

**New Hartford Board of Finance
Regular Meeting
April 12, 2016 @ 7:00 pm**

Present Acting Chairman Ben Witte, Members Steve Tuxbury, Reggie Smith, Jr., Dan Charest, Bart Baxter, Alternate Bob Nilsson, First Selectman Dan Jerram, Selectman Laura Garay, Bookkeeper Annie Witte, Admin. Asst. Christine Hayward, Supt. of Schools Brian Murphy, BOE Chairman Sue Lundin, Peter Humphrey, Bill Adamson, Neil Tolhurst, Glen Phillips, Louise Harmon, Shelley Lloyd, Al Brunoli, members of the public, Recording Secretary Penny Miller.

Absent Jim Fitzgerald, Bill Coates

Acting Chairman Ben Witte called the meeting to order at 7:01 pm saying that the majority of the meeting is dedicated to finalizing the budget and taking it to referendum

Seating of Alternates Ben Witte is chairing the meeting for Chairman Fitzgerald; Bob Nilsson is seated for Jim Fitzgerald.

Adoption / Revision of Agenda None

Opportunity for Public Comment

Peter Humphrey, Niles Road, spoke on cutting back on some of the funds for weed mitigation and water testing at West Hill Pond is extremely shortsighted and potentially expensive for the town.

Bill Adamson, Camp Workcoeman Rd, spoke on the real estate and its value on West Hill Lake. His handout is filed with minutes.

BOE member Tuxbury asked what was covered by the study. A lot of money has been spent on studies and how will that move us forward. What is weed mitigation and how long does it last. Mr. Adamson said that last year we did evaluations of the lake. It showed there is a lot of phosphorus in the lake. Many people use the lake water for potable water to their homes. As the oxygen levels drop the phosphorus level increases. We feel \$16,000 is a small investment when we have \$700,000 at risk. Plant mitigation is to get rid of nuisance plants that people don't want to swim through. First Selectman Jerram said that it's about 2-3 days of weed mitigation at \$2,000 - \$3,000/day. Chairman Witte said there haven't been any cuts made to the budget coming into tonight's meeting. The \$16,000 is still in the budget.

Neil Tolhurst, Pioneer Drive, commented that he dove with the dive team a couple of years ago. He showed photos (filed with minutes) of that dive and the weeds brought up. He gave the weeds to a neighbor for compost.

Glen Phillips, East Cotton Hill, asked about the compost on the soil was it right outside the lake and if it went back into the lake. Mr. Tolhurst said that neighbor was far enough away from the lake.

Louise Harmon, 31 Aquatic Road, said she read the study there are 15 lakes and of those 5 were high in phosphorus and 4 high with nitrates. We need to look at the inlets and see where it is coming from. The studies help us to have better practices and lessen the impact of construction.

Shelley Lloyd, Pioneer Drive, said West Hill Lake is one of our most valuable resources. Better to look at it more frequently and do something about it then to wait too long before something is done.

Al Brunoli, West Hill Lake, said the lake front association has been very strong and they have been maintaining the lake up until now. The town owns Brodie Park and the lake association was maintaining the lake up for the last several years. The \$16,000 we are talking about, he paid three-quarters of it in his taxes. He pays \$12,000 a year in taxes and gets nothing for it except plowing and road maintenance from the town. The \$16,000 will help us keep the lake in good shape. One of the big problems is the road drainage and run-off brings the phosphorus into the lake. They need new catch basins & clean them every year. We need to keep the lake clean.

Dan Jerram, Willow Lane, said the lake association raises about 75% of the total allocation. We raise about \$50,000 - \$60,000 in beach revenue each year. We do about 500 beach stickers each year.

Communications or other items to come before the Board

The following items are filed with these minutes

Don Stein regarding the Region 7 and his opinion on the Tom Palmer Analysis

Rich Carmelich's letter to Molly Sexton Read re: Analysis Done by Mr. Tom Palmer

Judy Palmer's letter regarding our request for clarification on Tom Palmer's Analysis

Tom Palmer's Letter to the Board of Selectmen & Board of Finance – Towns of Barkhamsted, New Hartford, Norfolk & Colebrook re: Region 7 School District Budget Lacks Transparency, is Unfair to Taxpayers

Troy Lamere's email re: Capital Budget & Raises for the 1st Selectman and his administrative assistant

Public Comment (continued)

Tom Buzzi, Niles Road, asked why this line - "*Significant savings will be identified due to the closing of Bakerville School*" still in the NH BOE budget, page 3, *Assumptions, FY 2017, 2016-2017 Superintendent's Budget*.

Supt. Murphy said it will be redacted.

