

**New Hartford Board of Finance
Special Meeting
Public Budget Hearing
Tuesday, April 7, 2015 @ 7:00 PM**

Present: Chairman Jim Fitzgerald, Member: Dan Charest, Steve Tuxbury, Reggie Smith, Jr., Ben Witte, Maria Moore, Alternates: Steve Roth, Bill Coates, Region 7 Supt. of Schools Judith Palmer, Region 7 Business Manager Rich Carmelich, Region 7 BOE Chair Molly Sexton Read, Region 7 BOE member s Noel Gauthier & Rob Jerram, NH Supt. of Schools Brian Murphy, NH BOE Chairman Josh Adams, First Selectman Dan Jerram, members of the public and Recording Secretary Penny Miller.

Chairman Fitzgerald opened the meeting at 7:02 p.m.

Seating of Alternates: None

Opening Remarks: Chairman Fitzgerald gave a brief budget summary comparing last year to the proposed 2015-2016 budget (file attached). The change from the prior year Grand List was \$1,167,183 a 0.18% change. Revenue (other than current taxes) \$5,554,169 (includes \$518,070 from surplus), a 1.04% change. Revenue required from taxes \$18,527,141.10 a change of \$940,797.34 from the prior year, a 5.35% change. On Expenditures there is an increase of \$997,798.34, a 4.32% change. What is driving these increases? General town government, debt service, capital expenditures and education. The local Board of Education increase is 0.8%, Region 7 increase is 8.26% an increase of \$746,640.00. Adult Ed is 13.7% and total education is 4.8%. The BOE PASS through Grants REAP is -3.2%. The impact to taxpayers is 5.14% tax increase; mill rate required is 1.424 increase. The tax increase is \$142.84 per every \$100,000 valuation.

On Monday, April 13th, there will be a special meeting of the Board of Finance to consider and discuss the feedback from tonight's Public hearing. The Annual Town Meeting is April 21st. Region 7 School District has their Annual Budget meeting on May 4th. On Tuesday, May 5th the New Hartford Budget Referendum will be held. There will be two separate votes on the same ballot. One vote will be for the combined Town Budget and the NH BOE Budget. The 2nd will be a vote on the Region 7 Budget.

Presentation of 2015-16 New Hartford Board of Education Budget

The New Hartford Board of Education Chairman, Josh Adams, and Supt. of Schools Brian Murphy presented the BOE budget (copy attached). Mr. Adams said that the Board of Education approved their budget of \$7,994,225.60 for 2015-2016 on March 31st. This is a \$61,105.60 or 0.77% over the previous year. The Board of Education put together this budget with the Superintendent of Schools and it provides a quality education for our children. They worked hard to minimize the impact to the local taxpayer. If you look at the increases due to signed contracts, transportation or salaries we are faced with a \$190,000 increase for the contractual increases. We looked for savings and brought it down to \$160,000. They adjusted staffing levels and looked at supplies & textbooks. Mr. Murphy said looking globally at the budget we strive to maintain excellence in our schools. Over the last 19 years this is the 2nd lowest increase. We are cognizant of declining enrollment. The total budget is slightly under 8 million. Our school enrollment has been declining over the years. We have lost 30 students. Special Education was reduced 0.43%. We reduced 2 tutors, 1 teacher and 1 speech & pathology to 0.4. We eliminated a 2nd grade teaching position at New Hartford Elementary. We reduced the technology line item and moved the majority of our money

into hardware & software. We feel it is a responsible budget and we are meeting the needs of all of our students here in New Hartford. Our Capital Expenditure Request is for \$95,461.42. One of the biggest expenses will be the Antolini Asphalt Playground and Drainage. That was approved last year by voters but there were a couple of emergency projects that came up this year and that is why the project was not done this year. We have a carry-over of \$31,340.58 that was carried over from the 2014-2015 Capital Budget and will be moved forward to the 2015-2016 Capital Budget and directly applied to the Antolini Asphalt Playground and Drainage. The Antolini kitchen is a small piece of the expensive work that needs to be done over the next few years. The van to be replaced is used by the custodians to move furniture between schools and for transporting mail. This vehicle is getting older and we put in for a replacement.

