviewed.

Mr. Perry suggested moth balling the building for a couple of years to determine if the economy picks up and the town could better afford the project. The high price of such non-action was noted.

Mr. Casner stated that the Middle School Conversion Committee plans to bring the \$13,000,000 renovation project to referendum, if that does not pass they wish to reduce the scope to \$9,000,000 and bring that forward. Mr. Casner stated that he feels the public is being short sided to only see one option at a time. Discussion was held regarding the types of questions that could be on a ballot, multiple choice is not allowed. Mr. Casner stated that a facility of approximately 15,000 square feet would be suitable for town needs.

A 67,000 square foot facility is overkill. He raised concerns with the operating costs of such a facility over time.

Mr. Casner stated that he thinks that an Emergency Management Center on Mount Parnassus Road would have a lot of merit due to its very central location in the Town and the close proximity to Public Works. He stated that he would like to see a committee further review that option and present both to the town.

Mr. Walter recognized that the Middle School Conversion Committee met its charge, however, they had never been told what the financial target was. He stated that when you are house hunting, you do not look at \$1,000,000 homes, as nice as they may be, when you have a budget that can only support a \$250,000 home.

Mr. Hanks stated that the total cost of demolition is estimated at \$2,000,000. He also noted that there is appears to be a sentimental attachment to keep the façade of the Ray portion.

Responsive to an inquiry to Mr. Maxwell, he replied that he is concerned that if the project gets to referendum it may pass. He stated that a successful referendum would dictate an expense that the Town cannot afford. When a subsequent budget does not pass, what is there left to cut? Debt service cannot be cut.

It was suggested that if the building were demolished in year one, in year three the Town's core facilities were constructed, in year 5, another wing was added to bring over other Town services, it would be building in a responsible manner that the Town could afford. Mr. Walter stated that the brick façade could be replicated on any building. Mr. Maxwell stated his hope that whatever is ultimately decided with the Old Middle School it is not based on emotion, but on sound fiscal sense.

Mr. Casner stated that the townspeople need to be made aware what they will have to give up based on what other things cost. Mr. Casner also brought up that the new 4-8 Middle School went from a \$25,000,000 project to a \$34,000,000 project. He stated that once the building is opened up, who knows what might be found.

Mr. Hanks advised that the design has been conducted to minimize opening the building up and added that there is a contingency included in the price.

It was also noted that the full price of the project must be brought to referendum. Grants cannot be incorporated to reduce the amount voted on at referendum. It was also noted that referendum costs can be reduced if the open space acquisitions go on the ballot at the same time as the conversion of the middle school. Mrs. Denette advised that if the project moves forward through the petition process, there are timeframes that must be adhered to for a referendum.

Mr. Maxwell stated that to date, the Board of Finance has had little communication from the Middle School Conversion Committee. Mr. Hanks noted that it is unfortunate that the Board of Finance liaison assigned to the project did not attend the meetings.

Mr. Walter stated that the Committee, as configured makes up the majority of the key positions in the Town and that as such, it should be able to quantify a wish list and associate a mill rate impact to it. He added that providing education to the Town about what any action means is key.

Mr. Pear noted confusion with what this Committee was supposed to be doing. He stated that the entire meeting seemed devoted with what to do with the Old Middle School, or how to keep it from getting to referendum, he stated that he was uncomfortable with that.

Mr. Maxwell suggested that Mr. Ventres be invited to the next meeting. Several dates were discussed for the next meeting date. January, 26th was chosen.

Motion was made by Bruce Dutch to adjourn at 9:27 pm. Bryan Perry seconded the motion and it was unanimously approved. Motion carried.

Respectfully submitted,

Deb Denette