

**BOARD OF FINANCE
BUDGET WORKSHOP MEETING MINUTES
MONDAY, MARCH 13, 2017
8:30 A.M. – GREENE COMMUNITY CENTER**

Chairman Matthew Hoey called the meeting to order at 7:40 p.m.

Present: Board Members: Michael Ayles, Louis Federici, Kenneth Gamerman, Matthew Hoey, Jeff Beatty, Peter Goletz and Kenneth MacKenzie

Town Officials: First Selectman Joseph Mazza, Selectman Charles Havrda, Human Resources Director Mitch Goldblatt, Police Chief Jeff Hutchinson, Parks and Recreation Director Rick Maynard, Parks and Recreation Chair Jack Penders and Member Sue Robins, Fire Commission Chair Ken Wilson, Jr., Fire Chief Charles Herrschaft, Deputy Fire Chief Mike Shove, Administrative Assistant Karen Quercia and Clerk Traci Brinkman

BOE Officials: Superintendent Dr. Paul Freeman and Business Manager Linda Trudeau. BOE Members Chris Moore and Christine Cohen joined the meeting in progress

Others: About 10 people in the audience

Media: Guilford Courier Reporter Zoe Roos and Pauline Graziano, taping for GCTV

1. Public Forum

Ted Zuse of 72 Broad Street asked if the board could recap the governor’s budget and what the potential options are for dealing with that.

Mr. Hoey noted the governor’s budget, which has not yet been acted upon would have a dramatic impact on the budget. He added that the town received \$2.9 million in ECS funding. The governor’s budget cuts that out completely. There are some minor changes to special education funding and some additional funds in LOCIP and additional municipal revenue sharing. This would bring the state revenue the town received in 2017 of \$4.99 million down to \$2,613,000 for 2018. In addition the governor’s budget also suggests the town pick up a portion of the teachers’ pension plan, which would have a \$2.87 million net effect on the budget. If this was enacted the town would have to write a \$252,000 check to the state. It would mean a loss in state revenue of 5.7%.

Mr. Zuse said if you combine that with the proposal this evening which is roughly a 2.09% increase the net effect if all that happened is 8%.

Mr. Hoey said Mr. Zuse is forgetting the Grand list growth and some an additional increase in revenues so the increase would be closer to 7.5% if that were to happen.

Mr. Zuse said based on discussion at the previous meeting it seemed people thought there was likelihood that we would experience a shortfall in revenues, but there isn't the appetite for the legislature to agree to the teachers' pension contribution. He noted the state has already done a lot to try to fully fund the pension through layoffs and by borrowing money. Where else could they go other than increase the sales or income tax. Guilford is part of the state and it is not the time to increase spending on top of this knowing we will have to absorb 6% from the state in some fashion.

John Mayo of 199 Village Pond Road said he is a swim parent and he wanted to thank Dr. Freeman for including the swim coach in the budget. The cost is only \$12,000. He wanted to clear up a few things he read in the paper, which stated that swim parents wanted a pool. They have never asked for that, they just want the kids to be able to swim for the school. In addition having the math coach in the building is also invaluable for students and teachers.

Karen Moriarty of Spruce Hill Drive also wanted to thank Dr. Freeman for the swim team coach. She added that swimmers are such hard workers and they deserve a chance to represent Guilford. She is also a big fan of the math coach and believes it will help increase scores. Ms. Moriarty said it is already a trim and lean budget that to cut more would not be beneficial to students.

Mr. Gamerman said they have heard a lot from the BOE about return on investment, but have not heard from the Town regarding the return on investment of its budget. He asked if the first selectman would address that because he thinks it's important to get that on the public record.

Mr. Mazza said during any one year the fire department has over 3,500 ambulance calls. The last fiscal year they had an increase of 100 calls. This is not factoring in response calls for fires and accidents on I-95. He added that the department is also the response team for hazardous incidents for the region.

Mr. Mazza said the police department is up 17% in its calls. They respond to 11,000 calls on average. There are 37 sworn officers. With regard to the Public Works department, Guilford is one of the largest towns in the state with over 48 square miles. They have 17 maintainers that clear, maintain and reconstruct the roads. Tomorrow and for the next 48 hours they will plow 186 miles of town road. In addition Parks and Recreation employees as well as Town Hall maintenance staff help plow the town parking lots and clear the sidewalks.

He added that the Youth & Family Services Department services 260 clients a year that

they bill out. In addition they have 1,500 participants in their programs. If they didn't have this department the police calls would probably increase by half.

