

**New Hartford Board of Finance
Regular Virtual Meeting via ZOOM
Wednesday, May 12, 2020 @ 7:00 pm**

Present (virtually): Chairman Regina Wexler, members: Dan Charest, Kerry Guilfoyle, Steve Tuxbury, Ben Witte, Alternates: Bart Baxter, Lou Helt, Paul LeClair and Recording Secretary Penny Miller

Others present (virtually): First Selectman Dan Jerram, Town Treasurer Gordon Ross, BOE Chairman Tim Goff, Superintendent of Schools Brian Murphy, Selectman Alesia Kennerson, Selectman David Rosengren and other members of the public.

Chairman Wexler opened the meeting at 7:09 pm. She welcomed the virtual guests listening to this meeting.

Seating of Alternates: Paul LeClair was seated for Reggie Smith.

Adoption and/or Revision of Agenda:

Chairman Wexler said she would like to move *Other Communication to the Board* before Approval of Minutes.

Chairman Wexler said this is a virtual meeting as authorized by the Governor because of the COVID-19 social distancing and the ban against meetings with more than 5 people. These meetings have special rules. Any correspondence to be included has to be posted 24 hours in advance. She asked that if the public wants their correspondence to be included that it needs to be sent in advance of the meeting so that it can be posted. There were additional letters received after that time period. One was from Molly Sexton Read, Region 7, Tim Goff's response to Kerry Guilfoyle's questions and a letter from Aulay Carlson. Ms. Wexler read Mr. Carlson's letter into the minutes. A copy of his letter is available at the Town Clerk's Office.

Approval of Minutes: March 10, 2020 Regular Meeting

Chairman Wexler said as there was no objection to the minutes they are adopted as presented.

Approval of Minutes: May 6, 2020 Virtual Special Meeting

Ms. Guilfoyle said she would like more clarification in the breakdown provided by the New Hartford Public Schools – the \$25,000 in miscellaneous.

Ms. Wexler said on Page 3 – the paragraph starting with *Discussion followed by Mr. Witte*. In the 2nd to last sentence in that paragraph. Ms. Wexler motioned that it should read: *She won't exploit this financial situation....* And in the next sentence it should read: *It will need to be looked at sooner or later.*

Seconded by Smith.

Aye: Witte, Smith, Wexler, Guilfoyle, Tuxbury; Abstain: Charest

Mr. Tuxbury motioned that his motion on Page 5 should read: *That we do not support the increase to the Region 7 education budget and that we request they cut their budget by \$200,000.* Seconded by Witte.

Aye: Witte, Smith, Wexler, Guilfoyle, Tuxbury; Abstain: Charest

Motion: by Smith that we adopt the minutes as amended. Seconded by Tuxbury.

Aye: Witte, Smith, Wexler, Guilfoyle, Tuxbury; Abstain: Charest

Public Comment

Ms. Wexler said this is unique as the Board of Finance can pass the budget without a referendum. She hesitates to do that and if this is done then public comment is more critical. We need to hear from the public. She thanked everyone who have sent in comments. She asked that public comments be sent to town@newhartfordct.gov and that Board of Finance be put in the subject line.

Julie Quinto, 414 Bruning Road said she wanted to speak to the letter that was written. She completely disagrees with Mr. Carlson's letter. She currently has children in the school system and her oldest is in 5th grade. They have had stellar teachers and none of them are under-performing. The teachers continue to go above and beyond for all the children especially under this difficult time with distance learning. When he mentioned that the BOE has hired para-professionals to help these teachers, he clearly doesn't know the role that the para-professionals play in the classroom. Para-professionals are hired to assist students who are identified as needing extra support and assistance in their learning. And isn't New Hartford an all-inclusive community. Our New Hartford teachers make far less than teachers in surrounding towns. Their pay has been frozen numerous times and now we are going to ask them to freeze their pay again. It seems unjust and unfair. It isn't fair to ask the teachers to be the ones to give in. There has to be places this town we can look to save money rather than taking it away from the teachers. We shouldn't be taking it away from our teachers and she doesn't agree with it.

