

TOWN OF EAST HADDAM
BOARD OF FINANCE
Special Meeting
June 10, 2013
Nathan Hale-Ray High School Auditorium

CALL TO ORDER

The special meeting of the East Haddam Board of Finance and budget public hearing was called to order by Chairman Susan Link on Monday, June 10, 2013 at 7:07 pm at the Nathan Hale-Ray High School Auditorium.

The Pledge of Allegiance was recited.

In attendance:

Board of Finance Members:

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

Others:

Mark B. Walter, First Selectman
Debra Denette, Town Clerk and BOF Recording Secretary
Nancy Haslam, Chair, Board of Education
Dr. MaryBeth Iacobelli, Superintendent of Schools
Cindy Varricchio, Finance Director
Approximately 100 individuals were present in the audience.

Town Clerk Debra Denette noted that the meeting was noticed as a regular meeting but should be a special meeting due to the change in venue.

PUBLIC HEARING

Chairman Susan Link summarized that the town budget did not pass at referendum and the Board of Finance has now proposed a revised budget of \$28,351,414. She stated that the new proposal reflects the following changes to the original budget:

Town Budget:

Expenses:

- Wage reduction of \$4,660 (Tax Collector's office)
- Wage reduction of \$3,440 (Recreation Commission)
- Elimination of \$10,000 Conservation Commission capital request for a footbridge
- Shifting three capital expenditures to be paid from capital reserves and not general fund expenditures: flail mower in the amount of \$115,000, police cruiser in the amount of \$40,000, and public works truck in the amount of \$94,000
- Reduction of \$167,237 for capital projects representing increased Town Aid Road funds, corresponding increase to transfer to capital projects funds

- Reduction of \$75,000 to shared services spread evenly over town maintenance fund, technology fund, and BOE maintenance fund).

Revenues:

- Elimination of revenue sharing grant in the amount of \$78,500
- Reduction of PILOT grant in the amount of \$1,437
- Increase to Casino grant in the amount of \$1,264
- Increase to Town Aid Road grant in the amount of \$167,237
- Reduction of LOCIP grant in the amount of \$429
- Reduction of Adult Education grant \$131
- Reduction School Transportation grant in the amount of \$1,795
- Increase to Education Cost Sharing grant in the amount of \$54,685

Board of Education Budget:

- \$6,333 reduction.

Mrs. Link noted that the proposal reduces the reliance on fund balance by \$310,000. First Selectman Mark Walter stated that there has been an initiative to restructure how we do things to share and stretch costs. He noted that the Town and Board of Education now share certain positions to reduce duplication and improve professionalism. He noted the necessity to do a better job preserving the town's facilities and to improve security. He noted that there is a lot of stress in town and with employees. He noted that the town is operating at bare bones and although the revenue is down, activity is not.

Mr. Walter stated that the town needs every employee and he does not want to cut positions, however, it is getting to the point where you cannot cut anywhere else. He also cautioned against cutting the budget to the point where the public will not accept it. Mr. Walter stated that because of the revaluation, housing values went down. He stated that the mill rate needed to go up to adjust for that reduction. Mr. Walter added that "we" are doing the best we can and that the town is poised to continue to be one of the best places to live in Connecticut.

Mrs. Link presented a slide with an overview of the budget for the past ten years. She also reviewed total employees (FTE-Full Time Equivalents) for both the town and Board of Education. Mrs. Link noted that there is not an increase in the number of employees.

Mrs. Link stated that she would like people to understand to the extent that the town supports education. She noted that despite declining enrollment (220 students over past five years), the per pupil cost has escalated 27%. She stated that the per pupil cost to educate has gone up from \$12,000 to \$16,000 (calculated by dividing the Board of Education operating budget by the number of students enrolled). The costs for debt service, capital expenditures and reserve allocations are shown in the town budget. Despite that, she stated that only a minor cut of \$6,333 was removed from the Board of Education budget and that was due to recognized savings.

Mrs. Link stated that there are four major projects on the horizon, totaling \$30,000,000. She stated her concern that the Board of Finance was not able to find \$310,000 to reduce from the budget; yet we are looking to take on additional debt.

Mrs. Link opened the meeting to public comment: She requested that comments be kept to less than three minutes and that everyone have an opportunity to speak prior to repeats.