Mr. Witte continued giving a small summary of where we were and since our last meeting there were small reductions in Education. Along with a change in capital where the First Selectman's new vehicle was taken out of Capital with the understanding that it will be funded this year with the excess road money due to the light winter and several revenue changes. When you look at all the changes the tax increase amounts to 1.74%. Last week it was 2.19% and now it is down to 1.74%. Starting with the revenue there are changes in *Prior Taxes* going up from \$200,000 to \$220,000 because of a tag sale coming up on 11 properties. A small amount in

Adult Education, ECS a small drop though now it is \$123,000 less than shown. *Oak Hill School* went from \$53,992 to \$86,419 – a \$32,000 increase. Mr. Jerram responded one component is that we were dealing with older data and according to Supt. Murphy there is a new lease in place and it will affect this year's lease. Oak Hill is making a proposal to increase their size. This needs to go before the Board of Ed. If we can double their size we could get \$60,000 additional revenue. As the deal hasn't been signed yet Mr. Jerram was reluctant to put that whole number in. Oak Hill is aggressively pursuing it and would like to go on July 1st. Mr. Witte asked how much the \$86,419 is the additional money. Mr. Jerram said about \$20,000, \$66,419 is guaranteed. Oak Hill will make an offer to the Board of Ed on the 25th. It may take them time to phase it all in so the rent may be adjusted for the first year.

Mr. Witte continued there is a small drop in *Transportation* of \$4,000 lower. *Shared Services* is down \$17,400 as they no longer rent space because they moved to a more central space in Barkhamsted. The other revenue change is the *State Revenue Educational Cost Sharing* that was just proposed by the governor, subject to legislative approval, the number is \$3,057,000 and we have \$3,165,000 a change of \$108,000. The *Capital* changes are the town jeep is no longer there. Mr. Jerram said the Selectman's recommendation is to use up some of the money in the Highway Department. We had \$35,000 of unused overtime expenditure fees and a line item transfer will be done from the Overtime line. No one on the Board raised any objections to this proposal.

Mr. Witte said in Education the budget is slightly less than what was previously seen. Supt. Murphy said we had \$10,000 less in dental insurance costs. Postage was reduced \$2,500, Special Education Bus lease is down \$8,572 and the Superintendent's salary increase of \$3,700 was removed for a total of \$24,772 the total number is \$7,988,026 a negative -0.08% from last year's budget.

Mr. Witte continued said the largest item is the revenue. Mr. Smith said the sheet Mr. Fitzgerald sent had an interim number of \$123,000 and the number mentioned was \$108,000. What is the difference? Mr. Witte said the difference is we had another interim number from the state and it went down ever so slightly. The real numbers will be plugged in. The other item we should mention is the prior year surplus to fund next year's budget. In discussion from King and King and they projected an additional \$45,000. The email exchange between King & King and Mr. Jerram is included with these minutes. The only thing missing in this whole excess revenue over expenditures is when the auditors look at it they look at the amended budget. We had a budget that was going to give us \$3,000,000 in surplus at the end of the year and from that budget there was X amount of surplus. The auditors take it from the amended budget. We amended our budget for \$58,000 for salt & sand and we also appropriated \$72,000 for Special Education. The \$125,000 came against our original planned surplus. But that's not the way the auditors looked at it. It reduced our fund balance. Mr. Jerram has left it at \$200,000. Mr. Jerram said the selectmen talked about increasing that because Chris King wants \$260,000. The \$518,000 in revenue shown in the budget is a stronger estimate than what we have typically done. Looking at past history Returned Expenditures on the average has been

\$175,000, money we don't spend beyond what you don't appropriate. On the revenue side it has been averaging about \$375,000. We think the excess revenue will be \$150,000 maybe \$175,000. We can probably match our estimates as we have had an easy winter. That puts us at \$350,000 of surplus for next year. If you put in a number that is too strong that makes it hard to balance that number to maintain a level fund balance at around \$3,000,000. We finished the 2015 year with \$2.988 million in the bank about 12% of our operating budget.

Mr. Smith asked if he had spoken with a bond rating service about the upcoming school bond and what was their opinion on the fund balance. Mr. Jerram replied we have a good fund balance and we maybe have a double A. We have done our public offering statement and we just did a \$2 million loan for the Antolini School. Mr. Smith asked is the bond rating agency comfortable with the town's position right now. Mr. Jerram said we are getting solicitations to refinance our old debt because people think we are a good investment. Mr. Smith said the \$200,000 sounds reasonable to me. If the bond rating agency says if the fund balance is okay at the level it is now. The main goal is when you go out to bond that is one of the things they look at. The other end is to have a rainy day fund. Mr. Jerram said our public offering statement was well received. If we go higher then next year it may create a problem. Mr. Witte said if we go higher than the \$200,000 then we are tapping into surplus. Mr. Witte plugged in the new numbers from the state and we are back up to 2.33% tax increase. The only number not in there is Oak Hill. We only put in \$20,000 of the \$60,000. Mr. Jerram said that Oak Hill School is year round. We will be doing construction there during the summer. The Selectmen chose only to use \$20,000 to show a probability that we could sign a lease for more but it has to go to the Board of Education for approval. The principals of Oak Hill have said they want to double their space at Antolini.

