

**New Hartford Board of finance
Regular Meeting – Senior Center
Tuesday, March 8, 2016 @ 7 p.m.**

Present Board of Finance Chairman Jim Fitzgerald, Members Ben Witte, Reggie Smith, Jr., Stave Tuxbury, Alternate Robert Nilsson, Bookkeeper Annie Witte, Supt. of Schools Brian Murphy, BOE members Jennifer Benaitis, Pat Spaziani, First Selectman Dan Jerram, Selectman Laura Garay, Republican-American Reporter Kathryn Boughton, Members of the Public including Tom Buzzi, Karl Hermonat, Kelly O'Dell, Jay Bailey, Christine Sullivan, Glen Phillips, Trisha Brett, Paul Le Clair, Recording Secretary Penny Miller.

Absent Dan Charest, Bill Coates, Bart Baxter

Chairman Fitzgerald called the meeting to order at 7:01 p.m.

Seating of Alternates There are none to seat.

Chairman Fitzgerald turned the meeting over to Reggie Smith, Chairman of the RTC. Mr. Smith said the town lost a good friend last night, Dave Childs. A friend of the family, member of the EDC, good member of the community, supported both Democrats and Republicans, member of the Board of Finance, Library Board, good American and citizen. He asked that we all join in the Pledge of the Allegiance.

Adoption / Revision of the Agenda None

Approval of Minutes: January 12, 2016 BOF Meeting

Chairman Fitzgerald said the January 12th minutes had been tabled to make sure we had clarity to include all the content that was presented by the public and letters that were sent. There was one item of public comment that didn't get the amount of attention in the minutes and we were waiting for a signed copy of the letter. That letter was from former BOF member Maria Moore. The signed letter was given to the Town Clerk. Mr. Fitzgerald also presented the clerk with another a 2nd signed copy that will be filed with these minutes and the Town Clerk.

MOTION by Tuxbury, second Witte to approve the minutes of the January 12, 2016.

Unanimous

MOTION by Tuxbury, second Smith to approve the minutes of February 9, 2016.

Unanimous

Communications to the Board of Finance

Chairman Fitzgerald received an email communication at 6:40 pm on the night of the last BOF meeting from Maria Moore. The email was given to the Recording Secretary and will be available to the public in the Town Clerk's office. Dr. Judith Palmer, Supt. of School, Region 7, invited the BOF members to their Regional School District No. 7 BOE meeting on Wednesday, March 9, 2016 at 6:00 pm in the Newbury Library-Media Center. Mr. Fitzgerald may not be back in time to attend but asked if other members of the board are available they could attend.

Opportunity for Public Comment

Jay Bailey, 575 Main Street, asked are we going to vote on the budget where the school will be included. And if the No's win is the BOF not going to approve a budget that doesn't include the school. Member Smith said he will review the budget that is put in front of them to approve. He said, as a 50-year alumnus of Bakerville, the schools / building do not make the education the good administrators, teachers and students make the education. If they decide to close the school it is not a decision for the Board of Finance. He will vote on the budget and its content.

Mr. Bailey then asked do you consider the sewer plant a town infrastructure. Member Smith replied it is. Mr. Bailey continued so like any other building, bridge or school the town pays for it. Member Smith responded it does not. By state law anything to do with the sewer treatment or water system in the community is to be paid through user fees. By town ordinance it is to be paid through user fees. He doesn't believe we should be paying 100% of it as non-users. Mr. Bailey said the rates are too high and you are hurting everyone that is connected. It is not helping the growth of the downtown that we are trying to promote. Member Smith responded there are no proposals in front of the Board of Finance to request funding. When it does happen he will look at it.

Maria Moore, Town Hill Road, added the sewer plant is a town infrastructure and we all know the debt for the construction of the sewer plant is in the name of the town. It is part of the town budget. It is up to the BOF how that debt is paid. The BOF can say they will pay for the debt of the construction of the sewer plant as a town and relieve the users / clients of the sewer plant so they are responsible for the operation.

