

**New Hartford Board of Finance
Special Meeting – Town Hall
Tuesday, March 28, 2017 @ 7:00 pm**

Present: Chairman Jim Fitzgerald, Members: Bart Baxter, Ben Witte, Dan Charest, Reggie Smith, Jr., Steve Tuxbury, Alternate: Maria Moore; Superintendent of Schools Brian Murphy, BOE Chair Jenn Benaitis, First Selectman Dan Jerram, Selectmen Alesia Kennerson and Laura Garay; Bookkeeper Annie Witte, Treasurer Gordon Ross, members of the public and Recording Secretary Penny Miller

Absent: Alternate Bob Nilsson

Chairman Fitzgerald called the meeting to order at 7:06 pm.

Seating of Alternates:

Chairman Fitzgerald said as all regular members were present no alternates would be seated. He did invite Ms. Moore to be an active participant in any discussion that occurred but noted that she would not be able to participate in any votes taken.

Mr. Fitzgerald said that this is a draft budget and it will change. We are working with the best numbers that we have.

MOTION: by Smith to amend the date typo of 3/14/17 under Approval of Minutes to 3/16/17, second Tuxbury.

Unanimous

Approval of Minutes:

MOTION: by Tuxbury to approve the minutes of March 16, 2017, second by Smith.

MOTION: by Tuxbury to amend the minutes as follows, second by Smith:

Page 2, last sentence should read:

Mr. Fitzgerald shared the fund balance number as defined by the auditor Chris King as of July 1, 2016 is \$2,625,156 after the \$200,000 that is being used out of surplus for this year.

Page 2, under Board of Education, 4th sentence should read:

Mr. Murphy said it was discussed and he doesn't know if the BOE made a decision or not but that is part of the \$39,000.

Page 1, list of those present – change Alternate to Alternates:

Unanimous on amendments

Unanimous on minutes

MOTION: by Charest to approve the minutes of March 18, 2017, second by Baxter.

Unanimous

Communications to the Board:

Chairman Fitzgerald submitted the following communications as part of the minutes.

1. Anne Bailey – re: Strong Support for moving the Butler Farm Preservation project to a town vote.
2. Gail Muntner – re: requested approval of the modest budget increase requested by the Beekley Community Library.
3. Betty Palmer – re: Vote to send the Butler Farm Preservation project to a town vote.
4. Monica Cazzetta – re: Requesting approval of the Butler Farm Preservation project.
5. Sue Lundin – re: Larger class sizes resulting in elimination of 5 teachers along with savings of administration costs.
6. John Burdick – re: Beekley Community Library and the recent Bookkeeper's summary of the audit.

Opportunity for Public Comment:

Jean Cronauer, 25 Red Clover – speaking as the chair of the Open Space Commission would like the Board of Finance to move the Butler Farm project forward so voters will have a chance to act on it. The Commission is recommending a finance plan that will have no impact on either the budget or property tax. They recommend using a loan from the general fund that would be repaid from the proceeds of the Land Preservation Fund. That fund was established in 2002 for the express purpose of supporting open space acquisitions. Mr. Michael Butler has agreed to accept payments over a two year period. The vote on this property should be separate from the budget when the vote is taken.

Caren Ross, 741 Steele Rd., member of the Open Space Commission, would like to give the townspeople a voice to either agree or not about purchasing the Michael Butler property. The townspeople need to be aware that there is an offer on the table from the state to fund half the cost. There isn't an expiration date but the state can withdraw the offer at any time. She requests that this project be moved forward to a town vote. (Her typed remarks were submitted)

Madeline McClave, 335 Cotton Hill Rd., member of the Open Space Commission, agrees with the two previous speakers. We as taxpayers have paid into this state fund and she would like the funds to come to our town. This is a unique municipal state program. The state has agreed to pay 55% for the project instead of the traditional 45%.

Rusty Warner, 35 Country Lane, member of the Open Space Commission. This property offers many things to the town ranging from local fresh produce to one of the most pristine examples we have of a river side trail to a place for those with children, can bring them there to connect closely to nature. He strongly supports this initiative. He presented a list of 12 other people who couldn't attend the meeting but strongly support the proposed financing for the Butler Farm project.