Mr. Witte continued by giving a brief review of the changes - Education down to -0.08%, Capital – the town jeep is gone and on the Revenue page. Mr. Smith asked if the 11 properties are known properties to be up for sale after July 1st. Mr. Jerram said one property alone owes us \$177,000 and there is \$780,000 worth of properties with delinquent taxes. Mr. Smith said if you get \$20,000 from 11 sales then you have met your revenue goal. Mr. Jerram said the tax collector's recommendation for a sale in July is properties that owe in excess of \$15,000 or are delinquent 5 years in a row. We have one property that straddles the Canton line that has access issues. In a prior budget we had a sale and took in \$225,000. Mr. Baxter asked about the note on the Revenue Sheet that reads: *Tax Sale in July (11 properties could yield up to \$376,930)*. Is the \$220,000 part of the \$376,930 number or an addition? Mr. Jerram replied the tax collector has a policy that if you come in, make a sizable payment and you are below the threshold of \$15,000 or 5 years then you have escaped the sale. Mr. Jerram didn't put the number of \$376,930 in there because there is the probability they could make a significant partial payment and be removed from the list. Mr. Baxter asked if the \$376,930 is the total outstanding or an addition. Mr. Jerram said the \$376,930 is the total number of the 11 properties that are being pursued in July. The total of all delinquents are \$794,879.83. This is the recommendation of the tax collector. Mr. Witte said if you want to take a risk and put more in, this would be the place to do it. To count on that one property would be very

speculative. Mr. Smith said as a point of reference in our current budget year 2015/16 it shows we budgeted in *Prior Year* taxes \$200,000. As of 3/31 we are half-way there with \$110,504.76. Mr. Witte continued there was a small change in Adult Education, ECS, Oak Hill, Transportation, and Shared Services. Mr. Tuxbury is fine with leaving the Revenue as shown now.

Mr. Witte asked for any more suggested changes to the revenue or spending side. Mr. Tuxbury said he had mentioned previously that asphalt prices have come in for 5,000 ton 8% lower. This would give us \$34,000 in that line item. He would also look at the Communication line and keep it the same instead of raising it \$5,000.

MOTION by Tuxbury, second Smith to lower the Paving Line by \$35,000 and eliminate the Communication Line by \$5,000.

Discussion followed. Mr. Witte said we have been feeling the other end of the spectrum for the last 3-4 years where we didn't pave as much as we used to because we didn't bump up our paving budget accordingly. He would argue that we may be trying to getting close to even with the declines of the past. Mr. Charest said we are getting a good bang for our buck and it probably won't last and would like to keep it in there. Mr. Jerram explained the \$5,000 in the Communication line is for mailings in the General Government. Mr. Nilsson said he understands both sides of this. The problem is clarity. If you had an idea of what you were paving we would be able to pave more for that same amount. Mr. Jerram said we don't typically buy large quantities but buy in small amounts and do several smaller jobs per year. If the will of the board is for the selectmen to try and find \$40,000 then he would like to consult with the other selectmen.

Aye: Baxter, Tuxbury, Nilsson, Smith; Opposed: Witte, Charest; Abstentions: none

Motion passes

Mr. Tuxbury said we talked previously about Capital in 2017/2018 and he is uncomfortable about including the \$50,000 for the Town Garage. We should discuss the Land Use vehicle being paid on a mileage basis which would add another \$85,000. The discussion of Stedman Road hasn't gone too far. My recommendation would be to eliminate the large truck and cut Downtown Improvements by half this year. Should it become apparent we need the large truck in the following year then we could do it. With the '94 truck sold we currently have 7 fairly solid trucks. Mr. Jerram said the truck we are replacing is a 2000 truck that is off the road because the cab is disconnected from vehicle. So we want to take the #2 truck and make that our back-up. We will sell the 2000. The '97 truck is a dedicated chipper truck used only in the summer and doesn't plow. Mr. Tuxbury said looking at the accumulated mileage we aren't driving them that much. Mr. Jerram said the truck maintenance budget for last year was \$150,000. Mr. Witte said if you take a look at the upcoming years you are looking at substantial numbers that don't have a lot of room for a truck. For the last few years we have been operating with a \$400,000 in Capital Expenditure. If the Capital is reduced by \$170,000 then

you are looking at \$200,000 in Capital for this year. Then next year and after that, we will be way over \$400,000. Mr. Tuxbury said last year we had a 5% tax increase and he feels this will help. Mr. Nilsson asked if the telephone system had been finalized. Mr. Jerram said the most recent quote is \$15,000. Mr. Nilsson asked if the Jeep will be in the \$15,000 - \$18,000 range. Mr. Jerram said they are looking in the \$20,000 range with a 5 year warranty. Mr. Tuxbury asked what else is in the Downtown Improvements. Mr. Jerram said it is almost all sidewalks – repairs of existing sidewalks and the extension around the library.