Mr. Fitzgerald asked if there were any questions. Kelly Howard asked which school was the special education teacher and tutors cut. Mr. Murphy responded that they need to work with the team and he didn't know which school yet. We can meet the needs of all of our students including our special needs students. Mike Maloney, representative of the New Hartford Wolverines, said that the Wolverines youth program moved up to Antolini last year. We have 4 different age groups – 2 & 3rd graders on up to 7th & 8 graders together. We were able to make practice fields for our older teams. If the asphalt goes in we will not have enough room for all to play up there. Art Jackman asked if the fuel oil was a hard number and Mr. Murphy replied that we prepaid for next year. Noel Gauthier asked what is driving the expenses up in the central & school office. Mr. Adams replied that a fair amount of the central office increase was part of the negotiations from the old superintendent's contract to the new one. There were also some changes to the bookkeeper. Mr. Murphy said we separated that line item out this year. It wasn't budgeted for last year. Kelly Howard asked how many children are receiving special ed. in the primary school now and next year. Mr. Murphy replied 50 students and for next year it may be the same. She has a concern with the reduction of staffing. She understands the constraints with the budget. Carlene Jerram said it appears that a huge effort has been made to keep it less than 1%. It is a difficult thing especially with special ed.

Presentation of 2015-16 Northwestern Region #7 Board of Education budget

Molly Sexton Read, chair of the Board of Education for Region 7 – presented their budget. (Slide presentation attached). We try to identify ways to re-allocate our funding to better meet the needs of our students. The local board is always keeping in mind that all of us as taxpayers have to pay bills and we want to keep the cost as close to reasonable as we can. One of the things we want to start off with is to emphasize that what you all get as towns in our regional school district is to get all the end value of the money spent on your children's education. Ms. Read showed a graph that demonstrated that Northwestern does very well on the CAPT which is a multi-subject test given to 10th graders and compares them to other schools in the Berkshire League.

On the five year overview this year's budget is 3.17% or \$619,831. Two-thirds of the budget goes to teacher's salaries & support staff. The proposed budget includes an additional social worker to help meet the needs of the special ed. students. Currently we have 1 social worker for 1000 students. When Credit Recovery Program - students who have failed and in danger of not having enough credits to graduate are provided the opportunity for them to earn those credits.

Ms. Read continued with the slide presentation:

Salaries – increase of \$223,205 or 2.21%

Benefits – increase of \$85,484 or 2.97%

Professional/Technical Services – increase of \$301,079 or 27.55%

Property Services – increase of \$16,681 or 1.85%

Other Purchased Services – increase of \$160,154 or 5.32%

The 2015-2016 Special Education Budget shows a \$460,368 increase. Of our budget this increase represents 2.35%.

The Supplies line is where we have the most direct control. There was a reduction in heating oil because we moved to heating with natural gas. This shows a decrease of \$61,697 or -10.50%.

Property shows an increase of \$2,587 or 5.29%.

Interest – this is what we pay for the money we borrowed for the bonds we still have outstanding. It includes a \$25,128 reduction in bonding interest. They have not borrowed any money since 2012.

Other funds – when the administration first brought the budget forward they had \$82,839 in this category to be part of the capital plan. The roof will need to be replaced in the not too distant future and the administration felt that if they could they would like to set aside some money into an account that would be used to offset the total cost of the replacement of the roof. The Board of Education decided that with given the increases mainly in special education this was not a year we could afford to save money toward a future project and they have removed this.

The next part of the budget talks about Revenues. They receive tuitions from students who come to the school from other towns. This includes both regular and special ed. students. Total Revenues is \$20,180,068, an increase of \$619,831.

Applied Surplus is Revenue – it is the money that is unexpended from the previous year. By state statute with any money that hasn't been expended it needs to be returned to the towns as an applied surplus to reduce the following year's assessment. The assessment line gets broken up over the 4 towns. They look at the percentage of students that come from the Barkhamsted, Norfolk, New Hartford & Colebrook. At this point Mr. Carmelich handed out "A Primer on Assessments". All four towns have seen a reduction in the number of students being sent to Region 7. New Hartford is seeing the smallest reduction. The assessments change every year. New Hartford's assessment for 2015-16 is 8.26% up from 3.11% in 2014-15.

One of the other questions that has come up during the meetings has been the Unassigned Fund Balance. This number comes from the audit that was conducted on the business office this past June 2014. It consists of funds previously encumbered, money that we know is coming in and funds reserved for payroll obligations. The surplus of \$583,226 is the money that was previously mentioned as being returned to the member towns.

Another way to look at Surplus to Reduce Assessment. The numbers for New Hartford are:

Assessment w/o surplus	\$10,100,308
Share of Surplus	\$312,492
Assessment with Surplus Offset	\$9,787,815

In terms of quality both our high school and middle school have been recognized by the state as Excelling Schools. We have strong athletic teams and perform well throughout the Berkshire League. We have a strong Arts and Music program. Our band and music performers consistently compete and are successful at high levels. We work hard with our students to make sure that they develop strong senses of character.

