

New Hartford Board of Finance
Budget Workshop
Saturday, March 12, 2016 @ 8:30 a.m.

PRESENT Chairman Jim Fitzgerald, Members Steve Tuxbury, Reggie Smith, Jr., Dan Charest, Bart Baxter, Ben Witte (in at 8:41 a.m.), Alternates Bill Coates, Robert Nilsson, Region 7 Supt. of School Judy Palmer, Region 7 Director of Finance & Operations / Business Manager Rich Carmelich, Region 7 BOE Chair Molly Sexton Read, Region 7 NH BOE members Noel Gauthier, Rob Jerram, NH BOE Supt. of School Brian Murphy, NH BOE Chair Sue Lundin, NH BOE members Stacie Cull, Jenn Benaitis, Pat Spaziani, First Selectman Dan Jerram, Selectman Laura Garay, Bookkeeper Annie Witte, Republican American reporter Kathryn Boughton, Members of the public Karl Hermonat, Gina Maroney, John Burdick, Joe Toro, Tom Buzzi, Maria Moore, Recording Secretary Penny Miller.

Chairman Fitzgerald called the meeting to order at 8:35 a.m. and went over the structure for today's budget meeting. Region 7 will present first followed by the New Hartford Board of Ed and finally the New Hartford General Government Budget. There will be no public comment. The next BOF meeting will be a special meeting on March 22nd the same night as the rescheduled BOE meeting. The public hearing on April 6th when the public can come and ask questions. April 12th is a special Board of Finance meeting.

2016-2017 Northwestern Region 7 Board of Education budget presentation

Supt. Judy Palmer said the increase for this coming year will be 1.75%. They will be presenting this budget to the various towns and adjustments can still occur. Mr. Carmelich said the budget is broken down by salaries, benefits, etc. The salary account overall is increasing by 1.5%. This is based on contractual salary increases. We have added to our substitute teacher line by \$7,500. The reason is because they are having a hard time getting substitutes and by increasing the daily rate we will attract more substitutes. There is a little additional funding for our STEP program. They have worked to reduce the budget. They have paid attention to what the towns are telling us. They have reduced the business office staff, reducing secretarial hours, the budget calls for the elimination of one teaching position. The only other major change is the school resource officer. The SRO is now on the Town of Barkhamsted payroll. So it has been moved to the Purchased Services line. Mr. Fitzgerald asked you have 4.25 bookkeepers and yourself. We have one for the town and one for the local BOE. You outsource your payroll. What do they do? Mr. Carmelich said it just isn't about finance. We have lot of operational functions go on in our business office. We have ADP and our payroll bookkeeper is 32 hours. A lot of work goes into timesheets and uploading to ADP. We have a bookkeeper getting to the operational side. They are in the Business Office but they handle transportation, free lunch, workers comp. and things like that. Supt. Palmer said the bookkeeper is a category in the collective bargaining unit. Those people are in that paid category. Mr. Carmelich continued we have a half-time position to handle all student activity accounts. We have half-a-million dollars of funds that flows through the office for student activities. In this budget this position will be eliminated and those functions disseminated throughout the office.

Mr. Fitzgerald asked you will have a retiring principal and you are still filling that. Why? Ms. Read said you need a principal. Mr. Fitzgerald said between the Superintendent in the same building, the principals and housemasters don't you feel that is over-staffed? Ms. Read said they don't. The board came to a decision we would continue to look at the administrative structure in the form of those 4 administrators – two principals and two housemasters. How does that rank with other districts in terms

of administrative support? If there was room to consolidate those positions or responsibilities it would be at the housemaster or assistant principal level. Having a principal for each building was a critical component of the educational community in the school. A suggestion was made at our meetings that we do away with that position for a year. We can't put the students at risk. Those principals are responsible for curriculum development, teacher evaluations, working with parents, attending PPTs, etc. an integral part of each student's experience.

Mr. Tuxbury asked in the Media personnel & Nurse what changes are being made to cause those increases. Ms. Read said the media person is within the teacher's union. She has moved up a step and category. Ms. Read said this increase is due solely to this one person.

Mr. Smith asked that is it an electronic time sheet system – paper or both? Mr. Carmelich is it a mix of both. We have tried to go to an electronic but it is a basic Excel spreadsheet.

Mr. Tuxbury asked about the increase in the nurses. Mr. Carmelich said we had two nurses leave and we replaced them with two very experienced nurses.

