

**TOWN OF EAST HADDAM**  
**BOARD OF FINANCE**  
**Special Meeting**  
March 20, 2012  
7:00 pm  
Town Office Annex

**Call to Order**

The Special Meeting of the East Haddam Board of Finance was called to order by Chairman Paul Maxwell on Tuesday, March 20, 2012 at 7:04 pm at the Town Office Annex.

The Pledge of Allegiance was recited.

In attendance:

Board of Finance Members:

Paul Maxwell, Chairman  
Bruce Dutch  
Susan Link  
Harvey Thomas  
Dan Alexander

Others:

Mark Walter, First Selectman  
Cindy Varricchio, Finance Administrator  
Deb Denette, Town Clerk and BOF recording secretary  
Dr. Ellen Solek, Superintendent of Schools  
Denise Dill, Tax Collector  
Emmett Lyman, Selectman  
Bill Barney, Board of Education Member

**2012-2013 Proposed Budget**

Dr. Solek presented a student activity breakdown and reviewed supplies, equipment and athletics.

Mr. Thomas raised concern about the methodology that the Board of Education presented its figures. He stated that salaries should be incremental and not cumulative. He further conveyed disappointment in the way that costs associated with full day kindergarten were presented and that they could have been made much more transparent and understandable. He continued that the Board of Finance is made up of volunteers who are trying to do a good job and the presentation is either a sign of ethical breach, incompetence or an unwillingness to take on transparency.

Dr. Solek responded that preliminary discussions have been held with Mrs. Varricchio and Mr. Walter regarding software that would be more compatible with the system that the Town utilizes. Mr. Thomas questioned if he just heard that to get usable figures the Town had to spend more money. Dr. Solek responded that she was acknowledging the need for a better means to report the data. Mrs. Link addressed how far we have come in a short period of time. She noted, however, that once you get a wrong number, it makes you question everything.

Mrs. Link appreciated the break-down of student activities, she said however, that she was looking for detail documenting why salaries went up when they were supposed to be 0%. She further noted that the coaching line increased 2.4% when that was supposed to be 0%. Dr. Solek stated that a running coach was added at the middle school and the bump in salary increase is attributable to step increases.

Dr. Solek presented a breakdown of the usage for 60 computers as identified in the narrative on page 40a. Mr. Thomas inquired what the criteria for a computer "refresh" was. Dr. Solek stated that computers are on a five-year cycle. Mr. Thomas inquired why not four or six years and he questioned who, other than the Board of Education, requires computers to be replaced on a five year cycle. Mrs. Link stated that it is up to the Board of Education to decide that information. Mr. Thomas commented that the \$5,000 check he writes every August tells him differently.

Dr. Solek responded that the State Board of Education Technology Department recommends a five-year refresh cycle. Mr. Thomas questioned when the last time the state reviewed its standard. Mr. Alexander inquired what happens to the replaced equipment. Dr. Solek advised that it is recycled or donated depending upon condition.

Mr. Maxwell stated that he is looking for figures that serve as a predictor as to whether the current technology budget maintains status quo or moves the district forward in terms of technology.

Dr. Solek stated that last year was an anomaly due to grant funding. She noted that there have been discussions about making technology part of the capital expenses, which would take it out of the budget cycle. She further stated that the Town has been very supportive of the schools technology goals. Mr. Maxwell requested Dr. Solek to think about what would be an appropriate figure on an annual basis.

## **Oil**

Mrs. Varricchio stated that the analysis was a great exercise, and as indicated on the summary provided, the budget could be reduced by \$138,968--\$127,756 for the Board of Education and \$11,212 for the Town. Mrs. Link thanked Mrs. Varricchio for the analysis and stated that it was exactly what she was looking for. Mrs. Varricchio noted that the updated budget sheets distributed to the Board this evening included that reduction. It was the consensus of the Board to reduce the budgets by the oil savings.

## **Budget Discussion**

Mr. Alexander noted that he did an exercise looking at the current budget utilizing three different methodologies. He noted difference scenarios for each. Dr. Solek projected an \$80,000 surplus in the current fiscal year; however, he came up with an \$83,000 deficit. Mrs. Link advised that a factor that adds much confusion is the grants that go directly to the Board of Education. She stated that those figures are included in the break outs to get a true cost of the education, but are not funded by the Town, those figures and those of special education were identified as the discrepancy to the calculations made by Mr. Alexander.

