

THESE MINUTES ARE SUBJECT TO APPROVAL AT THE NEXT BOARD OF FINANCE MEETING

BOARD OF FINANCE

REGULAR MEETING

March 18, 2010

Chester Town Hall

Chester, Connecticut

CALL TO ORDER

The Board of Finance held a regular meeting on Thursday, March 18, 2010 at the Chester Meetinghouse. The meeting was called to order at 7:00 p.m. by Virginia Carmany, Chair.

In attendance included:

Virginia Carmany, Chris Johnson, David Cohen, Joyce Aley and Rich Nankee and Jennifer Rannestad, Tom Englert (Selectman).

MINUTES

February 23, 2010 Minutes

On a motion made and duly seconded, the February 23, 2010 minutes were approved. The motion passed unanimously.

REPORTS

Tax Collector's Report

The Tax Collector's Report was included in the Board's packet.

Monthly Financials

Monthly financial statements were included in the Board's packet for review.

Consideration and approval of Bills

The following was moved and seconded:

**Engineering Contingency:** Balance in account after transfers below is \$ 11,834.39

Please transfer \$ 1,551.20 from the Board of Finance Engineering Contingency to the following line items:

10-05-63-1065-380	<u>Planning and Zoning</u> Nathan L. Jacobson & Associates, Inc. (Alan Williams Subdivision)	\$ 1,536.20
10-05-63-1065-444	<u>Roads</u> Nathan L. Jacobson & Associates, Inc. (Bridge Drawings)	\$ 15.00

The motion passed unanimously.

The following was moved and seconded:

**Legal Contingency:** Balance in account after transfer below \$ 5,675.14

Please transfer \$ 208.00 from the Board of Finance Legal Contingency line item to the following line items:

10-05-63-1105-116	<u>Assessor</u> Gould, Larson, Bennet, Wells & McDonnell, P.C. (Phoenix Ventures)	\$ 128.00
10-05-63-1105-282	<u>Inland Wetlands</u> Gould, Larson, Bennet, Wells & McDonnell, P.C. (David Michaud)	\$ 80.00

The motion passed unanimously.

The following was moved and seconded:

### **Highway**

Transfer:

- At the First Selectman's request, please transfer

From:	10-05-63-1160-585	Board of Finance – Winter Maintenance Contingency	\$ 20,000.00
From:	10-05-63-1165-125	Board of Finance – General Contingency	\$ 7,505.42
To:	10-02-30-1160-104	Highway – Winter Maintenance – Overtime Payroll	\$ 2,646.42
To:	10-02-30-1160-365	Highway – Winter Maintenance – Outside Contractor	\$ 19,391.40
To:	10-02-30-1160-455	Highway – Winter Maintenance – Sand/Salt	\$ 5,467.60

The motion passed unanimously.

The following was moved and seconded:

### **Police**

Transfer:

- At the First Selectman's request, please transfer \$ 3,300

From:	10-05-63-1165-125	Board of Finance – General Contingency
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To: 10-03-45-1000-250 Police Protection – Gas and Oil

The motion passed unanimously.

The following was moved and seconded:

### **Health Services**

#### Transfer:

- At the First Selectman’s request, please transfer \$ 538

From: 10-05-63-1165-125 Board of Finance – General Contingency

To: 10-04-51-1000-365 Health Services – Outside Contractor

The motion passed unanimously.

#### FIRST SELECTMAN’S REPORT

The First Selectman’s Report was included in the Board’s packet.

#### AUDIENCE OF CITIZENS

Richard Strauss questioned the process for approving the Line Item Transfers. Virginia Carmany responded that the BOF does routinely review the Line Item Transfers.

Richard Strauss suggested that the BOF use the Consent Agenda format for approving these transfers; which would allow for one motion only.

#### Region 4 Presentation

Richard Strauss outlined the role of the Supervision District within the school system. The elementary schools and Region 4 share services through Supervision District. These services include Central Office operations and staff, transportation, FLES, special education, art and music. Without Supervision District, each town would need to provide these services. By sharing these services, each of the towns realize significant savings. The Supervision District Committee is comprised of 3 BOE members from each of the elementary BOEs and the Region 4 boards. The Supervision District Budget is developed by the Supervision District Committee and approved by the Boards of Education. Once this budget is approved by the BOEs, the expenses are “plugged into” the elementary school and Region 4 budgets.