Mr. Carmelich continued the benefit line is decreasing by 0.44%. In the past we have tried to plan for the Cadillac tax that is coming. Because it has been pushed out we are showing a negative in our health insurance line. We are currently budgeting -1% for health insurance in spite of our rate increasing we are still showing a negative. We are using some money that we had put aside for the Cadillac tax. We continue to work on flat funding for life insurance. Mr. Tuxbury asked what about his stance on the Cadillac tax. Mr. Carmelich responded we prefer not to pay it. Mr. Tuxbury continued are you accepting it is your tax and not the employees? Mr. Carmelich responded we aren't sure it has been decided in the courts whether we can pass along that tax. Mr. Tuxbury said it is a tax on a benefit received I am not seeing the tie to the employer. I hope that you feel the employee tax should pay it and not the employers. Mr. Carmelich said the State Association of School Superintendents has taken that stance. We hope that we can pass that along to the employees. That hasn't been decided yet. Supt. Palmer said we are going out to bid on the dental insurance because that was too high. Mr. Smith asked how many employees are qualified for the higher end health care plans. Mr. Carmelich said we are required by the affordable health care act to provide benefits. Mr. Smith asked how many are given or offered the Cadillac insurance plan. Mr. Carmelich said the Cadillac plan refers to a threshold. We are at the threshold so it is pretty close to zero. If it goes into effect in 2018 as normally written all of our employees will be over that threshold by that time even if they aren't now. Professional Technical Services overall is increasing by 10%. There are a couple of factors here. The \$50,000 for the SRO is coming into this category and is a wash for the overall budget. It is listed in Line 334 Board of Ed. The Board of Ed fees are \$2,100. There is an increase in legal fees, Line 332, for future teacher negotiations coming up by \$30,000. There is \$4,300 for the PSATs for juniors. Starting this year the SAT is replacing the SBAC test as the standardized test and we would like to offer it for all sophomores & juniors. One of the things we realize is the Excess Cost Grant from the state for the high cost special education students. We are anticipating a decrease of revenue in that grant. Not because of cuts made at state level but one of our more expensive students is graduating. We are losing \$50,000. We do have some additional money for dyslexia support which is another unfunded state mandate.

Mr. Fitzgerald asked on the computer technology under Purchased Professional Technical Services you have Computer Technology, it is on Purchased Property Services, Supplies, Property Instructional Equipment & Other Objects. What is in that number and why is it so split up in many different areas. Is it possible to have just one number and not mix it with the software, etc.? How can we get better visibility on these assets you are procuring? Mr. Carmelich responded the state requires us to do it this

way. We have to follow a chart of accounts. Our accounting structure follows a federal accounting set of standards reporting system. We are required when we submit our reports to the state they want it broken out by objects, salaries, benefits, purchased services and also by function as well as computer technology, English, math and by department. They want to know in the realm of computer technology we spend money on purchased services i.e. consultants that we call from the outside. They want to know out of your technology budget how much is spent on services from the outside. They also want to know within your computer technology how much is spent on supplies which is wires, and other physical things that you buy. They want to know how much is spent on dues, fees and to send your I.T. guy to a workshop. So all these things and it's just not computer technology you will see throughout this budget where media, math and science come up time to time again in each of these groups. That is how they want that level of detail. It is really meant to provide more detail. Mr. Fitzgerald asked can you tell us the breakdown in each of those line items. What is in computer technology for each of those exceptions, what do you capitalize on? It is all in expense and not in capital. Mr. Carmelich said you will see at the end that we can get there but we do have capital outlay exception on page 8. There is a capital outlay budget and that is where we technically put permanent purchase for our servers, computer and things like that. On page 8, Line 730 you will see \$10,000. Mr. Carmelich said we will only buy \$10,000 worth of computers that is what is in the budget. We also received a grant for \$23,000 to help with some of those purchases. Mr. Fitzgerald said there is \$22,000 of computer technology for professional services, \$40,000 in purchased property services, \$8,500 in supplies – it is all bundled under computer technology. Mr. Fitzgerald commented that after last year we would like to know exactly what you are buying. Mr. Carmelich said that the big budget is online and it details out each line item. Supt. Palmer said they could provide a hard copy of the fat budget, if needed. Mr. Fitzgerald said we budget specifically for computers and other technology whether it is for the Board of Ed or the town. Yours is spread throughout bundled under one number, Computer Technology, it is hard to tell whether it is servers, Chromebooks or networking cables. Supt. Palmer said the big budget details it out.