Brad Parker, Town Street encouraged salary increases to be restored for the Tax Collector and Park and Recreation Director. He stated that the Tax Collector's office had a reduction in FTE's from two to one with no compensation to the remaining one. He stated that similarly the Park and Recreation Director documents ten plus additional hours every week with no compensation. He stated that the request to increase the position from 35 hours to 40 hours was cut. Mr. Parker stated that the recreation program operates 107 different programs, has 1,225 participants and counting coaches, volunteers and counselors manages 161 people. Mr. Parker continued that restoration of the full hours requested will have zero impact on the mill rate. He further noted that the cost per household is .75 cents. Mr. Parker asked the Board of Finance to reconsider.

Tim Carr of Cedar Meadow Road encouraged demolition of the old middle school. He noted that the building is being preserved for sentimental reasons. He stated that maintaining the building is a drain on the town and when a new town office building is built, it should address modern needs. Mr. Walter responded that the heat has been shut off. He further noted that the plan of the Middle School Conversion Committee was put on hold to develop a ten year capital plan and that a new building committee was being formed to address renovations. Mr. Walter noted that one more committee member still needs to be recruited, he inquired if Mr. Carr was interested.

Rick Kemmer, Cedar Meadow Road questioned why we continue to purchase open space in the present economy. He opined that the only people benefiting from the acquisition are the sellers. Mr. Walter provided the history of the five million dollar open space bond authorization. Mr. Kemmer responded that in a downed economy it is a tougher sell.

Todd Gelston of Bogel Road responded to Mr. Kemmer's points noting that the town's money is leveraged through grants of 50%. He further noted that in a down economy more can be purchased. Mr. Gelston further noted that preserving the land protects it from being developed and from having houses built upon it. Homes require services, often at a greater rate than the tax income they produce.

Mr. Gelston sought clarity as to why the per pupil costs are up when population is down, he further questioned whether other similar sized towns are experiencing the same thing. It was reported that East Haddam ranks slightly below the middle of its educational reference group in cost per pupil. Superintendent Dr. Mary Beth Iacobelli reported that teachers are continually repurposed to address changing enrollment needs. She cited the expansion to full day kindergarten as an example. She stated that a reduction in one area is often offset by an increase in another.

Brian Iozzia of School Road noted that the next five years will bring additional expense. He noted that a smaller budget today will have impact long term.

Board of Finance member Harvey Thomas addressed the earlier comments regarding open space. He stated that studies indicate that \$1.00 of tax paid from an average homeowner, requires the town to spend \$1.33 in services. Comparably, he stated that \$1.00 per tax paid on open space requires \$.18 to be expended. Mr. Thomas reminded the folks that squirrels do not go to school. He noted that there is both ecologic and economic benefit to open space. Mr. Willis disagreed that there is not economic value to higher end homes.

Mary Beth Mordecai supported a wage increase for the Tax Collector and Recreation Director. She stated that it was unfair that those were the only positions impacted. She

further noted the importance of a Recreation Department to the people and children of the Town.

Mrs. Link clarified that cuts were made beyond the wage increases being discussed. She stated that it is up to the Recreation Department to generate fees. She further noted that wages were not being decreased, only that increased wages were being cut in half, still representing an increase. Mrs. Link stated that there is precedent when a position is recognized as being underfunded to spread increases out incrementally. Mrs. Link stated that the Board of Finance has requested that recreation programs become self-funded.

Laurel White of 191 Norwich Salem Road stated that kids with special needs have very limited access to Park and Recreation programs. She stated that [Park and Recreation Director] Tiffany [Quinn] has been very receptive to working with the special education groups to have offerings for those children as is permissible for the fully functioning children. She encouraged restoration of the hours.

Jessica Smith of Laurel Cove Road questioned the maintenance of the town greens and why those expenditures were increased. It was reported that four additional greens were included in the maintenance plan.

Mrs. Smith asked why some salaries are not broken down and others are. She cited the principals for example.

Carol Walth of 11 Plains Road stated that she has been waiting for something to happen with the old middle school for four years. She expressed frustration that nothing is happening with the building, which continues to deteriorate. Mr. Walter stated that a committee was ready to go forward with a project two years ago. He stated that it was determined that the entire infrastructure should be reviewed in relationship to project needs and that process has just completed.

Irene Haines suggested local community groups like the Lions and Rotary could adopt a park and maintain it.

Elizabeth Bannie, 7 Meadow Brook noted that as a teacher she greatly supports education. She noted that likewise the Town needs to support enrichment opportunities through Parks and Recreation.