The Board briefly discussed the early retirement package offered to teachers and the results of same.

The Region 4 BOE held several Budget Workshops. At its March meeting, the budget was adopted. This budget goes to a Public Hearing in the first week of April. After the Public Hearing, the Board can adjust the budget. The Board adopted the practice of sending the budget directly to Referendum.

Richard Strauss reported that after audit (completed in February) realized a \$16,129.00 surplus. This is the second year in a row that an operating surplus was realized.

Chester's share of the surplus is \$4,045. Previously, any surplus was carried over to the next year. Presently, the surplus money is returned to the town.

Chester's share of the Supervision District surplus (\$4,690) was \$933.

The end of the year projections for the current year (as of March 1) indicates a surplus in Region 4 in the amount of \$18,500. For the Supervision District, a \$16,000 surplus is indicated at this time. Richard Strauss reported that the Unification Process (Regionalization) may need some of these funds for technical assistance. For Chester Elementary School, there is a \$2,300 surplus (the BOE meets next week, and this figure may change). Deep River and Essex project no end of the year surpluses.

A copy of the Region 4 budget documents were e-mailed to BOF members. Richard Strauss commented on the Supervision District and the ADM process. Chester's ADM percent for next year is down 1.1% for the 3 way split and the 4 way split is down .87%. Enrollment projections were discussed briefly.

The BOF reviewed the Additional Services section of the Supervision District Budget. There report indicates an upgrade of a psychologist, medical consultant stipend, substitute teacher finder (technology upgrade), regionalization consultant expense and a Smart Board for Central Office. Chester's share of the Supervision District budget decreases by \$42,799 (1.4%).

Region 4 budget – The Region 4 Budget documents were included in the BOF's packet.

The BOF discussed the ADM figures and the possibility of averaging same. Any shift if ADM can result in a significant increase or decrease in costs to the town. Last year, the ADM shift in Chester resulted in a \$331,000 increase. To average ADM over several years, legislation is required. Management of the ADM budget was discussed. Virginia Carmany requested enrollment projections. These projections can aid the BOF in determining upcoming ADM shifts.

The Region 4 budget overview indicates a 1.71% increase. After the reduction in revenue is applied, the net billings to the town increase by 2.14% (\$351,000).

Richard Strauss reported that savings were realized by the early retirement package offered.

The BOF reviewed the new positions and upgrades section of the budget. Richard Strauss reported that the majority of the increases in the budget are due to health benefits, salaries, electricity and Supervision District.

The Board discussed the Coach/Mentor/Extra Curricular and club stipend line items.

The Region 4 budget reflects \$10,000 for room rehab. The schools are now 7 years out of the renovation and the rooms need painting etc. This will be an on-going expense.

The Board discussed new requests in the budget including: Wellness Day, Room Rehab., Additional Classroom, New Computer Lab Access and Driveway/Paving Repairs.

The billings to the towns are increased by 2.14% and Chester's share goes from 27.03% to 27.51%. The increase is \$175,000 or 3.95%.

Virginia Carmany asked how the schools are using the Stimulus money. Richard Strauss reported that this money is directed toward Special Education purposes. This funding is not expected next year; however, the expense will remain.

Virginia Carmany commented that to lose control of the education budget for the elementary school entirely for regionalization for a savings of \$200,000 on \$16 million is not a good justification for the regionalization unless the BOE increases the number of people on the BOE for the new regional school system significantly to insure more representation from the towns.

Richard Strauss reported that the BOE rarely has a vote that is anything other than unanimous. By the time the budget is presented, there is basically unanimous agreement on that budget. Richard continued that he has been on the BOF and BOE over the past 30 years. He does not understand the "us vs. them" attitude. In his opinion, all of the Boards are working for the best interest of the town either financially or educationally.

Jennifer Rannestad expressed concern about the potential tax increase due to the budgets. She questioned the major budget drivers in the education budget (4.38%). She continued that we need to also look at future budgets and the potential for loss of funding at the federal and state levels. She briefly discussed the special education costs. Richard Strauss responded that at this time, Chester is fortunate in that the special education costs were lowered; however, special needs children can be placed out of district at any time during the school. Jennifer suggested earmarking money for potential out of district placements. Richard Strauss reported that in the past, the BOE did budget for known special education costs as well as a "buffer". The Board was directed to discontinue this practice and only budget for the "knowns".