Mr. Thomas noted frustration in that the figures in one instance demonstrate an \$83,000 shortfall, yet projections indicate an \$80,000 surplus. He stated that he would not repeat his

earlier comments; however, it appears the documentation presented is not worth the paper it is printed on.

After brief discussion, it was requested and agreed that Board of Education year to date monthly reports would be presented to the Board of Finance. The reports will be sent to Mrs. Varricchio for distribution to the Board. Mrs. Link noted that she receives these reports as the liaison member to the Board of Education. The reports are generated for the Finance Subcommittee.

Mr. Thomas stated that the amount the Town tax payers are to approve should be netted out. He was advised we are not able to do that because of accounting standards. It was pointed out to Mr. Thomas that every tax bill has printed on it what taxes would be without the state and federal contributions.

Mr. Thomas stated that regardless of what the state requires, we should be able to identify the total cost of running the town. Mrs. Varricchio stated that she can provide documentation to Mr. Thomas that shows what he is looking for; however, she accounting standards do not allow for a netting out of costs for reporting purposes. Mr. Thomas reiterated that he wanted a bottom line.

Mr. Maxwell inquired whether the Board of Finance wanted another meeting before April 3<sup>rd</sup>. Mr. Thomas stated that to keep the budget at a zero increase, the Town would need to trim \$987,000 from the budget. He noted that if the costs attributable to the fire truck (\$225,000) were removed from reserves that would bring the budget down to \$729,000. Mrs. Varricchio explained however that the funding for the truck was from reserves and that by eliminating the truck from the expenditure budget the transfer from reserves to pay for it would not occur and the revenue budget would need to be reduced by \$225,000 as well.

Mr. Walter advised that the proposed budget is less than the 2009 budget on the Town side. Discussions for areas of possible reduction were reviewed. Mr. Dutch inquired if the Board had a mill target that wanted to reach? Mr. Thomas responded that there is no magic number and stated that he has a problem with the entire budget and the way it has been presented. He stated, however, he would flat line the Board of Education because you cannot give them less than zero and that he would be inclined to leave the Town side alone as that budget has taken several hard hits the past few years.

**Mr. Maxwell stated that it sounded like a motion by Mr. Thomas to reduce the Board of Education budget increase to zero and to approve the Board of Selectmen budget as presented. Mr. Dutch provided a second.**

Discussion:

Mr. Maxwell inquired of Dr. Solek what a cut of \$100,000 would be. Dr. Solek stated that it would equate to one and half to two teaching positions. It was noted that with a \$100,000 reduction the Board of Education could reduce its technology budget to zero and then fund it at the end of the year with surplus funds. Mr. Maxwell pressured Mr. Thomas to give a figure or an item that could be cut from the budget. Mr. Thomas would not respond. Mr. Maxwell stated that if there was a waffle house in Town, Mr. Thomas would own it.

Mrs. Varricchio stated that if \$100,000 were cut from the budget, the mill rate increase would be .51 mills.

Mr. Barney was asked what a \$100,000 cut would mean to him as a Board of Education member, Mr. Barney initially declined to answer, however, he then came back and stated that he would cut extra-curricular activities, as it is not fundamental to education. He added it would be a shame to cut such activities. It was noted that it would be a shame to cut extra- curricular activities in a year when a zero general wage increase was negotiated for the teachers, yet most still get a 3% raise. To hold the Board of Education to zero would require the reduction of \$269,000 from their budget request.

Mr. Maxwell stated that he would like to vote on the motion of the floor which is a zero increase to the Board of Education.

**Mr. Dutch motioned to call the question, the motion to call the question was seconded by Mrs. Link and it was unanimously approved. Motion carried.**

Mr. Maxwell reiterated that the motion on the floor was to accept the Board of Selectmen's portion of the budget and to reduce the Board of Education's request to a zero increase over last year's budget.

Mr. Thomas requested that the vote be taken by roll. The following votes were recorded.