Mike Maloney asked on special ed. you showed tuition as \$55,000 and \$75,000 next year. How many students does this represent from out of district? Dr. Palmer said that she doesn't have that statistic with her. They are reaching out to Torrington now and others. Is the tuition covering the whole cost? Mr. Carmelich said when the

special ed. students are sent to them they pay the full cost. This revenue is above & beyond the cost of educating a child.

Dan Jerram said on the assessment slide he noticed that Barkhamsted is up & down. Colebrook looks like wash & Norfolk looks like a wash. Like it or not New Hartford is going up every year. We struggle every year with the assessment issue. It is becoming more and more of an issue. Mr. Carmelich said it is all based on enrollment.

Chris Sterpka said you know who is coming up. Your teachers have contracts. Do you still see New Hartford going up 3.1%? Mr. Fitzgerald said looking at the numbers from Norfolk and Colebrook their trend has been of dropping 25-30% of students and looks like it will continue.

Kristi Monaco said for those of us who grew up in this town we understand what it takes to run a school system. There are a lot of families on a fixed income and with this type of increase – property taxes – she appreciates what we have but at the same time where are we supposed to get it from. Ms. Read replied that everyone understands it is very expensive and this is a real burden on New Hartford.

Jen Benaitis said she looks at 8% and she understands things are going up. She looks at the salary and the increases. We are sending the majority of the students and we are carrying most of the cost. We are cutting our budgets and going to bare bones to carry your budget. Ms. Read said all of the taxpayers in all of the towns have as much control over our budget as you do over your local budget. You vote on it. You vote it down. We can't do anything about the fact that New Hartford's population continues to remain steady while it drops in the other towns. I know that it doesn't feel like that but we have cut the budget to bare bones.

Bob Wilson asked is there a reversal – where does it go if this budget is voted down. Is there a limit as to what can be spent on Spec Ed. Ms. Read said it is a calculated amount that the state will reimburse us for very high expensive students. We anticipate \$340,000 from the state to offset those costs.

Mr. Fitzgerald said the Board of Finance met on March 24th and agreed to accept the budgets of the Town and local Board of Ed and to move them to the public hearing. The Board of Finance did not support the Region 7 budget. As Ms. Read said you have a vote in this. Let's not be confused with the weighted voting from the BOE members at Region 7 to the voting of the public. If you don't like this, as the chairperson suggested, go out and vote it down. Because if you have the votes to over-ride the district, they have to go back to the table and do something with the budget. The public has the power and the say on this. There will be two votes. The first vote on the referendum on the first Tuesday in May is for the local BOE and Town Government Budget and the 2nd vote is for Region 7. If you don't like it tell everyone to get out and vote. We have to have the majority vote of the entire district.

2015-16 Town Government Budget & Capital (copy attached)

First Selectman Jerram started his presentation with a summary sheet. He said within these 6 line items public safety and health mandates is approximately \$110,000 dollars.

State Trooper	\$40,000
Animal Control Education	\$2,500
Litchfield County Dispatch	\$3,276
Paramedic Intercept	\$12,147
NH Volunteer Ambulance	\$40,000
RRDD #1	\$11,639
Total	\$109,562

At the state level they are trying to get us to pay more for the resident state trooper - \$40,000 more. The ambulance has seen a decline in revenue & in volunteers which is leading to an increase in their fee service for EMTs. Six lines are taking up the vast majority of the \$186,000. What is left? The large chunk \$76,000, is going to the Highway

Department – salt is going up along with contracted labor. We saw a savings with renegotiated health costs. Where does the rest of it go? The only real new initiative is to study water quality at West Hill Lake. At the end of the budget the selectmen have given you more information than you have ever had before. All of our equipment – how old the equipment is, the mileage, etc. What is in the general fund – how much do we owe as a town. We owe about \$7.6 million dollars. That doesn't include the Antolini School roof or the Carpenter Road Bridge. Also, in there is the liability, pension fund value, and the 5 year capital plan.

David Emond said it looks like there is money in 2016 for Rails to Trails. Is there a proposal to pave the bike trail? Mr. Jerram said the consensus is for an unpaid trail on the MDC property. Mr. Emond said he is trying to get help with the bright floodlights that come through the trees. Please consider that there is a neighbor there. There is a lot of noise there at night – gun fire, etc. It would be nice if the developer synced up with the neighbor.