Jennifer continued that recurring costs may need to be cut next year if lost revenues are as projected. Richard replied that the majority of the recurring costs are salaries and health benefits and energy. The teachers negotiated a one year salary increase for this year (1% plus step). This summer, an additional 2 years will be negotiated. Richard reported that the BOE passed a motion requesting that the Negotiations Committee be called into session to consider asking the teachers to accept a 0% increase for the current year. This was done at the First Selectman's request (at the end of the budget process). Richard reported that it is a serious and cumbersome undertaking to open up negotiations as several contracts would need to be opened. This is not a Region 4 decision; it is an all board's decision. The Negotiations Committee will report back to the Joint BOE after review of the request.

Jennifer Rannestad commented that controlling the number of teachers is the most effective way to control costs.

A woman commented that the only way to reduce the budget is to reduce teachers. We cannot look at next year's budget now. The drivers remain the same. If the drivers remain the same (teacher salaries and benefits), to lower these costs, cuts are needed. She continued that the Board of Education's charge is to make sure we have the appropriate number of teachers as the teacher/student ratio is what impacts education. The board briefly discussed class sizes and Virtual High School.

Richard Strauss reported that a good education system makes towns more desirable thus enhancing property values.

The Board debated the necessity and perception of additional staff in the Region 4 budget.

The Board discussed the lack of additional revenue due to the economy.

Virginia Carmany reported that the budget is not unrealistic and has not been in the past 6 years. However; over this 6 year period of time, the salaries and the energy costs have increased almost \$2 million. In the current economy, we are still seeing increases in staffing. These increases were discussed. Virginia continued that she is concerned with future ADM shifts as well as the loss of Stimulus money for next year.

Richard Strauss reported that one driver of the early retirement program was the loss of Stimulus money. This program will provide savings over the next five years. Richard added that the permanent financing of the regional building projects will be an added expense to the budgets. The Board briefly discussed the interest rates of the financing.

Richard Strauss reported that the budget presented is a maintenance only budget. The BOE reviewed every detail of the budget to submit a responsible budget.

Dave Cohen expressed concern at the lack of participation from BOF members. He commented that if board members will not come to the meetings, action should be taken to address the situation.

Dave Cohen commented that small towns take real ownership of the schools. Many of the teachers live and work in our town and have a vested interest. He continued that arbitration would be money "thrown out the window". He believes consistency in the future is important and a 3, 4 or 5 year contract may be beneficial. He suggested the possibility of part time positions instead of full time positions. He agreed that it is difficult to budget for unanticipated special education costs. Richard Strauss reported that there is a process in place for special education and the BOE has not control over this process.

The Board again discussed special education costs and the potential for these figures to change as students move into the district.

Richard Strauss reported that the District does have a Health Savings Program. However, few teachers are choosing this option. The parameters of the plans were discussed briefly.

Virginia Carmany reported that the 10% Fund Balance Reserve can be used for unanticipated special education expenses.

Richard Strauss reported that the BOE has a goal to start 5 year planning. He continued that the only way this is feasible is through Regionalization.

Dave Cohen commented that he is in favor of Regionalization. He reiterated his disappointment on the lack of participation by both BOF members and town residents.

The BOF requested wage comparisons, negotiations and arbitration costs.

The Public Hearing is scheduled for April 8, 2010.

The Board thanked Richard Strauss for his time and presentation.

### Fire Department

Charlie Greeney reported that the Fire Department is requesting an additional \$1,614.00 in their budget.

Charlie reported on a misunderstanding regarding the salary increases last year. He submitted a 0 salary increase last year. This issue will be resolved in this budget.

Charlie reported that there are no Ambulance line items. He is in the process of clarifying this with Peter Evankow.

The Capital budget included 3 items; the building, ambulance replacement and truck replacement.

The Board briefly discussed a lease vs. purchase of fire trucks.

Charlie reported that the fire company received a \$100,000 donation for their building project and fund raising efforts are on-going.

The parameters of the "green" building project were discussed briefly.

AUDIENCE OF CITIZENS

None.

OTHER BUSINESS

The Board discussed the scheduling of meetings. The next meeting is scheduled for March 23, 2010.

The BOF discussed per pupil costs and class sizes briefly.

ADJOURNMENT

On a motion made and duly seconded, the meeting was adjourned.

Respectfully Submitted,

Suzanne Helchowski