Shelley Lloyd, 29 Pioneer Drive. Asked how the trail that the town may purchase would be funded. Mr. Jerram responded within the entirety of the deal you have two tandem deals that are contingent on one another. The premium associated with the trail is \$22,700. The owner said if we could compensate him for the money he would lose from the state he would sell the property outright to the town. So for \$22,700 we can have a walking trail along the river.

Regina Wexler, 116 Town Hill Rd., likes the idea of flat walking and would hate to see the town lose this.

Ann Bailey, Stub Hollow Rd., commented when she heard the price she was blown away that we could obtain this property for such a low price. This is a remarkable piece of land.

Monica Cazzetta, Bruning Rd., attended the informational hearings and has reviewed the information. It looks like a good project and beneficial for the town.

Chris Brooks, 154 West Hill Rd., moved here 5 years ago with his wife. He can appreciate what the town is doing. He and his wife would like the purchase of the Butler Property to be discussed at a town meeting pursuant to a vote by the town residents. (His typed comments were submitted for filing).

Jason Krug, 1258 Litchfield Tpke., one thing that stood out for him was the financials of 85-1/2 acres for \$2,295/acre and 8.1 acres @ \$5,100/acre. There are 32 pieces of property in town for sale and the

average cost per acre is \$30,425/acre. None of these are waterfront properties. Just looking at the finances, this is a no brainer. This is forever for the town. He would recommend that you vote in favor of this.

Bill Michaud, 249 Town Hill Rd, member of the Open Space Commission. From what he has heard from the commission members and others that spoke, he strongly supports this project. All they are asking for is a loan that they will pay back at no cost to the taxpayers. It is a great investment. It will draw people to our town and downtown, and the town will recognize many benefits.

Laura Bedford, 11 Shaker Rd, member of the Land Trust Group. This is an opportunity to preserve a section of our town. She shudders to think what will happen to this property if we don't jump at this chance to preserve the Butler Property.

Adam Coquette, 48 Bee Mountain Rd, agrees with everything everyone has said. This project is important not only for the environmental benefits but it will preserve a piece of property in perpetuity for posterity. Pursuit of this project will also draw people back to our town.

First Selectman Dan Jerram, 30 Willow Lane, the Selectmen have been working on this property for 3 years. It took a long while to get this before you. If we didn't think it was a good deal we wouldn't be here. We have an offer on the table for a couple of payments of \$120,000/year over two years. We have a system in place to make this work. This is a separate entity outside of the budget and I think it is best for the town. We ask for your support.

Robin Cunningham, Maple Hollow Rd, this is a great opportunity for us to be able to obtain land that someone would like to preserve so that it doesn't get developed.

Susie Moore, 150 Beeney Rd, supports the preservation of the Butler Farm property for the legacy of our generation and those that follow.

David Krimmel, 24 Dings Rd, with the show of support tonight and previous meetings it will be a tragedy if it doesn't go to a town vote and let the people decide.

Jean Darlington 191 Lake Shore Drive, member of Open Space Commission. We need to remember what other uses might happen to this property. This land is in a residential zone and it might hold 20 - 25 houses.

Kara Bryan recently moved here from Bristol. She thinks this project is wonderful.

As there were no other speakers, public comment was closed at 7:54 pm.

Discuss and take any action regarding Open Space / Butler Farm / Property

Mr. Baxter said there has been overwhelming support for this project and we also have budget issues. Thinking about the long term benefits it may take longer than projected. It is hard to pass this up and we should allow the town to vote on it.

Mr. Witte's said the flyer shows 55% contribution from the state but the draft contract dated June 5th, 2015 shows the town's contribution is 55%. Has that number changed? Mr. Jerram said it has changed. He spoke with the governor's representative and they changed it. He also has a revised letter with the new percentage.