First Selectman's Report;

First Selectman Jerram said a request was made on how we anticipate finishing up this fiscal year. Looking at the Revenue & Expenditures as we currently stand now, at the end of April going into May, he sees a revenue expectation is about 80-85% shortfall. Over the last few weeks received ECS, Town Aid Road and LOSIP funding. There are grants for municipal funding for \$139,000 still out there that would solve the \$85,000 problem. There has been lots of activity in the Town Clerk's Office with refinancing and selling of homes. They aren't seeing the typical spring building season which might bring in \$5,000- \$6,000 for a permit for a new home. On the revenue side, he said, we will be lucky to meet expectations but as of right now we are in shortfall. As of today, they are not going to make it. We may need to use some of the fund balance to cover the \$100,000. This is not just taxes but it is all revenue. We rent classrooms to Oak Hill at the Ann Antolini School. As the school is closed, we probably won't be receiving

their \$30,000 - 4th payment. On expense side - we are probably good to a quarter million. We are \$250,000 good on expenditures and a little shy on revenue - \$85,000. Mr. Tuxbury asked if the municipal funding was from the bridge. Is the bridge reimbursement still out there. Mr. Jerram said this wasn't for the bridge. They have been slow paying for the grants. We are supposed to get the money for the bridge. Carpenter Road bridge is separate from that sheet.

With regard to updates beyond that Mr. Jerram said he met with the local bargaining units and is optimistic that there will be resolution to all 3 contracts very soon. He complimented the leaders of those bargaining units for offering to work with the town. He said they are looking for savings in the 1st year. They did make some adjustment to the budget. They adjusted the Operations budget downward \$37,700 and the \$10,000 for the Charging Station in Capital. The septic did stay in at Brodie. Mr. Jerram said further cuts were made in Operations for a total of \$37,700. The Capital is down \$50,000 with the charging station put on hold. During this time of limited access at the town hall, painting and sprucing up has been done. The town is continuing to monitor the distribution of PPE to local businesses through DEMHS (Department of Emergency Management and Homeland Security). The goal in the next week or two is to codify the agreements with the unions. The majority of the BOS were confident that they can make some changes and adjust the budget down further.

Typically, an auditor is appointed at this meeting. This will need to be done and the state notified of this appointment. The quote from Chris King shows an increase of \$1,180.00 about a 3.9% increase, for a total of \$31,600. It is in the General Government budget for last year at \$30,420.

Recommendations have been made to the board to adjust some of the expectations in the revenue side. Originally pre-COVID they had included expectations of increasing our estimates of past due taxes with fees and fines by about \$20,000 each. That doesn't look anywhere reasonable now that program has been approved to lower the interest rate under the Executive Order 7s where they either defer taxes or lower the interest rate. They have made their expectation of \$80,000 in the current budget. They had been forecasted to go to \$100,000. We discussed the use of Fund Balance. If we were to get out of this budget with the revenue intact or having to use a little to cover the \$85,000, we would be \$200,000 again that we forecast for the budget and the board's recommendation to the BOF was to raise that. It is a Rainy-Day Fund. It is our estimate that we might consider using \$750,000 to try and buy down this tax increase. They did go on the record to recommend a stronger contribution from that. As of the June 30, 2019 audit that says we are sitting on \$3,775,000 in Fund Balance. If we use - \$750,000 - we are still over \$3,000,000. The difficulty lies in the lack of comfort and knowledge as to where the collection will go. That is a discussion we should have.

Ms. Wexler said you are suggesting that we use \$750,000 to supplement the expected revenues. Is that based on the 97% collection rate we have? Mr. Jerram said that is something to discuss at this meeting. The BOF has the purview there and what they feel is the appropriate rate. Mr. Wexler asked what was the worse collection rate in the recession? Mr. Jerram said that Mr. Witte and Mr. Charest were on the board when we went into the recession. We dropped the collection rate to 96.5%. Our fund balance surged tremendously. Successor boards to the BOF brought that down over time. He said we might have crested \$4 million at one point.

Mr. Witte said if we went with the number in the budget of \$500,000+, that would increase our fund balance by \$325,000. Part of him says it is not the time to increase the fund balance. He is inclined to put it in revenue but this is the highest risk we have had to revenue. He would prefer to wait a while before a decision is made. How can we have the money available to fund the budget but not use it if the collection rates start to falling off significantly. There needs to be a creative way to have an expenditure, capital comes to mind, that you cut back on - say we are going to defer \$300,000 to capital, hold off on spending it, and wait and see what our collection rate looks like at the critical time, February – March. If we aren't troubled with collections then put the \$300,000 into the budget from surplus to cover the capital expenditure that we wanted to do anyway. We're at 12-13% reserve now which is respectful.

