

**BOARD OF FINANCE
BUDGET PUBLIC HEARING
TUESDAY, MARCH 8, 2016
7:30 P.M. – GREENE COMMUNITY CENTER**

Chairman Matthew Hoey called the meeting to order at 7:30 p.m.

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

Town Officials: First Selectman Joseph Mazza, Selectman Charles Havrda, Finance Director Sheila Villano, Human Resources Director Mitch Goldblatt, Town Planner George Kral, Parks and Recreation Director Rick Maynard, Environmental Planner Kevin Magee, Youth and Family Services Director Lyne Landry, Health Director Dennis Johnson, Asst. Fire Chief Wayne Vetre, Social Services Director Tammy Defrancesco, Fire Chief Charles Herrschaft, Library Director Sandy Ruoff, Parks and Recreation Commission Chair Jack Penders and Clerk Traci Brinkman

BOE Officials: Superintendent Dr. Paul Freeman, BOE Chair Bill Bloss, Business Manager Linda Trudeau

Others: About seven others in the audience

1. Public Hearing on proposed FY2016-17 budget.

Mr. Hoey said this has been a difficult budget season. Some hard decisions had to be made. When the new Guilford High School was approved, they anticipated a very different budget year due to a bubble in the debt service. A lot of those fears have been allayed as a result of competent and creative budgeting. Good work has been done relative to mitigating some of the debt service impacts.

Town Budget

Mr. Mazza said this budget successfully balances objectives to maintain property tax stability, while providing the necessary resources to provide essential town services, which protect the health and safety of citizens, maintains capital assets and infrastructure, and improves the quality of life. In addition this budget also supports economic development, maintains the Elderly Tax Relief program, and

addresses the problem of weed control that threatens the health of Lake Quonnipaug's ecosystem.

Mr. Mazza said the Board of Selectmen budget is being presented in two parts, for a total of \$35,828,790. Part 1 is the Operating Budget, including the Capital Budget; and Part 2 is the Debt Service for both Town and Board of Education projects, including the new Guilford High School.

The Operating budget for the town is \$28,372,576; which is an increase of \$692,064 over the 2015-16 budget, or a 2.5% increase. The Debt Service portion of the budget is \$7,456,214; which is an increase of \$1,942,818, or a 35.24% increase from the current budget. He then detailed areas where the board made reductions to the original budgets submitted by department heads.

Mr. Mazza went over the increases in the major categories of the town budget. Salaries and reserves have increased 2.77%, or \$382,450 over the current year. This includes all negotiated salary increases, and reserves for contracts yet to be settled. Employee Benefits increased by \$98,653 due to an increase in medical benefits, and a decrease in pension costs. Operating Expenses increased by 1.22%, or \$70,131 over the current year. This includes all expenses other than salaries; such as insurance, utilities, maintenance, fuel and supplies. Capital Expenses increased by \$140,830 in order to fund various infrastructure improvements and to replace aging equipment.

Mr. Mazza explained that the 2017 pension budget has decreased by \$162,504, or - 6.9% from the current year. They are seeing positive results of efforts to stabilize pension costs and their commitment to contribute the full amount of the pension contribution recommended by the actuary.

Mr. Mazza said the last piece of the Operating Budget is General Fund Capital. This year they have increased funding from \$1,020,132 in Fiscal Year 2016, to \$1,160,962 for Fiscal Year 2017, which is an increase of \$140,830 or 13.81%. He then went over the components that make up the capital budget. He added that as they continue to increase capital operating expenditures each year, they decreased the reliance on long-term bonding to finance major purchases and improvements. The objective is to control future interest costs by decreasing the amount of debt incurred, and fund capital projects on a pay-as-you-go basis.

The total budget for Fiscal Year 2017 is \$94,485,581. The Board Of Education comprises 62% of the total budget, the Town is 30% of the total, and Debt Service is 8%. Mr. Mazza said the Town has an opportunity to save \$1 million by refinancing almost \$15 million of existing bonds. The savings will be spread over the next few years to offset the increase on the new Guilford High School bonds. In addition the Grand List has grown .8%, which is an increase of \$24 million in value, which can be attributed to successful efforts in economic development, including projects such as Guilford Commons and Tractor Supply, among others.

Mr. Mazza said the revenue budget has increased by 1.47% not only because of the increase in the Grand List, but also because of the increase in State funds from the Municipal Revenue Sharing Program. Because of the growth in both the Grand List and the additional State aid, the projected tax increase will be 2.86%.

Susan Anderhegenn of 200 Landon's Way said this is her first year living in Town. While she appreciates that this year there is less of an increase, she asked if there is a goal to not have an increase in the mill rate every year.

Mr. Mazza said that is always the goal, however, they just completed a \$92 million high school and they have to pay for it. If they didn't have that perhaps they would not have had an increase. He added that they live in a beautiful Town and have the best emergency services. Mr. Mazza said he doesn't like to pay increased taxes either and there may come a time when they won't have that. But, they do not get a lot of money from the state that the cities get and that makes it difficult.

Ms. Anderhegenn also asked why the IT budget is going up.

Mr. Mazza said the Town has been trying to automate a lot more. If you go to Town Hall South they have switched to an automated system instead of having a lot of applications on paper. It makes things more efficient.

Mr. Hoey asked if there have been any assurances regarding the Municipal Revenue Sharing Program in light of the growing deficit at the state level.