Mr. Mazza said the Parks and Recreation Department runs 741 classes a year with 8,000 participants. They have 22,000 participants in their special events. In addition 3,000 individuals and groups reserve the rooms at the Community Center as well as space at Lake Quonnipaug and Jacobs Beach. The Meals on Wheels Program prepares 33,000 meals a year. They serve 2,200 senior meals and provide 10,000 rides for seniors as well. Parks and Recreation also maintains 40 athletic fields totaling 108 acres, including the school fields and provides services at Mill Pond as well for ice skating.

Mr. Mazza said Social Services provides services for 641 households who need fuel assistance or assistance paying rent. In addition they maintain the Food Bank which helps to put food on the tables of residents in need. He added that the Library has an annual circulation of 260,000 pieces. There are 16,700 card members, which is great considering there are 22,500 residents in Town.

Mr. Federici noted in revenues that they increased the CIRMA distribution by \$10,000.

Mr. Mazza explained that CIRMA is an equity firm where the town buys insurance. They have been doing very well with member policies. Instead of keeping all the profits they distribute them to the towns. The last several years the town was fortunate to share in their profits. Last year they received \$47,000 so they decided to bump the projections up from \$10,000 to \$20,000.

Mr. Mazza noted that if the Board cuts the BOS more than \$75,000 he would like to add an additional appropriation of \$125,000 for the back scanning program for Town Hall South. They put \$75,000 in this budget and were going to put the other half in the next budget, but they could combine the total amount and move it to bonding. He spoke to bond counsel and it would be appropriate to bond that.

Mr. MacKenzie noted that the Long Hill Road project is \$4 million and the town is paying 10%. He asked if there is a maintenance contract in addition to that 10% and how much is in the proposed budget for this.

Mr. Mazza stated there is no maintenance contract and the money for that project has already been put aside. There are no funds for that in this proposed budget.

Mr. Goletz said he has spoken to people in other districts where there are math coaches and they also teach classes for academically gifted students. He questioned what the feasibility is for something like that in Guilford.

Dr. Freeman said it is possible, but not advisable. They have moved away from the policy of pulling out academically gifted kids and have been attempting to meet their needs in a mainstream classroom. Dr. Freeman said having math coaches teach individual students would dilute their benefit as a professional developer. He noted that

the districts where this is done may have the resources of more coaches increasing their ability to have them teach as well.

Mr. Ayles said they know they are running over in Tuition this year and they have held off on some capital items as a result. He questioned if there are any specific projects that are not going to be done this year.

Dr. Freeman explained that capital is a moving target. The areas where they most likely cut back on are maintenance items like carpeting, painting, tile, etc. versus specific projects. Items such as renovations for classrooms in Adams to accommodate the special education program needs to be done this year.

Mr. Ayles noted there was a slide at the meeting in February which showed the BOE budget percentage increases across the state. He asked if the BOE could update them on where those increases stand.

Dr. Freeman noted that the majority of districts range from 2.47% up to 8.44%. There are other districts not in their reference group that are working on a 0% increase, but they are dismantling their school system to come in with no increase. In Guilford last year the BOE increase was .67% and this year they are proposing a 1.9% increase, so they have been below the rate of inflation two years in a row. He added that this budget still moves the district forward by providing services they haven't provided before.

Mr. Federici asked what the BOE would consider if it had to make \$100,000 to \$150,000 in cuts.

Dr. Freeman said it would be more strategy than categories. The first thing he would pay attention to would be retirements. He added, however, that he worries about over relying on that too much. The second place would to look at the medical contribution and possibly making a more significant reduction. They would also be looking at maintenance again. They cut it \$250,000 last year and tried to put \$130,000 back in, but they would look to cut some back there. If it grows beyond that they would then need to look at the enhancements this year.

Mr. Hoey said based on their discussion at the last meeting they need to do something more aggressive with state revenues. He doesn't think the 20% reduction in the ECS is sufficient enough. With regard to the teachers' retirement contribution a number of people have suggested that it is DOA in Hartford, but they just don't know. Mr. Hoey said he thinks both budgets are good and it is hard to ask them to go further.

Mr. Hoey then went over several calculations and scenarios with the board which ranged from cutting the ECS funding against the original base by 30-35% and either making no reductions on the operating side or cutting \$200,000-\$250,000.

Mr. MacKenzie noted that if you took out all state revenues at \$4 million it would be a 6.76% increase or a mill rate of 30.61 mills. This is assuming they do not need to pay

into the teachers' fund, which he thinks will happen over time. His suggestion, however, is to take out all the ECS funding, which would represent a 4.46% tax increase or a mill rate of 29.95 mills. He thinks the operating cuts they are talking about are not meaningful cuts when talking about this much reduced aid. Factoring in \$2 million from revenues and a \$1 million reduction in expenditures (postponing capital items), then if they are still hit with an additional \$1 million from the state it would have to come from the general fund. If they get more money from the state than those programs previous deferred could be reinstated. He added, however, that if the state cuts them the full \$4 million he did not see how they could not have layoffs.