Mr. Charest asked about the tax payer relief number. Mr. Jerram said they had to put a number on this for OPM. The selectmen voted to implement the low interest payment for late taxpayers which designed to help people in this fiscal year and the next one. If you were late and had a balance the interest rate dropped from 18% to 15%. It helps keep you at the balance. In the current fiscal year, we already made our expectations on revenue for past taxes. We forecasted for \$80,000 and now we are at \$79,000+. He was asked to project what the sum total of charges would be. They projected we would lose \$10,000 in interest income this year and next year \$150,000. That was what was reported to OPM. They also asked to document expenses related to COVID and he told them \$3,000. If he was asked to put a number to it, he said there is \$160,000 in lost revenue and \$3,000 in expenditures.

Mr. Smith asked what was Mr. Jerram's comfort level with the state revenues for the next budget year coming in. Mr. Jerram said the vast majority of our funding is through ECS. There was some correspondence on the CARES Act and federal funding that is supposed to come in through the Department of Education. About \$111 million in education funding that is to be distributed to local school districts. The Governor has an Emergency Education Relief Fund that is funded to about \$28 million. He doesn't know if the superintendents are getting get more information about funding level. He did send correspondence to Senator Witkos asking for more information and hasn't heard anything. Mr. Jerram said he does know there will be budget money rolling out of this but he doesn't know how it will be distributed to New Hartford.

Mr. Ross said there is \$3 million in STIF fund. At Northwest Community Bank there is an additional \$2 million in money market account and \$1 million in municipal money market account. Adding them all together we are in the \$6 million dollar range heading into the end of the fiscal year. We are at the same place as last year and he felt we were in good shape for now.

Mr. Smith asked if the town's budget would either come in flat or less than this current fiscal year. Mr. Jerram responded right now they are projecting they will spend \$59,110.13 less next year than we are spending now. The \$50,000 is in Capital and the \$9,110.13 in Operations.

New Hartford Board of Education Budget: discussion and possible action

BOF member Guilfoyle had sent BOE Chair Tim Goff a number of specific questions regarding savings in the current fiscal year. Mr. Goff said at the last meeting the BOE had recognized \$100,000 in savings that they would give back. There were a few things that popped up this year that were not anticipated. We have experienced some savings from the school closure.

Some were absorbed by unanticipated costs in this current fiscal year. Ms. Wexler asked if you didn't have the saving from the school closure how would you have made them up? Mr. Goff responded we didn't know and we possibly could have come back and asked for more money. He said the Supt. Murphy is pretty crafty in going back and finding savings especially as we get to the end of the fiscal year. Superintendent Murphy said there were a lot of unanticipated costs and a big portion of the savings would come from health insurance but we might have had to come back to the town. Ms. Wexler said we are still paying Education Connection for our share of the meals being provided to students. Mr. Tuxbury asked when did it flip around so that you started making money through the lunch program. Mr. Murphy responded they are looking to break even. Because of the school closure they are not getting the federal reimbursement, students are not buying lunches and we still need to pay a portion of that contract to Ed Advance. Mr. Charest said are we paying for the full contracted food service? Mr. Murphy said that they were. Mr. Charest asked if that could be discussed. Mr. Murphy said we have to honor that contract fully for the year just like the other service contracts. There was no way to get out of it. Breakfast and lunch are being provide to our students during the school closure. Ms. Wexler said regarding the comments made if there is \$100,000 in savings made how does that work going forward. As the law reads the BOE has to give it back to the BOF and they decide how to use it. We talked briefly about prepaying contracts specifically the transportation contract. She said she spoke to Chris King and he felt it would be an adverse finding. That prepaying is not something that would fly. Something to consider is the statute 10-248a - Unexpended Education Funds Account. This first came up on 2011 and the BOF considered it but after consulting with Christ King didn't do anything. At the time it enabled the funds to be deposited in a non-lapsing account at the time it was not to exceed 1% of the total budget in Education in the prior year. That has since been raised to 2%. At that time Chris King didn't like the concept but how he has changed his attitude. About one-half of his client towns are using it. Such a fund would have to be created by the BOF and certain restrictions would have to be included in the motion to create it. It's just not a saving account. Specifically, any additions to the fund would need to be approved on a year-to-year basis by the BOF. If we approved the creation of this fund and virtual deposit of the \$100,000, that deposit it can only be made for this year and by our vote. The BOE would not be able to make any subsequent deposits unless it was voted on by the BOF. The funds spent in that account would done by a vote of the BOF. They could restrict if it went to Operating or Capital. Ms. Wexler felt this need to be an item on an agenda if we were to consider it. This is one way to take the money that is saved from this year, put it into this account and then approve that money to go back into the BOE budget for fiscal year 2021. Mr. Smith said if the \$100,000 comes back to the town it goes into Surplus and then we are putting Surplus back into the budget to offset other items. He is not in favor of setting up something like this. You are putting \$100,000 into an account that only the BOF and the BOE control and you are leaving the townspeople out of it. Mr. Tuxbury said he doesn't know that the BOF controls that. Ms. Wexler said this will put on the agenda for the next time. Ms. Wexler will forward the original letter from King and King and the statue. Ms. Wexler asked Mr. Goff if he had asked the bargaining units about delaying their contractual increases for a year in order to avoid any further cuts this year. Mr. Goff said he hasn't seen any other school districts be successful in an attempt to ask their bargaining units for