Mr. Kemmer appreciated the open space comments, however, he disagreed. He opined that we had a substantial inventory already and that the market is not a run with subdivisions. He stated that in his opinion the open space purchases benefit very few. Mr. Kemmer was advised that absentee ballots will be available for the referendum. He also commented that many people are unaware when the town conducts referenda.

Peter Dean questioned why the Board of Education budget and Town budgets are not split on the ballot. Mr. Walter advised that East Haddam operates under state statute and state statute does not allow it unless there is a historical practice of such procedure. East Haddam does not demonstrate such historical practice.

Deb Denette encouraged people to sign up under alert me on the town's website at www.easthaddam.org. Mrs. Varricchio demonstrated on the projection screen.

Brad Parker stated that he has been involved in the Recreation Commission since 1972 and that it has not been the directive of the Commission to be self-funding, but to offset costs. He stated that some programs generate more revenue than others. He noted for example that the day camps would cost approximately \$185.00 to break even. \$90.00 is charged. He stated that the Commission felt that if the cost were raised, children would not have a place to go. Mr. Parker further stated that the Commission found out that self-funding was the goal by reading it in the minutes of a Board of Finance meeting, not through any communication from those that are mandating it.

Cindy Hughson commented that East Haddam is such a beautiful town and opined that we should have income generated from along the river like Deep River and Essex. She noted that the price keeps going up every time projects are pushed off.

Angie Jansky of Norwich Salem Road inquired how much tax goes to maintenance. She also opined that the town has purchased a lot of "junk land". She noted that with the restrictive regulations of the Inland Wetland and Watercourses Commission and the Planning and Zoning regulations folks can't build very much anyway.

Kim Dodge inquired if the question she asked regarding salaries at the last meeting could be answered. Mrs. Haslam advised that of the \$18,700,000 budget \$15,000,000 can be attributable to salaries and benefits for the Board of Education. She stated that this year, benefits increased 13% (she added that the amount was reduced from the 27% originally proposed due to the issuance of a bid for health insurance). She noted that union contracts dictate wage increases. Salaries increased 3.4% district wide. Ms. Dodge stated that increases with a failed budget paves the way for more next year. She further commented that unlike the private sector, teachers do not seem to ever take a step back.

Todd Gelston requested additional information on unfunded mandates so that he could write a letter to his representatives. Mrs. Haslam encouraged Mr. Gelston to make an appointment with Mrs. Varricchio to review them. She stated that there are too many to discuss.

William Comier of Cherry Swamp noted that there is much frustration regarding the open space. He inquired when the next opportunity to voice opinions on that would be. He was referred to the meetings of the Open Space Commission which meet on the fourth Monday of each month at the River House at 7:30 pm.

The resident at 111 Hemlock Valley Road stated that education seems to always be a sacred cow. She requested that people become informed on what the true expenses of education are.

Motion was made by Robert Bennett to close the Public Hearing. Raymond Willis seconded the motion and it was unanimously approved. Motion carried.

Motion was made by Robert Bennett at 8:43 pm to take a five minute recess. Susan Link seconded the motion and it was unanimously approved. Motion carried.

Mrs. Link reconvened the meeting at 8:50 p.m.

APPROVAL OF AGENDA

Motion was made by Raymond Willis to approve the agenda as presented. Robert Bennett seconded the motion and it was unanimously approved. Motion carried.

APPROVAL OF MINUTES

Motion was made by Robert Bennett to table approval of the minutes of the regular meeting of May 13, 2013 and the special meeting of May 21, 2013 as he did not have sufficient opportunity to review them. Bruce Dutch seconded the motion and it was unanimously approved. Motion carried.

CORRESPONDENCE

Nothing noted.

CHAIRMAN'S REPORT

a. Tax Collector Monthly Report:

Mrs. Link stated that tax collection is at 98%. Mrs. Dill stated that last month an inquiry was raised regarding liens. She estimated that there were 80; she stated that there were in fact 77. She stated that the number has now decreased to 69. No questions were raised.

FIRST SELECTMAN'S REPORT

Mr. Walter advised that a Board of Selectmen meeting will follow the Board of Finance meeting.

FINANCE DIRECTOR'S REPORT

a. May YTD Budget Reports:

Finance Director Cindy Varricchio reported that expenses are on track. She also reported that the Tax Collector was budgeted to collect \$90,000 in interest and penalties; she has collected \$145,000 to date.