Mr. Witte asked in Special Ed it is in Professional Technical Services. You mentioned expecting less reimbursement because of an expensive outplacement yet the number in the area is higher than it was last year. It looks like we have more special ed costs. Supt. Palmer said one of the most expensive students aged out at age 21. More students with special needs & accommodations have come in behind him and we haven't reached the threshold. Mr. Carmelich said we are better off having one student at \$150,000. We get money for the student that costs \$150,000 but not for the three students at \$50,000. The threshold is \$75,000 and any costs over \$75,000 we get money back.

Mr. Carmelich continued with the 400's there isn't much of a change here – a 1% increase – water, sewer, refuse collection, copiers, special ed equipment. Mr. Smith asked in line item 402 Electricity that expended 2014-2015 of \$336,231, is that from the auditor or the final number? Mr. Carmelich said that is the final number. Mr. Smith continued in this current fiscal year it is up \$109,000. What have you spent to date on your energy or electricity costs? Mr. Carmelich said he didn't have that number. Mr. Smith asked that he sent it to Chairman Fitzgerald for distribution. Mr. Smith said the fact that you put solar panels it was supposed to help with your costs. Now a few years later with energy costs down you are budgeting \$109K over your actual expenditures. He would like to see a breakdown on this. You are changing from oil to gas. Mr. Carmelich said we are in our 2nd year. He doesn't know why but the state has us put electricity in the 400s. The natural gas is in the 600s.

In the 500 category – this is where we have transportation, outplacement tuitions. We are budgeting an additional \$10,000 for magnet schools tuition. This is only for 2 additional students. Currently we have about 6 now. At middle school we are budgeting for 6 dropped down to 5, high school 10 students.

The Supply Account (600) historically has been cut. This is the first time we have had an increase in this

area – a very nominal one of 1.18%. We have some additional funds in there for textbooks, culinary art supplies, etc.

In the 700s it looks like a big increase overall of 9.93% but it is just one line. We are increasing computer technology by \$5,000. We feel like we need to start addressing computer replacement so we put a little more money in there. Mr. Tuxbury asked is that the only place you are purchasing computers with the \$10,000. Mr. Carmelich said that is where we put it and we have the grant.

Other Objects, 800s, mainly the bulk of this category is the interest we pay on our bonds school construction projects. We are still paying off the bonds for the project we did back in 2000. One comes up in 2018 and one in 2022. We borrowed \$200,000 for the natural gas line work and it comes off the books in November 2016. On Page 11 you can see bond and debt. Mr. Smith asked if all your bonds, loans and borrowing leases you include in one area with principal and interest are basically spent. Mr. Carmelich said the interest is in the 800s and the principal is in the 900s. It is contained in one area of the budget.

Revenue on Page 10 we are experiencing a decrease in state revenues. In part our decrease is because a decrease in our enrollment. The Vo-Ag Operating Grant is going down about \$40,000 because of our Vo-Ag enrollment. The state is planning on funding that at the same level. The Assessment is going up 2.01% and that is a factor of less revenue. Mr. Fitzgerald said there is nothing in the Spec. Ed, when do you realize the revenue coming in. Mr. Carmelich said we get 75% of the excess cost payment from the state at the end of the February and 25% in May. We count it not as revenue but a credit against our expenditures. It is placed in the budget details. It is a credit against the expenditures. On Line 325 on page 3 we decreased that line by \$50,000. On line 326 we reduced that budget line by \$100,000 based on expectation of this grant. Mr. Fitzgerald asked why not show it as true revenue. Mr. Carmelich said they use it to keep down their expenditures. It is an offset to our expenditures. Mr. Fitzgerald would like to see true expenses and true revenues. The revenue sheet doesn't show true revenue. It doesn't show true representation. We would like to see that. We would like to see the computer detail. We have no clue what is in the revenue account.