concessions. It will be on the agenda for Tuesday night and see if a decision can be made. At this point no data to back up the ask of this from other districts. Mr. Smith said he heard the comment that the New Hartford teachers had their pay frozen in other years. Is it true? Supt. Murphy will check into it as in the time he has been here it hasn't happened.

When asked when will the budget be ready, Mr. Goff said they have a budget now and it was approved at their last meeting. Mr. LeClair asked about going back to school in the fall. Mr. Goff said there has been no directive from the state as to what school will look like when we go back in the fall. The way we educate will change but he doesn't know to what extent. When asked about COVID expenses going forward Mr. Goff and Mr. Murphy said they are working on that list but it changes as times goes by

NWR #7 2020-2021 Budget: discussion and possible action

Ms. Wexler said a letter had been sent to Molly Sexton Read, BOE Chair of Region 7, and as her response didn't come in time to be included with the correspondence packets for this meeting, she read that email. A full copy of available at the Town Clerk's office. Her response was she shared the concern about the financial impact of the pandemic on our communities. At the close of their last meeting the Board directed Supt. Palmer and Mr. Gaskins to return to the proposed budget to identify reduction for the Board to consider. They are also putting together information that will estimate any savings resulting from the school closure. Ms. Sexton Read went on to say she is working with Mr. Gaskins and Supt. Palmer and hoped to have some information on savings from this year soon.

This email was their response to the letter Ms. Wexler sent where she said our BOF rejected their budget and respectfully requested a savings of \$200,000 and whatever savings they are realizing from the school closure. Ms. Wexler said she has met with the other BOF chairs of Region 7. The four chairs have agreed to work more closely and frequently. Per the Governor's Executive order there is no vote on the Regional budget. There is absolutely no checks or balances. They can pass their budget as presented.

Mr. Jerram asked people to send their comments to town@newhartfordct.gov and put Board of Finance in the subject line. To send an email to Region 7 their address is publicinput@nwr7.org

Discussion and possible action re: FY2020-2021 Budget Timeline

Ms. Wexler said Region 7 is not going to meet until May 27th to set their budget. We can't set ours until they do. The next BOF meeting is May 26th. Mr. Jerram said if they do codify their contracts and see additional savings, he will contact Ms. Wexler. Mr. Jerram said once the budget is approved Quality Data will need time to print the bills so they can be mailed out by the end of June.

Mr. Tuxbury said that Mr. Smith had brought up operating under last year's budget numbers as previously done. Mr. Smith asked what is the town doing now to plan for the primary in August. Mr. Jerram said trying to combine a primary and a referendum isn't going to work. Mr. Smith would like to see us have a public vote sometime in June. He would like to see a legal opinion to see if the Governor's Executive Order supersedes state statues. If told by town attorney that the Governor's Executive Order trumps the statues then his conscience is uncomfortable with the process.

Ms. Wexler asked if Winsted is holding a referendum. There is nothing stopping us from having a referendum. Mr. Jerram said referring to Executive Order 7HH, which is Mandatory suspension of annual town meeting or referendum to adopt budget. Mr. Smith said he would like the town attorney contacted on this and give us some guidance. He said he is uncomfortable without a referendum.

Ms. Wexler said the next meeting will still be held on May 26th. On June 2nd a public hearing with adjournment to a public meeting will be held. .

MOTION: by Smith to adjourn at 9:21 pm. Seconded by Guilfoyle.

Unanimous

Respectfully submitted,

Penny Miller
Recording Secretary

Copies of the correspondence submitted with the agenda are available at the Town Clerk's Office.

Aulay Carlson's letter

Questions and Answers regarding savings from Kerry Guilfoyle to Brian Murphy & Tim Goff
Molly Sexton Read's response.