Mr. Witte continued saying that it looks like we bought the Phillip's Farm in 2008 and it took 8-9 years to pay it off. Since this fund began it appears that \$198,000 collected and in the listing of properties there is \$136,000 left to collect. Since 2008 there have only been 3 collections and the last one was in 2011. He wondered if people are opting for preserving open space instead of putting money into the fund. He asked Mr. Jerram if the developers are changing their habits and going away from the land preservation fund. Mr. Jerram said we don't get a lot of applications. The last subdivision was on Ramstein Road with 9 lots. In terms of economics of the Phillips Farm transaction it was negotiated in 2008, it came to pass in 2009 and 3 payments were made in 2010, 2011 and 2012. This was a low point in the market. At the

last payment we had money in the bank and after consulting with our lawyer, we borrowed against ourselves to make that last payment in late 2012. So it took a few years to pay it back – 2013 – 2016. In 2015 - \$15,000 was put in, 2016 - \$39,000 and 2017 - \$12,000 plus \$2,200. We have seen some activity pick up. We had a town meeting to see two non-conforming lots that can't be built on. That could buy down the payment in year one. Things are picking up and that is why we need a full-time building inspector. He doesn't feel that the builders are getting away from this. We are seeing an increase in building. It will take a few years to pay us back. Mr. Witte asked when the open space liens are due. Mr. Jerram replied when the property is transferred. The dates are connected with each individual lot. Mr. Charest asked are the transactional fees included in the project. Mr. Jerram said all the surveys and costs associated with this project have been covered by the state. We have zero expenditure in this project. Mr. Charest said all of our projects have historically come before the people. It may take a while to pay it back resulting in a loss of income to the citizens. He would like to move the project forward.

Ms. Moore said she has two questions. The first one is if there is any way we could engage the New Hartford Land Trust to facilitate the purchase of the easement rights for the Butler Farm. We are lucky to have the Land Preservation Fund available into which we have monies going in from the sale of developed lots. We have a mechanism for the money to come in. With the Land Trust facilitating the funding we could see a mechanism where the Open Space works with the Land Trust. They work out the funding with the owner and then come to the Board of Finance to present these funding mechanisms. It makes it much easier to have these acquisitions go through. Has the Land Trust been approached to facilitate this purchase and future projects? If not, could they be approached?

Her second question refers to the outright purchase of the trail. In the past when we have purchased land – like Jones Mountain, Brodie Park south, etc. it has always been the town buying the land together with Recreation & Conservation. Where in this case we are buying a portion of it for a trail has the Rec Commission been included and have they given an opinion on the value of adding this trail to the existing land that we own. What is Conservation's input. Most importantly could this purchase be made through the \$35,000/year that we allocate to the Recreation Commission to administer the parks and recreation of the town. If this hasn't been done I would like it to be done and she would like to know what the response is from Recreation and Conservation through the Open Space Commission. When she has those answers she will feel more comfortable to proceed forward.

Mr. Smith said looking at the town budget and what is happening with the state suggests that we move it past July 1st or vote on it tonight. Considering what is happening at the state and our surplus being diminished over time he would like to take care of financial business before we start worrying about this type of a project.

Mr. Tuxbury agrees with Mr. Smith. There is a sign out front that suggests donating to Neighbor to Neighbor. Times are tough even if it is a 9.58% increase that is way too much. He expects to be looking for substantial cuts both from the school and town at tonight's meeting. Right now he can't support it. Mr. Witte said that several of us think we should postpone the budget process until we have the numbers from the state. Regarding the change in the governor's projection from \$1,000,000 in Special Education down to \$200,000 he doesn't know what the basis of this is. Mr. Jerram responded it takes time to get all these numbers and he has talked to Supt. Murphy and Dr. Palmer (Region 7). When you talk about the Excess Cost Reimbursement we don't have anything in the system so the number is 0 (zero) and Dr. Palmer said at her presentation that she has \$400,000. Dr. Palmer said that several people have told her it will get reimbursed at 70%. Nobody is getting any information that is similar with regard to the Special Ed reimbursement and it is a tough circumstance.

Mr. Baxter said if it is a 16% increase that we present to the town a lot of people will show up. It will affect your taxes until the loan is paid back. He thinks passing it to the townspeople for a vote is the best thing.

Ms. Moore said as it isn't a part of the budget it is a disservice to the project to present at the public hearing as part of the budget process when people are faced with a 16% tax increase. She agrees with Mr. Smith to wait until the budget is through. Keep this as a separate project. The timing is just abysmal.

Mr. Fitzgerald said if we were to put this to a motion subject to a town meeting it might fail tonight. Mr. Smith responded they can always come back to the board as many times as they want. Mr. Fitzgerald said if there is a vote tonight to move this he is not in favor of it. He would prefer to wait until we have the numbers and move it to July.