Mr. Carmelich continued with the Assessment page shows the allocations for each town. New Hartford has borne the brunt in the past and Barkhamsted will be hit next year. Overall New Hartford's assessment will go up 1.08% and Barkhamsted will be 7%. That is after applying the surplus. Mr. Charest asked if they had shared their 5-year plan. Ms. Read said it has been sent to the town hall. It is a live document that we revisit every 6 months. There is nothing on the table. The board asked what we see coming down the road in the next 5 years. They will check to see who it was sent to. Mr. Fitzgerald said that the 4 town selectmen and Boards of Finance should be receiving the capital plan to see what your balances are and where you are with your projects. Mr. Carmelich said this is more of an educational plan that the board asked Mr. Carmelich and Supt. Palmer to do. We have not borrowed money to fund a capital plan in years. Mr. Fitzgerald asked what capital expenditures you are looking at. Ms. Read said the roof is an issue, the driveway and other physical items but we haven't crunched the numbers or gone to the next level. It is part of our general plan. Ms. Read said she would email a copy to Mr. Fitzgerald.

Mr. Tuxbury asked if the Barkhamsted increase in students is attributed to a larger 7th grade. Mr. Carmelich said that overall enrollment is going up. We graduated a smaller 12th grade class with a larger 7th grade coming in.

Mr. Baxter asked about the gas line. Is there a way to pull out the grants? Mr. Carmelich said the gas line was part of the capital plan. In their new PowerPoint it will show where it show this.

Mr. Tuxbury asked how comfortable are you with the state reimbursement monies for next year. Supt. Palmer said the categories that are most at risk are transportation and excess cost which is reimbursement for special ed. and ECS. Mr. Tuxbury asked do you have monies to cover shortfalls. Mr. Carmelich said we will have to do what other towns do. We will know before fiscal year starts if we don't get those. We will put a spending freeze on and will deal with it.

Chairman Fitzgerald temporarily adjourned the meeting at 9:35 a.m.

The meeting was restarted at 9:41 a.m. by Chairman Fitzgerald.

2016-2017 New Hartford Board of Education budget presentation

Mr. Fitzgerald welcomed Supt. Brian Murphy & BOE Chairman Sue Lundin. He continued with you have a change from our previous meeting and those numbers have been put in. We are showing that you are coming in with a -2.81% reduction or -\$224,427.60 which is good. You are saving this board without us having to come down to hard and do it ourselves. He turned it over to Supt. Murphy and Sue Lundin. Supt. Murphy said we presented their capital plan previously and it is \$89,000 for next year and we haven't made any changes to that since the fall. On Page 7 we have the major line items. Regular Education – that is for salaries & staffing. In this budget we have 3 teaching positions that are being eliminated from this past year. Special Education is a decrease of -2.4%. We did have 3 outplacement students this past year. We are planning for one outplacement for next year. Health Education is a negative -32.9% we will have one less nurse. We hired a nurse at a lower step. Improvement of instruction shows an increase of 9.62%. The main driver is \$5,000 is in addition to professional development. Library Media negative -10.3% is due to less books being purchased going from 3 to 2 schools next year. Technology has a decrease of -1.4% that main driver is due to technical licenses. The sizable increase for the Board of Education, 65.3%, is due to increase in legal fees. We did budget \$10,000 but we had several issues that came up along several contracts that we needed expertise on. Next year we have the teacher's contract coming up. The increase in central office of 2.9% is due to salary increases. School office increase of 20.1% is because we moved the curriculum director from Regular Education to school office. Plant operation shows a -13.9% because we are moving from 3 to 2 schools. Employee Benefits which is the health benefits is 0.5%. It was over-budgeted last year. Pupil Transportation shows a minimal of 0.3%. Costs were kept down because we have a new 5-year contract with Dattco. The first two years are at 0% and 3 years after that are 3.5%. Mr. Fitzgerald was there any attempt to align with Region 7. Mr. Murphy said the board did deliberate about this and decided not to go out to bid. There was talk about aligning with Region 7 but the BOE decided it was significant savings with Dattco. The contracts are a year off with Region 7. Ms. Benaitis said in their budget Bus Transportation is 2%. Mr. Murphy continued the last item is Communication. This is down -17.4% because of less postage.

On page 8 is the pie chart which shows how we are spending our money. Page 9 is the decreases associated with the closing of Bakerville School. Total is \$120,000 which is \$90,000 for running the building and \$120,000 for staff. Because of decreasing enrollment 3 positions are being eliminated - a grade 3 position, one section of grade 4 and the technology integration specialist which wasn't filled. If enrollment continues to decline we will eliminate a grade 3 teacher. A section was added to grade 4 for this year to meet their needs. This extra section will be eliminated next year. Mr. Fitzgerald asked with all the decreases in teachers – why are the benefits going up. Mr. Murphy said the health insurance is going up and that is why. Decreases due to Historical Expenditures as mentioned there was significant

savings in special ed. We paid \$2.54 last year for heating oil and this year it is \$1.95. We have moved from Patterson to Hocon for propane. Total in this category is \$134,543.