Ms. Moore stated there is an illogical system whereby a resident stands and speaks and it is noted in the minutes. Their comments are not always recorded in the minutes. That happened to me at the December meeting. You just approved the minutes of the February 9th meeting. The minutes say that a letter is attached to the minutes but the attachments do not go out for everyone to read. Carolyn Solak took the time to come to you, read her letter in its entirety and all you have in the minutes is that her letter is attached in its entirety to the minutes. You are doing a disservice to the resident who comes in person to read something and hand it in to you. Please review that. Ms. Moore said she the main point to her letter is that you consider hiring an attorney with a municipal finance background to be your consultant. This is the only board that doesn't have an attorney to turn to for advice. You need to clarify with the attorney can the selectman take away from the townspeople or the legislative body the ability to discuss the budget and make changes to the budget at the budget town meeting, because this is what has been happening. In year's past you could bicker over line items for the town and the Board of Education. This ability has been taken away from us. You need to ask the attorney is this legal?

Christine Sullivan, 66 High Street, has several questions to ask. Due to the controversy about closing Bakerville School has your board thoroughly thought of the financial implication of this? Will we only save \$40 per taxpayer / household? What financial responsibility will be upon us when we outgrow New Hartford Elementary and possibly need to build a new school? What cost will it be to the town if the property values decrease due to the consolidation. Another issue is to keep our taxes low. But what are we doing to decrease the sewer and water taxes – one of the highest in the state? We all love this town because of its values and morals and the people it represents. . It is your job to represent the town and our job to raise the question. Please consider these things and look toward the future and not what is just happening right now, look to what could happen.

Chairman Fitzgerald responded to Ms. Sullivan's question about the closing the school. The numbers have been done by the Board of Ed and the Board of Selectman know the cost of it going over to them. We will be

working through these numbers this coming Saturday when the budgets are presented. The 2nd question was the financial implication if we outgrow it. This board has been getting information from many different sources. There are so many sets of numbers that have been presented. The best set of information that he has from a numbers standpoint is very pure. The inventory of the rooms and capacity in New Hartford is 48. If we take away Bakerville it is 38 rooms at 26 students per room, this is information from the Board of Ed. That leaves you with 988 students. If you add Bakerville back in it is around 1248 students. Currently we are at around 460 students. The numbers projected are showing a further decline. Member Smith said we aren't the Board of Ed, we are a financial planning board. Our job is to review the financial plans put in front of us by other boards. Our job is to review the numbers.

Chairman Fitzgerald said that last year the Board of Finance had instructed the chair to write a letter to the boards – Region 7 and this Board of Ed asking them to work to come up with cost reductions to keep the budgets in check. If the decision of the board is to close the school then he will support it.

Glen Phillips said there is a projection of 150 units coming to this side of town. He asked Mr. Murphy what his plans were and he responded we will have to see when it comes. If this happens in 3 years and that school is closed the Board of Finance will have to say yes to an addition for millions of dollars where \$90,000 a year to me is a good insurance policy to keep it open for a few more years. We don't know if the 150 units will happen or not. I was told that you did put pressure on the Board of Ed to drop the numbers.

Member Witte went back to a comment that Chairman Fitzgerald made about the budget process last year. There was a relatively strong push to reduce the local school budget to keep it in line with cost per student and in line with the declining enrollment. Some of us advocated to give our new superintendent time to get his feet on the ground, work with his staff, understand the district and then figure out how to take cost out of the operation. Because we can't continue to have inflationary increases at the local school with declining enrollment while we have increased percentage enrollment at Region 7 in a budget that is increasing a fair amount on its own regardless of the ADM split between the towns. The Board of Finance had sent a request to both local schools putting pressure on them to reduce the budget. We all support to take costs out of the school budget. If we don't do this there will be 5% tax increase every year. As far as Bakerville closing I don't know that the Board of Finance letter said close the school. His intention was to take costs out of the operation. This whole discussion with the Board of Finance is premature. It isn't up to us to allocate their money. Our understanding starts Saturday and goes for the next 4-6 weeks. It will have more meaning a month from now once we see the numbers.

Karl Hermonat, 460 Cedar Lane, said many of us have been attending the Region 7 BOE meetings and their proposed budget right now to New Hartford is 1.26% or \$123,500. We have asked them to look at certain cuts particularly in their administration as well as pay-for-play, etc. There isn't any real big item other than a few administrative jobs. He would like the Board of Finance to know that we will support you to make sure it is a reasonable budget. His concern is if our Board of Ed can present a 0% budget with Bakerville open, moving the decision down the road when it is a more reasonable from an enrollment standpoint vs. projection that's what we are asking you for in addition to cuts from Region 7. The projection that was used in the proposed budget and the whole consolidation analysis was from 2013 or 2012, so it is aging. The projections the gentleman made were accurate then but it has been discovered his analysis may not necessarily be accurate on smaller schools system. Statistically, the smaller sample size is less accurate when predicting future numbers and our school system falls into that. In my opinion I hope that Region 7 gets down further and we can kick the can down the road on Bakerville and the enrollment projection with a reasonable budget of zero (0) which doesn't affect the overall educational experience of our students.