MOTION by Tuxbury, second Smith to cut the Downtown Improvements to \$35,000.

Discussion followed. Mr. Jerram said the prices quoted are the quotes that they used from this year's existing sidewalk per linear foot. He recalled doing a previous job of 120 feet total for \$20,000. Mr. Tuxbury feels they could have done 300 feet at 4 feet wide. He said for \$10.00 a square foot you should be able to excavate, base & sidewalk. Mr. Jerram said the job was publicly bid.

Aye: Tuxbury, Nilsson, Smith; Opposed: Witte, Charest, Baxter; Abstentions: None

Motion fails

As there were no more changes, Mr. Witte put in the changes that were voted on in place. The impact of everything done is a 1.4% increase for the Town Government. The total budget including Education is 0.14% increase. The mill rate is a 2.12% tax increase.

MOTION by Smith, second Nilsson to approve the Town Government \$4,974,776, Local Education \$7,988,026, Adult Education \$2,575, Capital Expenditures of \$459,000, total \$24,151,065 this total includes Region #7.

Aye: Smith, Nilsson, Witte, Charest, Baxter; Opposed: Tuxbury; Abstentions: None

Motion passes

Mr. Witte said regarding Region #7 the only thing sent to them was regarding Tom Palmer's analysis. Mr. Tuxbury said we get our surplus back in the following year's budget which will help us next year but they do spend part of that surplus in other areas. They could find \$250,000 or not spend it on other line items they haven't budgeted on. It appears they spend it on items they need but if we don't recommend they stop the practice they never will. Mr. Smith said looking at Mr. Palmer's analysis from last year he stated the budget was \$500,000 over what they really need. There is some validity to the fact they have some space there to cut. Mr. Witte said they explained it adequately but that doesn't mean there isn't room to cut but they should take some money out of their budget. They do put it back into surplus and revenue after what they want to do. It is hard to see what that is.

MOTION by Tuxbury, second Nilsson recommending a letter be sent to Region 7 to find \$200,000 in their budget to cut.

Discussion followed. Mr. Jerram asked Mr. Tuxbury is he was referencing the Governor's cuts along with Tom Palmer's analysis? Mr. Tuxbury said that can be mentioned in the letter it is not part of the motion. Mr. Charest said this will bring their increase down to less than one percent on the Expenditure side.

Unanimous

Approval of 7-344, Report on Budget Summary for the Town of New Hartford for Publication in a local Newspaper in accordance with C.G.S. 7-344.

Mr. Witte said this can be handled two ways. The board can spend some time updating it or you can authorize him to update it. Either way he will go through the fundamentals.

MOTION by Smith, second Charest to allow acting Board of Finance Chairman to work with the First Selectman and Bookkeeper to craft the document C.G.S. Form 7-344 for the 2015/2016 fiscal year to be published in a newspaper of general circulation.

Mr. Witte said this is not part of the Town Government budget. It starts with the revenue stream from property taxes, etc. They want to know how much money is used from the Fund Balance. Our revenue sources other than from current taxes. They ask for the estimated Fund Balance as of July 1, 2016. The way we do that is we take our fund balance and add any surplus that we are projecting. This year the Bookkeeper is projecting a surplus of \$153,000. The expenditures will all be expended.

Unanimous

Adjourn

MOTION by Charest, second Nilsson to adjourn at 8:36 pm.

Unanimous

Respectfully submitted,

Penny Miller
Recording Secretary

Attachments:

Bill Adamson handout

Neil Tolhurst dive photos

Don Stein regarding the Region 7 and his opinion on the Tom Palmer Analysis

Rich Carmelich's letter to Molly Sexton Read re: Analysis Done by Mr. Tom Palmer

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Tom Palmer's Letter to the Board of Selectmen & Board of Finance – Towns of Barkhamsted,
New Hartford, Norfolk & Colebrook re: Region 7 School District Budget Lacks Transparency,
is Unfair to Taxpayers

Troy Lamere's email re: Capital Budget & Raises for the 1st Selectman and his Administrative
Assistant

King & King email to First Selectman Jerram re: Surplus

New Hartford Town Budget Draft April 12, 2016

New Hartford Board of Education Approved Budget April 7, 2016