As a point of clarification, Mr. Jerram said the Board of Selectmen is not recommending taking any money from the General Fund to fund operations this year. Mr. Fitzgerald asked if they can remove the \$200,000. Mr. Jerram said yes and we did approve that.

Mr. Witte said if you take it out of the Land Preservation Fund and expect to take it out in future years, say 10-15, you are not taxing the taxpayers. If you do what the First Selectman is suggesting not using Surplus from current fiscal year but leave it in the General Fund to fund this project, then you are taxing the people for it. If you do take a loan from the General Fund you are taking the General Fund down from 11.4% of the proposed budget down to 10.6%. On a separate matter, if we have a huge tax increase he can't imagine us taking additional money from the general fund to cover it.

Treasurer Ross said we are going to be bonding again this fall and one of the key things they look at are reserves and percentage. At this point, we don't know where we will end up at the end of the fiscal year. If we start funding ongoing expenditures using the reserves and drawing them down it is viewed as a negative by the bonding agencies. Those monies are meant as long-term investments as back-up for emergencies not funding. For something like this as it is being paid back it is a loan to the town and it is a receivable. Secondly, bond agencies look favorably on items which will reduce future costs. You avoid future town services on property that will not require town services such as roads, schools, etc. This is viewed, in general, favorably as an investment.

Ms. Moore said we were told by Mr. King, the auditor, that normally towns keep a 12-15% general fund reserve on hand. We are talking about 11.7% and it may drop down to 10%. What are we doing to our overall bonding when we aren't within the 12-15% that our auditor advised us to be at? She doesn't want to dip into the General Fund until we know where we fall.

Mr. Baxter commented that the 12-15% wasn't a recommendation. He did look into it and there is a variety of fund balances in the surrounding towns of 5-10%. What they recommend is that you have a plan. The bonding & rating agencies look at if you have a plan and where you want to keep the surplus balance and if you are doing that.

Mr. Fitzgerald said looking at the fund balance in the audit we have \$2,829,999, add in the \$247,000 and we end up at \$3,076,999. That's slightly higher than 10% ratio to the expenditure side of the budget which is projected to be \$25,448,543.33.

Mr. Fitzgerald asked twice if there was a motion to move this agenda item forward. Mr. Smith said if we are to vote on this we need to know how much the loan is going to be. Mr. Jerram said the request for appropriation was valued not to exceed \$241,000. Mr. Jerram said it is a strict loan for the property & trail money payable in two payments.

Mr. Witte asked when we purchased other open space properties did they all go to referendum. Mr. Smith said the Phillips and the Jones' was at a referendum. The Phillips was a loan.

MOTION: by Witte to approve a loan not-to-exceed \$241,000 from the Town of New Hartford Designated Reserve Fund Balance for the purchase of the development rights of the Butler property and

the purchase of land from the Butler's for a trail, in accordance with a proposed agreement from the State of Connecticut Department of Agriculture, dated 5/31/2016. Such loan is subject to approval at town referendum. The loan repayment would be received from the Land Preservation Fund. Designated fund from the settlement funds \$50,833 and capital improvements \$171,500 and balance from subsequent year budget. Second by Smith.

Aye: Charest, Witte, Baxter; Opposed: Fitzgerald, Smith, and Tuxbury

Motion Fails

A short break was taken at 9:01 pm with the meeting resuming at 9:06 pm

Economic Development Commission (EDC) presentation, and discuss and take any action regarding input and requests from the Economic Development Commission.