Chairman Fitzgerald said just to comment on Region 7 you said 1.26% they had a \$600,000 surplus per their audit and half of it is allocated to New Hartford. So our increase would have been twice that. They are using \$300,000 of that surplus and applying it towards our assessment.

Trisha Brett, 450 Town Hill Road, would like to invite the Board of Finance and Board of Ed to come to Bakerville or New Hartford Elementary to a kindergarten class for the day. We can arrange to have 26 kids there for the day for you to see what 26 kids in a kindergarten class would be like – including lunch. You will then have a chance to see what 26 kids in a classroom would be like. I give a lot of credit to our kindergarten teachers and for all that they do.

Paul LeClair, 43 Burwell Road, distributed the 2012-2013 projections with decreasing population. The actual results from 2014-2015 in New Hartford shows we are up 123% as far as houses sold. That's up 11% in the 1st quarter, up 6% in the 2nd quarter, up 17% in the 3rd quarter and up 59% in the 4th quarter. That's about 90 new homes that were purchased just in 2015. Nobody knows how many children are in those homes. Everything goes based on birth certificates in town. If there are 90 new homeowners this year I find it a little bit crazy to go by Peter Prada's projections. Currently we are #2 in the state and if the school system decreases it could go from #2 to #10 or #20, because it will go down with closing the school. With the school closing will our property values decrease, will that mean our assessments go down and does that mean the mill rate will go up.

Chairman Fitzgerald responded that if the rating goes down then the Board of Ed has a problem with its superintendent and the superintendent has a problem with his staff and they need to change it over, because the building is not what educates.

Pat Spaziani, Board of Ed member, West Hill Road, on this issue of the Connecticut Magazine rating us #2 that is based on several areas that you are not noting. One of them is economy, then education, crime rate and community involvement. Those numbers are based on CMT scores and CAT tests. Kindergarteners through Grade 2 do not take standardized tests. So there is no way that the Kindergarteners through Grade 2 at Bakerville or New Hartford Elementary will affect the rating from #1 to #169. They do not take CAT and CMT tests.

Kelly O'Dell, O'Keefe Lane, asked Member Smith, after learning he took a Bakerville sign, are you in support of keeping the school open? Mr. Smith responded he has sentimental feelings toward Bakerville School. He will make his decision at the referendum.

Jennifer Benaitis, Board of Ed member, 66 Laurel Wood Pond Lane, said the comments that are being made that the Board of Finance strong-armed the Board of Ed. are inaccurate. She read an email, omitting the names, she received the other day. The sender apologized for upsetting Ms. Benaitis after the recent town meeting. The person wanted some questions answered and wondered where Ms. Benaitis was with the thought process of Bakerville School. The job of the Board of Ed. is to take the emotion out of it. Regardless of differences and opinions it shouldn't result in personal attacks on people who volunteer their time.

Tom Buzzi said as far as the numbers coming out there are numbers all over the place. Twenty-six kids per room is not going to increase our kids educational experience.

Karl Hermonat said at the October 6 consolidation open meeting, the one person that spoke out against the proposal to keep Bakerville School open with pre-K and the superintendent moving there was Mr. Fitzgerald. Mr. Fitzgerald suggested that the school be closed and in time we could close two schools. To me that

represents pressure on the board. Mr. Fitzgerald said that was one of the first weeks when the raw numbers were being delivered to him based on the capacity of all three schools.

Bookkeeper's report

Ms. Witte reported that the tax collection rate is 97.3%. She just applied for the LOSIP grant. On revenues from the state, they are cutting us \$38,000. Some of it was the pilot program ECS and school transportation. On the expenditures because of the mild winter we have a lot of sand and salt money left over.