Pat Spaziani has two-part question on salaries. In most cases you have 2.75% percent increases. Are these placeholders or set salary increases? Mr. Jerram replied they are set salary increases. We are mid-contract. Part two - there are some huge increases. On page 5 the Registrars are going up 24.21%. Mr. Jerram said there were multiple buckets for the registrars. You are seeing a decrease in the voting lines to get their salaries on those two individuals into one line to show what they are getting paid. Ms. Spaziani continued on Page 9 the 16.98% for the Zoning Officer. Mr. Jerram said we had a change over. Five years ago we had a zoning officer who was just a zoning office and was paid \$29.60/hour. We went to a trainee and paid her less. There is an escalation going on and we were able to get a new person with certifications and he is now making \$28.00/hour. Mr. Jerram adjusted his salary by \$1.75/hour. Ms. Spaziani asked if all the changes were made from the last BOF meeting. Mr. Jerram said that all the changes were made.

Debt service – the New Hartford Elementary and Open Space bond we saw in the debt service are going down \$6,000. It is not a level payment. Mr. Smith had asked about financing a town vehicle. Mr. Jerram consulted with the town attorney and (form 7-346) we can finance up to 5 years.

Jen Benaitis asked when the last time was that raises were given to town hall employees. Mr. Jerram said last year it was 2.5% and this year 2.75%.

Bob Moore said going back to the ambulance, I am curious Barkhamsted is seeing a 2% request. What documentation justifies their increase to New Hartford? Mr. Jerram has provided the chairman with the most review from their treasurer. Last year at this meeting we discussed what they were requesting vs what their actual draw is on the town. Last year they wanted a draw of \$75,000 and their historical average was saying \$65,000 the selectman adjusted down knowing that things were tight. The ambulance association was adjusted down an additional \$5,000.

Mark Forsman, New Hartford Fire Chief, does the ambulance association provide the Board of Finance the last three years of what the reimbursements are? They get reimbursements per call. Have they provided any information on that? Mr. Jerram said they provided information but the information isn't consistent. Mr. Fitzgerald said an audit review was received late today and he hasn't had a chance to review it.

Dan Janco said when you look at the budget I understand that you need to put in what is proposed. The police budget proposed this year was \$67,000 less from last year. The increase is anticipating the 100% participation by the town for the state trooper. If Governor Malloy gets his way they will be in the negative. Secondly we hired a new person. Since he didn't come on board until February we had to budget for a Top A resident trooper. With the new guy and the junior resident trooper we saved over \$30,000. In January we requested a new car because we had the additional money. The \$50,000 we saved from July last year to this February that money we didn't get for a new car. That is why it is in the capital for this year.

Ms. Moore said she received a call from someone who submitted an email regarding the Commission on Aging. This person wanted her email noted during the public hearing. Mr. Fitzgerald said one of the emails asked

that the Board of Finance reconsider adding a line item to the budget. His response is that the Board of Finance doesn't fund these budgets based on requests. This goes through the First Selectman.

Mr. Jerram did a study going back 18 years. The General Government budget has gone up 68%. The local board has gone up 83% and in the same timeframe Regional has gone up 125% and that doesn't include this year's request. Police cars are on average 5-1/2 years old. Maintenance costs are skyrocketing. Town hall technology is used by the IT professionals and they are working on keeping things going. Recreation – these funds are still in the budget right now. Some of that is Rail to Trails money. Town hall equipment replacement – three heat pumps need to be replaced. Municipal project –this is a parking area up on East Cotton Hill. We purchased the Phelps Farm and we are looking at putting in a parking area along with signage. Our DPW will do the work. One of the trucks is rusted out and the cab is floating on the chassis. It needs to be replaced. The average age of our big plow trucks is 12 years old. To extend the life of two trucks by replacing the dump bodies will cost \$80,000. One of the selectman's initiatives to try and increase economic development will be to put in a venue along the river along with Rails to Trails and a pavilion at the end of Bridge Street. Downtown Improvements – lighting upgrades & sidewalks. We have scaled back the money for the pavilion. The sum total for Capital is \$405,000.

Mr. Fitzgerald said that on Monday, April 13th there will be a special Board of Finance Meeting. The Town meeting is on April 21st.

MOTION: by Smith, second Tuxbury to adjourn at 9:22 p.m.

Unanimous

Respectfully submitted,

Penny Miller

Attachments:

BOF Opening Slides

NH BOE Budget

Region 7 Slide Presentation

Region 7 Budget

Region 7 – A Primer on Assessments

NH Town Government Budget & Capital