Mark Russo, chair of the EDC, presented the group's presentation. He provided a handout with a brief narrative of what their budget looks like. He is trying to change the mindset of the group from looking at small projects to looking at larger ones. We have a good vision within the commission itself. Before the new information from the state they are looking within their group for a volunteer to be a part-time marketing & graphic person. They are looking for additional funding to help with marketing & graphics. The group has four initiatives: 1) Rails to Trails, 2) Grand List Development, 3) Marketing / Branding and 4) Downtown Initiative. He said that his slide presentation is available from Debbie Ventre in the Town Clerk's office. Mr. Russo went over the EDC vision relating to conservation and development. We need an anchor event to draw tourism to the town. To develop a brand for the town we have purchased some signage to draw tourism & new businesses to town. The signs they have come up with are dark green with stick figures and easy to read. The current website is dated. We would like to trademark the registration of "A Town for All Seasons". They are incorporating new links to the websites: discovernwct.com and ctvisit.com. Other initiatives are the Hurley Property, TWB Properties, LLC, Greenwoods Industrial Park (several calls made to the property management company were not returned) and Briggs Property. The EDC is asking for \$18,000. Mr. Russo went through the list of the items that make up their request of \$18,000 for the year 2017-2018. The budget proposed for next year is \$7,000 of which 53% will be gone almost immediately and the \$3,000 he has left could go towards having fifteen minute meetings with little else being done.

Mr. Fitzgerald asked for any input regarding the EDC presentation.

2017-18 New Hartford Budget: discussion (all aspects – town, schools, capital, revenue, etc.) and take any action on the proposed 2017-2018 budget, and, to take any action on approval and adoption of the Budget for Presentation at the Board of Finance Special Meeting – Annual Budget / Public Hearing scheduled for April 4, 2017

Mr. Fitzgerald this item and the next go together. We should consider both of these items together.

Mr. Smith said we have never completely voted on a budget before the hearing. Mr. Fitzgerald responded we have voted to adopt a budget to take it to a public hearing. From the public hearing we take all the input on the budgets and meet the following week to discuss those changes. If we don't have a budget then we need to delay the public hearing. Mr. Witte said the curve ball is what happens with Region #7. Do we know any more than when we did at the Saturday meeting? Are they going to do something? He is nervous about them having a budget referendum without people know what they

are up against. Mr. Smith's concern is where we are going with the state revenues. All the budget items are high considering where the revenues are. The tax increase is significant.

Mr. Fitzgerald said based on the \$200,000 coming out for the revenue and putting in the number from the state for next year, we are looking at a 15% increase. This means if you have an assessment valued at \$315,000 - current taxes are \$9,297 and at 15% it goes up to \$10,697 that is an increase of \$1,399.33. If we wait then we postpone the hearing and then we will have no other business to do until July.

Mr. Tuxbury said there is no indication from Region 7 except that they are moving ahead. Mr. Fitzgerald said they are their own taxing authority but we need to put pressure on them. They need to share in this problem as well. The public needs to be aware of it and their increase is pretty significant. From the budget workshop Dr. Palmer responded to the questions you had. She explained why they have \$1,300,000 unassigned fund balance which is used for their obligations (outstanding encumbrances, working capital & accounts payable) at \$686,366 and HAS Contractual at \$94,500. They are applying the balance of \$575,950 to the 4 towns. The pressure also needs to be put on them for class sizes. They need to be subject to the same scrutiny that we are putting on our local school board. Mr. Tuxbury asked if we don't have a budget and they move ahead what happens. Mr. Fitzgerald said if they approve it then we need to fund it. Mr. Tuxbury said unless they go up to regional then the taxpayers will have no information on the budget. Mr. Fitzgerald said the news to this town only comes through the education and the general population doesn't get that news. Mr. Smith asked if the total budget number is \$25,448,543.33. Mr. Fitzgerald said what has caused this. If you look at the total prior to the teacher pension liability, the town's share of the teacher retirement is \$801,726, which was dropped on us this year. The total budget put together was \$24,646,817 and with the \$801,726 which the state says we owe them brings the budget up to \$25,448,543. Who shares the \$801,000 – is it just the local board of education or is Region 7 included.

MOTION by Smith to approve the Town of New Hartford Total Budget for 2017-2018 of \$25,448,543.33 and to move it to a public hearing; a second was not received.

Motion Dies

Mr. Fitzgerald said the big hits were in the ECS, grant municipal projects, transportation and special education. Last year they cut ECS, they cut us again this year and the projection is to cut it again this year.

Mr. Jerram heard last week that the governor doesn't have the votes to move the teacher's pension through the house. We may not know anything until 4/27 or 4/28 when finance revenue bonding & appropriations come out.

Mr. Witte said Region 7 is going about this business as usual. This budget is building off of where they have been in prior years.