Page 10 increases to personnel changes. We will hire two full-time tutors to work one-on-one with students to meet the needs of special education students. We are proposing talented & gifted programs for grade 5 & 6. This is enrichment program. Materials for talented & gifted program and a stipend will be part of this program. Another program is STEM and will be incorporation through our media technology specialist. It will be for next year. We will also be developing a program called MakerSpace. This hands-on approach and with the media technology specialist the students will be coding computers.

An increase in unemployment compensation is for our individuals whose positions are being eliminated for next year. We have budgeted 18 students to go to magnet schools. We did negotiate several contracts this year – tutors, custodians, secretaries, and administrators. Mr. Fitzgerald asked are these in the budget for 2016 – 2017? Mr. Murphy said yes. Mr. Fitzgerald feels this is a red flag if it continues every year. You will have increases that outpace the ability of the taxpayer to pay for this. He doesn't know of anyone else that is getting this type of increase. Mr. Murphy said they did consult with legal counsel but 3% is the average. Page 12 reviews the New Hartford birth certificates. It is a good barometer as to what will be in our kindergarten class. So far this year there are 31 children registered for kindergarten and we are waiting on paperwork for another 4. Last year the number was higher at this time. Page 13 is the Peter Prada projection. Page 14 shows the enrollment for this year and next year. We are projecting 454 for next year. Class size is staying at 18 students – class max size is 25. It is not optimal to have 25 students especially in primary grades. Mr. Murphy said one of the new programs that is being proposed and presented is a pilot full-day pre-k program for 4 year olds. It will follow the school day. Identified 3-year olds will attend in the morning. We have the flexibility where parents can be part of a half-day 4 year old. There will be 15 students. Tuition for non-identified students is \$3,000. The identified students do not pay tuition. We hope it will prepare our students for full-day kindergarten. It will be done by lottery. We have currently 11 students. We will have one tutor and one teacher. Mr. Fitzgerald asked can you isolate the costs for the pre-k program. At \$3,000 how can it be self-funding? Mr. Murphy said it is not self-funded. Mr. Smith said he is not in favor of this. We should know what the total cost is in fairness to everyone. Mr. Murphy responded the total costs are the per pupil expenditure. The cost is for the tutor & teacher. It will be held at New Hartford Elementary. We do not provide transportation for the regular students but identified students will be provided transportation.

Page 15 deals with increases to Instructional Assistants. We do receive Title 1 and Title 2 grants. We are expecting \$14,000 for Title 1 and \$11,000 for Title 2. That deals with free & reduced lunch. We are looking to add \$5,000 to substitute teachers. We have a lot of professional development programs in place. This was under-budgeted last year. Because of new initiatives the state has mandated we had this increase.

Page 16 is the Magnet School tuition. Teaching Supplies is up 18.5%. Part of this is the talented & gifted program. Textbooks went down and we were able to purchase books last year but there is still a cost for workbooks. Page 17 - Periodicals for science and social studies approved by the state board of education is up. Equipment is flat. Special education tutors – we hired 2 additional tutors. Homebound instruction is going up \$400. In tuitions there is a significant decrease as there will be one outplacement next year.

Page 20 – the only increase is office supplies. Page 21 – provided through Education connection - Adult education is going up 5.3%. Page 22 – Health Services – we will have one less nurse. Supplies are going up & equipment. The total for this page is a decrease of 32.9%. Page 23 – Improvement of Instruction – the main driver is the Professional Development Program for \$5,000. Purchased Services/Teacher &