**FAVOR: Dutch**  
**OPPOSED: Link, Alexander, Thomas, Maxwell**  
**MOTION FAILED.**

Mr. Alexander inquired if we needed to put more funding away in capital reserves to be able to purchase a more expensive truck. Mr. Alexander was advised that the purchase is being moved out for another year and that there should be sufficient funding and if any financial impact due to the different model of truck being selected was necessary it will be addressed with the 2013-2014 budget. Mr. Maxwell inquired why Mr. Thomas voted no on his motion. Mr. Thomas stated that he would vote no on everything that is put forward and that he needs to put his thoughts in order prior to responding.

**Motion was made by Mr. Dutch to reduce the Board of Education budget request by an additional \$110,000; representing an increase of \$130,951 over last year; resulting in a .50 mill rate increase. Mrs. Link seconded the motion.**

Discussion:

Mr. Alexander asked what impact removal of the mini excavator would have. Discussion regarding the machinery was held. It was the consensus of the Board that the equipment could be rented and an analysis presented for consideration in next year's budget as to the cost effectiveness of purchasing over renting.

**Mr. Dutch withdrew his motion, Mrs. Link withdrew her second.**

Mr. Dutch added that a \$110,000 reduction is nominal given the magnitude of their budget. Responsive to inquiry from Mr. Alexander, Mr. Maxwell reiterated that surplus educational funds go into Board of Education Capital Reserves.

**Motion was made by Mr. Dutch to reduce the Board of Education budget request by an additional \$200,000 and to remove the funding request for the mini excavator at a cost of \$70,000 from the General Government Capital Budget. Mrs. Link seconded the motion.**

Discussion:

It was noted that an \$270,000 reduction would bring the budget increase to .32 mills. Mrs. Link inquired why the \$200,000 when we were just at \$110,000. Mr. Dutch responded that the Town side has again taken a hit and he felt that the Board of Education cut should be comparable.

Mr. Maxwell asked Dr. Solek what an additional \$200,000 would mean to the Board of Education. He was advised that it translated to greater than two teachers. Mr. Thomas stated that he agreed with the thought process of the comparable increase noted by Mr. Dutch, however, he still would not vote for the budget in general. Mr. Maxwell sniffed the air and noted that he smelled politics.

**Mr. Maxwell called for a vote on the motion to reduce the Board of Education budget request by an additional \$200,000 and the General Government Capital budget request by an additional \$70,000.**

**FAVOR: Dutch, Maxwell  
 OPPOSED: Alexander, Link, Thomas  
 MOTION FAILED.**

**Motion was made by Mr. Maxwell to reduce the Board of Education budget request by an additional \$100,000 and the General Government Capital budget request by an additional \$70,000. Mr. Alexander seconded the motion.**

**FAVOR: Alexander, Maxwell  
 OPPOSED: Link, Thomas, Dutch  
 MOTION FAILED.**

**Motion was made by Mr. Maxwell to reduce the Board of Education budget request by an additional \$110,000 and the General Government budget by an additional \$70,000 for a total additional budget reduction of \$180,000 representing a total budget of \$27,890,416 (\$9,415,831 for General Government and \$18,474,584 for Board of Education). Mr. Dutch seconded the motion:**

<b>Budget synopsis as follows:</b>	
General Government Budget Request	\$9,721,043
Addition of funding for Farmers' Market	1,000
Reduction for oil savings	(11,212)
Reduction to the Capital budget (mini excavator)	(70,000)
Reduction to the Capital budget (fire truck purchase moved out one year)	(225,000)
Net General Government	\$9,415,831
Board of Education Budget Request	\$18,712,340
Reduction for oil savings	(127,756)
Overall reduction	(110,000)
Net Board of Education	\$18,474,584
Total Board of Finance Proposed Budget	\$27,890,416

**FAVOR: Dutch, Alexander, Link, Maxwell**  
**OPPOSED: Thomas**  
**MOTION CARRIED.**

The proposed budget represents a .43 mill rate increase.

Mr. Maxwell stated that despite having a budget, he would like to have the meeting on April 3<sup>rd</sup> so that Mr. Thomas can put his thoughts together and report why he would not vote for any budget presented.

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

Respectfully submitted,

Deb Denette