Mr. Smith said the increases at Region 7 are still about the same as they have always been. If we ask the two boards to make reductions before next week's meeting they may not have time to meet. He would like to see what the boards can do to make some cuts. We are looking at a \$1,350,000+ increase.

Maybe take \$50,000 out of each capital and \$300,000 out of each budget – General Government and Board of Education. See where we stand from there, what the budget looks like and what the net effect would be. Basically he is trying to cut that increase in half. Mr. Fitzgerald said you are looking for a \$700,000 cut. The effect on that would be a 6.95% tax increase.

MOTION by Smith to take \$300,000 from the Board of Education Operating Budget and General Government Operating Budgets and \$50,000 out of Capital from the Board of Education and General Government budgets; second by Tuxbury.

Discussion followed. Mr. Jerram said the revenue lost to the town that funds general operations is \$95,000. Some of the revenue estimates are going up. To try to create a 50/50 relationship it is physically impossible for the town to solve the education revenue loss. Ms. Moore's input is to have less of a cut on the town's side and the \$300,000. With her calculation of the minimum budget requirement it brings their proposed budget down to \$296,000 so the \$300,000 is right on the head. Mr. Witte said from a proportion standpoint we have a \$5 million budget for the town and an \$8 million budget for the school when we look at those two budgets we aren't in a position to go through the budget to find that number to cut. When he looks at the town, the funding of the police was a state increase of cost and there were a few others. The schools have gone from 19-20 pupils/class down to 16-17 pupils/class which is a luxury. Mr. Baxter said he doesn't feel it is realistic to ask for the \$300,000 cut. Mr. Tuxbury said are we not going to have a public hearing for Region 7. Either we move forward and have a budget hearing we need to present something. Mr. Fitzgerald said what happens with Region 7 and they move forward and if everything passes we need to fund it. Otherwise we will have a separate referendum just for Region 7. Mr. Witte would rather take the numbers and present it at a budget hearing. So the town can see what the local government and school wants. We don't have a lot of time.

Aye: Smith; Opposed: Baxter, Charest, Witte, Fitzgerald, and Tuxbury

Motion fails.

MOTION by Smith to approve the New Hartford Total Budget of \$25,448,543.33, to bring it to a public hearing; second by Tuxbury.

Discussion followed. Mr. Baxter asked we bring it to a public hearing and it's not approved. What is our next step? Mr. Fitzgerald said the three boards will come to present their budgets. The people are asking questions and expecting answers. The Board of Finance meets the following week to consider any changes and make further reductions. Once that happens we need to make the changes on April 11th. Just because we have the public hearing doesn't mean it will move forward. Mr. Fitzgerald said he will reach out to Dr. Palmer and Ms. Sexton-Reed to let them know we are looking for reductions. Mr. Charest asked Supt. Murphy if he saw the letter from Sue Lundin with regard to cutting 3 teachers. Mr. Murphy said he hadn't. Ms. Moore said it was 5 teachers which is a bit much. Mr. Witte said if this was a normal budget year with normal state revenues, he would tell the town to cut \$50,000 out of operating or capital and tell the school to get as close to 0 (zero) as possible which would be about \$120,000 and give Region 7 a target that is in line with that.

Aye: Tuxbury, Witte, Fitzgerald, Charest, and Baxter; Opposed: Smith

Motion passes.

Mr. Fitzgerald said the public hearing is next Tuesday, April 4th, 7 pm and this is the budget that will be presented at that time.

Discuss and take any action regarding cancellation / postponement / rescheduling of the April 4, 2017 Annual Public / Budget Hearing.

No action was taken on this item.

Mr. Fitzgerald asked Mr. Baxter what message he would like delivered to Region 7. Mr. Baxter

responded a flat budget and all members of the board agreed. Mr. Fitzgerald will deliver that message to Region 7.

MOTION by Smith, second Charest to adjourn at 10:30 pm

Unanimous

Respectfully submitted,

Penny Miller
Recording Secretary

Attachments:

Anne Bailey email
Gail Muntner email
Betty Palmer email
Monica Cazzetta email
Sue Lundin email
John Burdick email
Signed form re: Butler Farm project
Caren Ross remarks
Chris & Catherine Brooks
Economic Development Commission Proposed Budget FY2018
Dr. Judith Palmer's email dated 3/27/17.