Page 7 of 10

Student Recognition went up \$1,000 mainly for our Superintendent's Award. There are two 6th grade students that are honored at a superintendent's dinner. Mr. Charest asked about Line 322. Mr. Murphy said historically this hasn't been used. It is recommended. Page 24 - Library media centers some travel reduced was reduced. Page 25 the reduction is because of going from 3 media centers to 2. Page 26 Technology – there is reduction of -1.4% because of a reduction in technical licenses of \$3,000. Page 27 – Board of Education an increase of \$15,525 because of legal fees. Page 28 - Central Office increases are primarily salary increases. Page 29 – Data Processing Services, Supplies and Dues is flat going into next year. Page 30 there is an increase because we budgeted for our Curriculum Specialist in this line item. There is a decrease of an Administrative Assistant because of the closing of a school. The rest of the line items are flat. Mr. Smith asked about the stipend for the Superintendent in Charge. Mr. Murphy said it is when he is out of the district. Page 32 – shows a reduction of \$32,522.00 for a custodian because of the closing. We are hiring a moving company for \$13,000 to move from Bakerville to New Hartford Elementary and Antolini. Page 34 – Service Contracts – there is a significant decrease because of one less school. Page 35 shows a reduction of -13.9% - Property & Liability Insurance, reduction of travel, maintenance supplies & heating oil. Next year we expect a bigger decrease because of one less school. Propane is also decreased. Equipment is going up because with two schools we are looking for more equipment. Mr. Smith asked where the electricity costs are. Mr. Murphy said on page 32. On page 36 - Employee Benefits – there is an increase in the Tax Sheltered Annuities because of two administrators now receiving an annuity of \$3,500 each. Now you have 4 administrators receiving that. Page 37 is workers compensation. Page 38 – Pupil Transportation – we were able to get a 0% increase from Dattco for next year. Mr. Charest asked how you came up with the unemployment compensation. Mr. Murphy said for a teacher it could be a \$15,000 - \$20,000 for a certified teacher and less for a non-certified teacher. It all depends if they can get a job. We thank the Board of Finance for their support over the last several years. We are proud of our survey results. We have a 99.5% approval rate by parents. Standardized tests scores are not the be all end all in rating a school. Mr. Tuxbury said looking at the math scores is this why you are changing your math? Mr. Murphy responded we can always improve and math is one of those areas. Mr. Fitzgerald asked Mr. Murphy for the numbers that deal with the maintenance of Bakerville School for this year. Mr. Murphy gave the board copies during the break. (Filed with these minutes)

Mr. Fitzgerald temporarily adjourned the meeting at 10:29 a.m.

Mr. Fitzgerald called the meeting back to order at 10:37 a.m.

2016-17 New Hartford Town budget presentation

First Selectman Dan Jerram and Bookkeeper Annie Witte presented the New Hartford Town Budget. Mr. Jerram said the Summary page shows the total expenditures as proposed. The general government budget is projected to increase about \$110,000. The Board of Education Bakerville School maintenance line was added below the line. There is expenditure there but it doesn't impact the \$110,000. There are 3 things that are significant. The General Government going up \$110,000, the Bakerville School implementation of maintenance and Total Education is down \$93,000. In the realm of the total budget increase it is \$83,832. Administration – this is the last year of contracts. As it stands now we are at the peak of a 3 year deal of 3% for union employees and the Selectman voted to put in 2% for everyone else. One of the things we heard from the Roundtable discussion is that we aren't doing enough to get the word out to people that may not have email. The selectman voted to increase the communication line and start regular mailings to homes especially the seniors. The Tax Collector shows a small increase of 2% which is basically all labor. The total administration change is \$32,369. The copier lease has expired and we will be getting a new wide format copier. It will be in the Town Clerk's office. The copier lease will be administered through the Selectman's Office with the help of the Town Clerk. There is a