First Selectman's report

First Selectman Jerram said the winter drives the budget and with that we are in good shape. We have about \$150,000 of flexibility within the budget. There are two line items that are over with this type of time on our hands. We are doing excess drainage work all over town so that is continuing to drive that number. Over the last month we have been awarded two homeland security grants for \$7,000 to help pay for our Emergency Management Director. A new land use official has been hired. It is a retiree that fits our budget parameters and doesn't need health care. We did pay our former land administrator a consultant fee to stay on the clock to cover the transition period. We have applied for two Rails to Trails grants and we are hopeful that we will get them. One is for professional services and the other is for environmental studies and feasibility help. In terms of the budget the things that are in flux are the pension calculation. We are doing our two-year actuarial evaluation. On the other side of the revenue is the surplus calculation to fund next year's budget. We have the vote coming up on the 15th and we hope to have a really big turnout. Mr. Fitzgerald asked will you have all the revenue numbers for Saturday. Mr. Jerram said we have a meeting on Thursday night. We are really tight on most of the revenue numbers and we have gone through all the departments. If you look at the budget last year we were working with a \$500,000 operating surplus from the prior year. Mr. Smith said you mentioned the WPCA. I want the public to know that we have approved money for a study. But there are certain things the town can do within the state law and what the town ordinance says. Mr. Jerram replied over this past year there were two specific requests made by the Board of Selectman for the Board of Finance to consider. Eventually it went to a town meeting to use funds allowing the WPCA to apply for a grant. We gave them cash flow of \$30,000 and the WPCA promised to pay us back. They aren't paying money out of their pocket but the use of funds allowed them to get more money to do more study. The 2nd request was a transfer of funds from capital, \$15,000, to fund a study to do an evaluation that would put a financial dollar figure on what these systems are worth. One potential scenario would be if someone made an offer on the systems - water and/or sewer, we want to know what they were worth. This board approved both requests. Mr. Smith asked how the state revenues are coming in for 2016-17. Mr. Jerram was told by Senator Witkos to expect cuts. Ms. Witte had said we had been cut \$38,000 in this budget. The mild winter has helped and we also did the equipment sales.

Board of Education Five Year Capital Plan

Superintendent Murphy along with BOE member Pat Spaziana went over the capital plans for this year. All the capital plans have been completed. Even with ledge problems, the asphalt playground was completed with an overrun of \$2,000. The Antolini kitchen renovations were completed with the purchase of a dishwasher and the electrical work to install it. Computers & printers were purchased at the cost of \$28,000. A van for the custodians to carry equipment and mail cost \$12,000. The final capital project completed last fall was the fire pump supply tank at Antolini. With all these projects completed we have a surplus of \$5,260. Mr. Smith said at one time there was a request for capital to do something with the oil tanks. Was this ever completed? Supt. Murphy said the work was done two falls ago with Interim Superintendent, Dr. Smotas, and completed. Supt. Murphy said there hasn't been any change to the capital plans previously presented.

Line Item Transfers

First Selectman reported all the departments are in black. Mr. Tuxbury asked about the remaining balance for the study. Mr. Jerram previously informed the board that there were sufficient funds in the line item to keep the cost intact. It was just under \$6,000.

BOF Discussion

In preparation for this Saturday Budget Workshop, Chairman Fitzgerald passed out the Grand List. Mr. Fitzgerald had asked Beth Paul if there were more realistic numbers based on the situation with the State of CT DMV. Unfortunately, that \$25 million taxpayer investment of a new system at the DMV is still an issue and they aren't getting accurate numbers. With the adjustment from the last grand list there was a \$1 million dollar hit to the grand list so the grand list net change is 0.42%, a net change of 2,775,507.

Chairman Fitzgerald said that Region 7 Board of Ed and Supt. Palmer will be up first on Saturday, 8:30 a.m. There will be no public comment at this meeting.

Chairman Fitzgerald covered the upcoming meetings dates. The budget referendum is May 3rd. It isn't known at this time if there will be 2 or 3 questions on the budget. The timeline is filed with these minutes.

Member Smith asked First Selectman Jerram when does the state law kick in which requires to hold our budgets to 2-1/2% is it 2017 or 2018? Mr. Jerram said he will let us know Saturday morning.

MOTION by Smith, second Witte to adjourn at 8:25 p.m.

Unanimous

Respectfully submitted,

Penny Miller
Recording Secretary

Attachments:

Maria Moore's letter dated January 12, 2016
Email from Maria Moore dated February 9, 2016
Region 7 Meeting Invitation
Projections 2015
Revenues / Expenditures
Grand List Change 2015 vs 2014
New Hartford 2016/2017 Budget Timeline