The board then went over other suggestions for cuts in ECS ranging 35% to 50% and the various increases that would represent. Mr. Hoey felt it was best to decrease the revenue from the state, but not make any cuts to the operating budget. He added that then if the state does something drastic they would have the ability to then make \$200,000 to \$300,000 in cuts.

Motion: Mr. Hoey made a motion to accept the budget as presented with a reduction of \$1,281,385 less in ECS money (revenue budget) then had in previous adopted budget, which is a 44% cut in ECS. The operating budgets will remain at \$28,738,99 for the Town, \$7,879,034 for Debt Service and \$58,770,136 for the Board of Education. This would result in a tax increase of 2.97%. The motion was seconded by Mr. Beatty.

Mr. Federici said the problem with the state is going to roll on for the foreseeable future. It is going to take a long time to solve. They don't have sufficient information and need to rely on the legislators. He doesn't see a \$4 million cut coming from the state in one year, but over 3-4 years it is possible. Mr. Federici thinks a 35% cut in ECS funding is a significant number, because it decreases revenue \$1 million, it anticipates problems with the state and will keep the budget in a tight rein going forward. He added that if they cut \$200,000 in spending (\$80,000 from the town and \$120,000 from the BOE) the increases in taxes would still be under 2.5%.

There was a discussion on fund balance.

Mr. Beatty said he has been impressed with the departments and the BOE to adapt to changing finances during the year through spending freezes and moving staff around. He added that it is not likely the state will take all the funds away and he has no doubt that the BOE and town will continue to find a way to provide services. He thinks the 35% figure is a good number and with \$300,000 in cuts (\$200,000 BOE and \$100,000 Town) it would increase the mill rate .65 mills or represent a 2.26% increase over the last year's budget.

Mr. Ayles thinks they are okay doing a 35% reduction in ECS but only a \$200,000 to \$250,000 cut since the BOE is already extremely low.

Mr. Gamerman said he was comfortable with a 35% reduction and \$250,000

combined cut.

Mr. Hoey withdrew his motion.

Motion: Mr. Federici made a motion to adopt the budgets as presented with a 35% cut in ECS funding which would yield a 2.67% tax increase. Mr. Ayles seconded the motion.

The board had more discussion on potential percentage reductions and other cuts.

Mr. Ayles noted that if you make the 35% reduction and then take \$100,000 out of each budget the operating expenditure increase is only 1.88% and the tax increase is 2.44%.

Mr. MacKenzie stated that there is \$950,000 in the Dedicated Road Fund. He asked Mr. Mazza when they can use this money.

Mr. Mazza explained that this fund is set up for dedicated roads. When a subdivision goes in the developer puts so much into the fund to repair roads in the future in the vicinity that lead to that subdivision. We only use those funds for those roads. It is not for general road maintenance. He added that this fund has been under discussion in the past by the Board of Finance and a legal opinion was given years ago that the funds can only be used for this specific purpose.

Motion: Mr. Federici amended his previous motion that the board cut the ECS funding by 35% to also include \$200,000 in cuts to spending (\$120,000 from the BOE and \$80,000 from the Town). His amended motion was seconded by Mr. Ayles.

Mr. MacKenzie said he thinks they need to reduce ECS by 45% and cut \$500,000 from the budget. He sees more room on the town side than the BOE side.

The board voted to approve the amended motion.

*Vote: In Favor: Ayles, Federici, Gamerman, Hoey, Beatty and Goletz
Opposed: MacKenzie
Abstaining: None*

Mr. Hoey said they will receive the bond resolutions at their March 20 meeting.

3. Public Comment

Chris Moore resident of 151 Whitfield Street and Board of Education member said he had the state representatives come to their meeting and fill them in on the budget situation in Hartford. He noted that an ECS cut is possible, however, there is a movement by a state education group to block the teacher pension issue unless towns have a say in the system.

He added that he is disappointed to see cuts on the budget sign. It is a good budget

and the revenue side is going to have to made up regardless.

Mr. Hoey thanks the BOS, Departments Heads, Superintendent, BOE and its departments for all their work in crafting the budgets and for their comments at the meetings. It is important for everyone to get out and vote.

Motion: Upon a motion made by Mr. Gamerman and seconded by Mr. Beatty, the board voted unanimously to adjourn the meeting at 10:10 p.m.

*Vote: In Favor: Ayles, Federici, Gamerman, Hoey, Beatty, Goletz and MacKenzie
Opposed: None
Abstaining: None*

Respectfully submitted

Traci K. Brinkman
Clerk
Board of Selectmen