rough number in the pension line and will be updated when the information becomes available. In Education the -\$93,761 is old data and Ms. Witte will change the official budget as the adjustments come in. Public Safety there is not a lot of changes. We had a stronger number in there last year. We are back to current funding ratio which is 85%. The Ambulance Association which is our largest budget adjustment shows \$40,000. They asked for \$100,000 and they were given \$80,000. We used some of the state trooper savings to fund that deficit. Their ambulances are 10-12 years old and they would like to buy a new ambulance. Mr. Charest asked if a budget had been received, Mr. Jerram said they did. Mr. Tuxbury asked if the 3.4% on the Constables line is all salary Mr. Jerram said it was. Mr. Tuxbury asked is that a union now – the response was yes. Mr. Jerram continued the contractual increase is 3% the same as all other union employees in town. You have two union employees who do not get a pension. It is the total cost of their labor. Mr. Fitzgerald asked what the true salary increase is. Mr. Jerram said it is paid as wage. And it goes into the 457 plan as tax-free. We could put it into a separate line item. Mr. Tuxbury asked if next year this is a one-year thing. Mr. Jerram said that next year we will renegotiate. It will be a modification of the percentage plus. Mr. Fitzgerald said it would be nice to have two lines to see what that separate increase is. Mr. Jerram said you will see this in more than one place. One of them is in the Highway Department. Highway Department, two line items, Equipment Maintenance Repairs – we have done a significant bit of transition with our vehicles. We sold 2 vehicles in the Highway Department and one vehicle in the PE. We had lengthy discussions to increase the maintenance repair line and we are proposing to buy another truck this year with capital. So we left it flat funding. In the 2014-15 line item we spent \$152,000 in repairs. We are spending money in crossings, drainage and it never seems to stop. We are over expended at this time of year but we are in the black. We outsourced two contractual jobs at \$40,000 each. We also recognized in Preservation line the decrease in fuel costs and it will give us more flexibility. That was part of the decision to leave the lines alone. Planning and Development is down. The Zoning Officer left and we hired a retired land use administrator with 16 years of experience and no health care. The Libraries asked for more money as they have seen increases in recent years. We want to support them but at some level the general consensus of the Board of Selectman is that we are adjusting to the tax increase of last year. Health Sanitation - a driver of the budget is the RRDD#1. They have asked for a significant increase - \$16,113. The driver is the contamination they had. Mr. Smith asked if it had been cleaned up. Is there anything that will carry over into next year's budget? Mr. Jerram replied we are cleaned up locally but there may be contamination at other facilities. Parks & Recreation is willing to live with what they had last year. A little bit of adjustment on the sports allocations. Most sports allocations were taken. Debt Service – Ms. Witte has implemented all the changes and we are seeing savings here. We have left the Bakerville payment on the historical and the formula because next year it will provide a spot for the Antolini bond to go in. Comparing last year's budget with this year's we have taken out the 6-8 dormant lines. Mr. Smith asked if all bonds, loans and leases are all listed here. Mr. Jerram said just bond payments not leases. Commissions and Other Agencies – shows several of the smaller commissions that don't continually use funding on an annual basis have been adjusted. The driver of the department is the West Hill Lake Association. There is concern about the water quality. We are one of the 3 largest property owners there. We don't want the water quality of the lake to drop so that we are into a remediation situation. Mr. Fitzgerald asked what is causing the contamination. Mr. Jerram said this is the town's desire to participate in the West Hill Lake property owners association and other groups to do increased water testing. There are numerous sources that cause this. It can come in on boats, storm water run-off, algae, herbicides, pesticides, septic systems. It is one of the town's jewels and one of our major recreation areas. The selectmen's fear is it will become contaminated. Mr. Tuxbury asked for a copy of the West Hill Lake budget & presentation – filed with these minutes. Mr. Jerram continued that the DEEP owns the water and we own the shore. Mr. Smith said since this has happened to many lakes there are ordinances & regulations that the town could adopt with the assistance of the lake group to

limit what the property owners could do that would have a detrimental effect on the lake. It is something that should be looked into.

Bakerville School Maintenance – this is an estimate from the BOE when they broke down labor vs capital cost & maintenance. Mr. Fitzgerald asked with the school closed what will it take to plow, mow, heat & electricity – eliminating what will not be there because it is closed where are we getting the \$90,000 from? Mr. Jerram said the rolling average for 6 years is \$78,000 and he won't advocate to moth-ball it and we will try to use it. We will need to hire some level of janitorial, lawn mowing and plowing and that isn't reflected in the \$78,000. We won't go to the mothball approach. We will keep the phones & electricity on. The fastest way to depreciate an asset is to close it up, turn off the heat and wait for a pipe to blow. Mr. Fitzgerald asked for the detail of the \$90,000. Mr. Smith asked that they hold off the discussion for two weeks.

Capital we had a presentation for f/y 2016-2017 and we implemented the proposed plan into the budget. The technology goes toward town hall and upgrading equipment. Recreation has two projects for \$35,000. One is the waterfront for \$15,000 and Callahan Park for \$20,000. Town Hall equipment replacement at \$15,000 is for new LED lighting in 2/3 of building. The large truck finance is the 2nd payment of the truck we bought last year. Downtown improvement is the selectman's initiative to move forward with the walkability of the downtown including the installation of sidewalks around the library. The \$35,000 represents the continued commitment of replacing the town vehicles. Line 28 represents the new large truck which will replace the foreman's truck. The last item is the Town Hall Equipment - phone system. We are going to research going into the CTN network with a voice over-ride. They haven't been replaced in 20+ years. They are old, maxed out, can't be added to or replaced.