Mrs. Varricchio reported that expenditures may go over at the Transfer Station. Mr. Walter reported that a roller dumpster let loose causing damage. He stated that luckily no one was hurt; he further added that all commercial hauling has been suspended at this time. Mrs. Varricchio reported that the insurance company is evaluating. Mr. Walter stated that hauling is being directed to Willimantic Waste at this time.

LIAISON REPORTS

Nothing noted.

GUESTS AND AUDIENCE COMMENTS

Denise Gable sought clarity regarding how much a second referendum will cost. Mrs. Varricchio reported approximately \$18,000.

OLD BUSINESS:

a. 2013-2014 Proposed Budget:

Mrs. Link noted that the comments heard regarding the proposed budget had to do with open space and restoration to the full amount of wage increases for the Tax Collector and Park and Recreation Director. She stated that there is nothing that can be done with the open space at this time.

Mr. Walter stated that both employees justified the increased hours worked. He stated that the revised budget cut increases in half, it did not eliminate them. Mr. Walter stated that if the Board is willing to reinstate them to full, he would find it justified. He stated that the Town was hit much harder than the Board of Education and that was how it came about. After considerable discussion, it was noted that restoration of the full requested amount had a no mill rate impact. Mrs. Link solicited additional discussion on potential changes to the budget. Mr. Thomas reiterated that he felt that if a haircut is to be given on one side, it should also be given on the other.

Mrs. Link questioned whether, if restored, the increase for the Recreation Director should come from a transfer from special revenue to fund recreation or an outright addition to the budget. Ultimately the special revenue line was not utilized. Full restoration would result in a budget of \$28,359,313. A mill rate of 26.01 would need to be set. After additional discussion the following motion entered:

Motion was made by Robert Mr. Bennett to present to a Special Town Meeting scheduled to be called by the Board of Selectmen for June 19, 2013 at 8:00 pm at the Town Hall a total budget of \$28,359,313 based on the grand list as of October 1, 2012 of \$844,692,545. The budget would require a tax rate increase of 4.49 mills or a 3.15% tax increase. Bruce Dutch seconded the motion and it was unanimously approved. Motion carried.

NEW BUSINESS

a. Gift Acceptance–Consumers Union:

Consumers Union donated \$25,000 to the Town and the Board of Education. \$16,000 for the Community Agriculture Center for a timber framed garden shed and \$9,000 to the NHRHS athletic department for batting cages for the baseball and softball team.

Motion was made by Robert Mr. Bennett to approve the gift of \$16,000 from Consumer's Union of the United States Inc. for a timber framed garden shed (revenue account 79-431510-G1304 and expense account 79-541750 G-1304) and to request that the Board of Selectmen schedule a Town Meeting for approval. Bruce Dutch seconded the motion and it was unanimously approved. Motion carried.

b. Grant Acceptance–STEAP Center for Community Agriculture:

Mr. Walter reviewed the proposal for an agriculture center and commercial kitchen. Mrs. Link was disappointed by the lack of an operating plan and future budget projection regarding expenses for utilities, cleaning, staffing, etc. It was noted that funds for maintenance of the building are anticipated to come from revenues generated by its use. It was noted that failure to accept the grant would result in expiration.

Motion was made by Robert Bennett to recommend that the Board of Selectmen schedule a Town Meeting for the acceptance of a Small Town Economic Assistance Program grant in the amount of \$431,200 from the State of Connecticut, Department of Economic and Community Development for the purpose for construction of a center for community agriculture (revenue account 79-431510-G1303 and expense account 79-541750-G1303). Raymond Willis seconded the motion and it was unanimously approved. Motion carried.

c. Grant Acceptance–Connecticut Humanities Council:

Motion was made by Raymond Willis to approve the grant of \$2,681 from the Connecticut Humanities Council, Incorporated for the Sherlock Holmes Radio Play at Gillette Castle State Park contingent upon Board of Selectmen approval (revenue account 79-431510-G1305 and expense account 79-541750-G1305) and to request that the Board of Selectmen schedule a Town Meeting for approval. Bruce Dutch seconded the motion and it was unanimously approved. Motion carried.

OTHER/FOLLOW-UP ITEMS:

Town Clerk Debra Denette advised that effective July 15th the legislature has amended the recording fees in regard to Mortgage Electronic Registration Systems. She stated that there are many questions surrounding how these new fees are to be implemented; however, the good news is that it will result in additional revenue to the town.

Motion was made by Raymond Willis to adjourn at 9:25 p.m. Harvey Thomas seconded the motion and it was unanimously approved. Motion carried.

Respectfully submitted,

Deb Denette