Mr. Mazza said he attended a COST (Council of Small Towns) meeting and General Assembly leaders were there on the panel. They all assured the towns that the Municipal Revenue Sharing Program funding would remain whole. The problem is Guilford goes to referendum early so they have to go with the best number.

Mr. Hoey asked about the selectmen's revisions to the debt service budget.

Mr. Mazza said there are two pieces to that reduction. When they sold bonds in 2014 they put that premium in reserve. They are using part of that (about \$250,000) to offset the debt service. In addition they are anticipating another \$250,000 in savings on another refunding. Overall they will be saving \$1 million, but they will be spreading that savings out over the next few years to mitigate the debt service.

Board of Education

Dr. Freeman said they have invested significant work the last several years and while there is nothing new; they continue working on those investments. This budget is developed with the health and safety of students in mind, with a focus on instruction and built on enrollment estimates. In the coming year they should be 80 students less based on enrollment projections. He noted, however, that last year they projected they would be 100 students less this year and they are only down 11 students.

The total BOE budget is \$58,656,791, which is a \$1,147,274 or 1.99% increase over the current year. The budget increases have been trending lower over the last five years. They have reduced teaching and paraprofessional positions and have had favorable contract negotiations. With regard to Tuition, they have reduced outplacements and enhanced district services. They have reduced Supplies and Materials as a result of declining enrollment and lower heating costs. They have deferred investments in instruction and operations.

Dr. Freeman noted that with improved Special Education Services they have been able to level special education expenses and the percent of those costs in the overall budget has trended downward since 2008.

Dr. Freeman noted the cost driver increases in the budget which include Salaries at an increase of \$716,591 and Medical Insurance which has increased \$288,420 – totaling \$1,005,011. Their overall budget increase is \$1.1 million, so the bulk of the increase is due to those two categories. He added that they reduced 6.6 Full-time equivalents staffing positions since they have fewer classes at the elementary level. There has been a reduction of five paraprofessional positions. The only increase in staffing is one custodial position at GHS.

Dr. Freeman also explained that over the last four years they have had significant retirements, but this year only one-quarter of the number they have been experiencing, therefore this has had a leveling effect on the salary line.

He noted some investments deferred in this budget include math coaches, changes in the high school start time, increases in music and art as well as site improvements.

Mr. Bloss then went over a cost/benefit analysis of where Guilford stood with regard to school spending (mid-range among comparable towns) versus the high quality of the education that is provided (toward the top of comparable towns).

Mr. Goletz asked if they considered increasing the hours in the work week for the custodians instead of hiring an additional one at the high school.

Dr. Freeman said increasing hours would require them to open up the contract.

Mr. Bloss said they will be going into bargaining with that group so it is something they could explore, however, there would still be some type of cost associated with increasing the hours.

Mr. MacKenzie said it seems that the cost per student is going up even though the enrollment is going down. He questioned what would happen if there was an uptick in enrollment.

Mr. Bloss explained that the cost per student figures he showed in the presentation are arrived at differently than dividing the total budget by the number of students. They are two different numbers.

He added that they did do a demographic study which predicted an enrolment decrease in the current year of 100 students, but that turned out to be only 11. As a result they thought they needed two less kindergarten teachers, but that was not the case and they had to move things around in the budget and find funding for that. This coming year the study predicts 80 less students, but they will have to see. If there are more, they will deal with it within the budget. Mr. Bloss said the consultant noted at the time that there were two factors they couldn't predict in the study and that was the effects of the all-day kindergarten and the new high school.

Mr. MacKenzie said given the low interest rates today he questioned why the town is not bonding more. He understands the constraints with the new high school, but in a year or two when that levels off the town should be bonding as much as it can and thereby reduce the capital spending in the budget.

Mr. Bloss said that they perceived this year as a difficult year with the GHS bonding so they thought it was a good idea to take a breath.

Mr. Hoey said within the \$1 million in capital, most of that would be inappropriate for bonding. He added that it would be great to time the markets. They also can expect over the next several years that they will have to make investments in infrastructure.

Mr. MacKenzie stated that they have to stem the 3% tax increase that goes on year after year because it is not sustainable.

There was a brief discussion regarding the decreases in state revenue over the years.

Mr. Federici asked about a cut in the textbook line.

Dr. Freeman said they are delaying some purchases. They are looking at the curriculum renewal calendars and spacing purchases over a longer period. They have also been taking advantage of electronic media. This is an area where they can stagger purchases and keep the books longer. It will not impact students.

Mr. Beatty asked if electricity consumption at the new high school is where they thought it would be. It's down about \$39,000 overall.

Dr. Freeman said they have yet to move into June and July for the new school and seen the cooling costs, but they are confident with the reduction that is shown. They are hopeful they may be able to generate a greater savings.

Mr. Hoey said if the enrollment projections do not materialize again, he questioned where they would find the funding.

Mr. Bloss stated that there is not a lot of room in this budget. They would just deal with it. When that happened this year they didn't fill a position and moved money around.

There was a brief discussion on debt service.

There were no more questions or comments from the public.

Mr. Hoey said the board would be meeting again Thursday evening to deliberate and take action on recommending a budget to referendum.

Motion: Upon a motion made by Mr. Federici and seconded by Mr. Goletz, the board voted unanimously to adjourn the meeting at 9:10 p.m.

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

Respectfully submitted,

Traci K. Brinkman

Traci K. Brinkman
Clerk
Board of Selectmen