Looking at the impact of replacing the vehicles I took what I presented last year and did an update on it. We sold the police 2003 Crown Vic and purchased a new Ford Taurus Interceptor. The Jeep and the Chevy Blazer both need to go. In terms of the DPW trucks. We restored the #4 & #9 truck. We bought two new dump bodies. There is a new engine in the #9 truck because its engine blew. Mr. Charest asked are you offsetting the notes on the bottom of the report. Mr. Jerram said the notes are the same from last year and the asterisks are all line items from last year. It is just historical.

Mr. Gauthier asked if there is a power failure do you have an emergency back-up system. Mr. Jerram said we have the high fiber in the building now. All the units will have to change. Mr. Smith would highly recommend not going to the VOIP system. Mr. Gauthier's concern is to have a back-up system where the town uses a generator. Mr. Jerram would be glad to consult with both Mr. Smith & Mr. Gauthier.

In Revenue we have adjusted some line items. We implemented the state grants we got. We had the Municipal Revenue Sharing Sales Tax for \$200,000 that came in and we are not sure if it will continue. The significant issue is the calculation of surplus, if you study the audit, our internal calculations shows we had a surplus of about \$280,000 and now it is \$235,000 - \$240,000 worth of excess revenue. Last year we had a lot of snow and we were very tight. We had 3 supplemental appropriations - \$72,000 for the Board of Ed, \$58,500 for sand & salt and \$30,000 for the WPCA study. The WPCA study was a loan and shows as a receivable.

Mr. Fitzgerald said going back to the Municipal Revenue Sharing Sales Tax how did you get that number? Did they send it to us? Ms. Witte said it is part of a formula. Mr. Jerram said everything that comes from the state is subject to change. Mr. Fitzgerald asked are the revenue numbers based on actuals from the last fiscal year? Mr. Jerram replied when you look at prior taxes, we had a tag sale last year we received some revenue and we exceeded expectations but at the same time when we exceed expectations we

reduce the amount of prior taxes that are owed. So we don't have as much as properties that are delinquent. There is one property that owes us over \$150,000. We attempted to take it over last year but there was an access issue as it straddles the Canton line. We were trying to foreclose only on the property that is on the New Hartford side. We will make another attempt to secure our \$150,000 post July 1. The Other Revenue is scrap metal sales, vehicle sales, property rental, fingerprinting and miscellaneous.

The mill rate estimate with a grand list estimate of \$655,000,000, the net increase as proposed is 1.65%. Mr. Fitzgerald said it doesn't take into consideration what we heard today from Region 7 or the local Board of Ed so it will change. Mr. Fitzgerald will send back to the board, Mr. Jerram & Ms. Witte the document with the numbers plugged in.

Mr. Jerram said in summary the General Government budget is going up about \$110,000, Communications & Pension about \$14,000, Health Insurance \$12,000, Ambulance is a big number at \$40,000, Drainage at \$20,000, Libraries smaller at \$2,800, RRDD#1, the 3rd largest number at \$16,000 and West Hill Pond at \$8,000. All combined labor at \$33,744. It ends up being 2.3%. The capital is flat funded at \$405,000.

Mr. Tuxbury said with the revenues and state money he is concerned about what we are going to see. Mr. Jerram said they already cut us \$40,000 from this year's budget. Mr. Smith said with the projected revenues we are taking in compared to what is in this budget. We can look at it for the next couple of months before we set the mill rate. We can adjust the revenue sheet if needed. Mr. Witte said we can't make significant changes until after the vote. We have a specific meeting after the vote. We have two more monthly budget documents to look at.

MOTION by Smith, second Witte to adjourn at 12:02 p.m.

Unanimous

Respectfully submitted,

Penny Miller
Recording Secretary

Attachments:
Region 7 Proposed Budget
The Challenges of Scheduling and the Impact on Class Sizes at NWRHS
New Hartford Board of Education Proposed Budget
Bakerville Expenses
New Hartford Town Government Proposed Budget
West Hill Lake Pond Association