

May 10, 2017

BOARD OF FINANCE
TOWN OF SOUTHLINGTON
MAY 10, 2017

The Board of Finance of the Town of Southington held a Meeting on Wednesday, May 10, 2017 at the Town Hall Council Chambers, 75 Main Street, Southington, CT. Joseph Labieniec, Acting Chair, called the meeting to order at 7:02 o'clock, p.m.

Appropriations from Contingency Account:

Approved to date	\$632,780
Approved this meeting.....	<u>89,453</u>
Total Appropriations.....	\$722,233

Appropriations with Revenue Offsets:

Approved to date	\$1,229,922
Approved this meeting.....	<u>605,952</u>
Total Appropriations.....	\$1,835,874

The following board members were present:

Joseph Labieniec, Edward Pocock, Jr., Kevin Beaudoin, James Coleman, Sr., and John Moise

Staff: Garry Brumback, Town Manager
Emilia Portelinha, Director of Finance

Absent: John Leary, Chair

A quorum was determined.

The Pledge of Allegiance to the American Flag was recited by everyone present.

JOSEPH LABIENIEC, Acting Chair, presiding:

III. Public Hearing Items

None.

Set the Mill Rate for the FY 2017-2018 Adopted Budget

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Mr. Brumback explained he had a conversation with the Speaker of the House at the end of last week who told me that if we waited for thirty days we would have more guidance and a better indication of what the budget will look like. With that information, I recommended to the town council that we delay the budget until the first meeting in June, which is June 12th with you setting the mill rate on June 14th.

The town council also wanted to add a step that allowed for any ad hoc meetings that the BOF would like to have preceding the June 12th meeting of the town council as there was genuine interest in making sure you had another shot. You've already approved your budget.

So, you would have an opportunity, assuming information is available before then, they would like you to have a special meeting the week prior, take a look at any structural changes you wanted to do and put that forward on the June 12th meeting. Nobody was interested in cutting you out of the loop.

At the council meeting on June 12th, they would approve whatever version of the budget they were going to approve and then you would be more comfortable on June 14 at your regular meeting establishing a mill rate.

Therefore, tonight, we are asking you to table setting the mill rate to a date certain which is June 14th.

Mr. Moise made a motion to table and Mr. Pocock seconded.

Mr. Moise removed his table and Mr. Pocock removed his second.

Mr. Moise had a question. This is a short timeframe from June 14th until the bills go out. What is the comfort level of Brian Lastra and your group that you don't need another day or two? If you did, we could a special meeting the same night the council had their meeting, giving two extra days.

Mr. Brumback said staff was grateful for the offer. Brian is very comfortable if he has the information on June 15th. His only issue is he has to hand calculate the elderly tax credit and he can do that in three or four days. So, he has talked to the people who print and mail and he said by June 15th there is no issue.

Discussion.

Mr. Labieniec brought up the ad hoc meeting for review. Let's set the date now. After discussion, **June 8th, 2017** was decided upon.

Mr. Brumback explained you can actually reject your previous budget. The big challenge here is not as much the dollar amount as

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the structure. Restructuring the budget is something you may want to seriously consider.

Discussion.

Mr. Moise made a motion to table the item which Mr. Pocock seconded. Motion passed unanimously on a voice vote.

IV. Old Business

1. Approval of Minutes of March 29, 2017 special meeting

Mr. Pocock made a motion to approve. Mr. Coleman seconded. Motion passed unanimously on a voice vote.

V. Assess current financial state of the town

1. Presentation of Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2016 by Vanessa Rossitto, Partner for Blum Shapiro & Company P.C.

Ms. Rossitto presented the Comprehensive Annual Financial Report (CAFR) and reviewed the required communication from Blum Shapiro to the Board of Finance letter.

Ms. Leslie Zohl(sp) reviewed the state single audit, the federal single audit and the management letter.

Mr. Brumback thanked Vanessa and her entire team. They were a joy to work with. And, they were very helpful with Emilia. Emilia and her team also deserve a tremendous amount of credit for prepping it, getting it ready because when they did arrive they didn't have to hunt and search for stuff. Quite a partnership and we're grateful.

Ms. Rossitto said things get better every year. It is a pleasure to work with the town finance and the board of ed finance.

(Please refer to video recording or the bound copy in the finance department.)

2. Review revenues vs budget and

3. Review expenses vs budget

Ms. Portelinha reported on the spready sheet summary she had passed out to the members. Prior years taxes are currently about \$400,000 over budget. Interest on taxes are \$258,000 over budget. Our building permit and fees are about \$60,000 under budget. We've

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been pretty much on budget most of the year, however there was a little dip there.

Interest on investments is \$130,000. The sales tax sharing grant is \$100,000 above budget. Town Clerk fees are \$160,000 above budget. We got our final ECS payment and the number will be \$175,000 under budget. We were cut in that. As of this date we are not getting the LOCIP grant for \$283,000.

I have a note indicating we are going to be using some of the excess taxes and interest for the harvesting.

We still haven't received our big grant which is the municipal revenue sharing and we are expecting \$820,795. But we have heard no reason to believe it is not going to come in.

4. Review Capital Projects in Budget (Quarterly)

Ms. Portelinha noted the report was through March 31st. We're pretty well on target with all accounts. We are trying to close out the accounts as soon as we can and if we have excess funds, come to you in order to transfer them to other projects. We are doing fairly well with that as we have only a couple of projects that have been closed that have a little bit of money in them. We are constantly review these and trying to figure out when to close out to see if we extra money and if we can use it for other projects.

5. Sub Committee and Liaison Reports (Emphasis on financial aspects)

A. Sewer Committee (John Moise)

Mr. Brumback reported on the meeting which was held today. We're at about 60% design for the facility upgrade. That is continuing to proceed very nicely. We've implemented the permanent odor control which is called a Vapex system. It was about \$130,000 but that is offset by some savings we'll have in some chemical scrubbers for the upgrade project.

We are in the process of completing the South End Pump Station for a little less than \$1 million.

The next big ticket item is the Miller Farms where we are going to replace the sewer line. That looks to be about just short of a \$1 million project.

Discussion of the odor issue which is going very well. We haven't had any odor complaints in several months.

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B. Public Works Committee (Ed Pocock & Jim Coleman)

Mr. Pocock stated bulky waste has been real busy having one day with 900+ cars. They're doing a great job down there.

Highway department has the road manager program. Crack seal starts on May 22nd. Chip seal starts around July 5th. All roads being done are listed on the town web page.

Highway department has done winter clean up and most of that is curbing. They've started replacing the curbing. Sweeping is coming. They'll be doing downtown on a regular basis.

At Memorial Park, they are getting ready to put in the splash pad which is very popular. That'll work out really well.

West Center Street has one way traffic controlled by lights. It seems to be working good. They had a little sun glare but it's been worked on.

Spring Street Bridge is going to RFQ.

And, 427 Pleasant Street, the only thing standing is the house.

And, the Grosky Property on Berlin Street is next.

C. Calendar House Building Committee (Garry Brumback)

Mr. Brumback said the Calendar House is under construction. They ran into a minor contamination problem in the storm drain pond behind it. They found asbestos. They cleaned it up for about \$6,000. It should not have any overall impact on the budget.

D. Open Space Committee (Ed Pocock)

Mr. Pocock commented we have a lot going there. We looked at a couple of pieces of property but we've not come to a decision. We don't have that kind of money right now. Open space is also on the town web page. There is \$918,000 in the open space account.

Mr. Moise brought up the Grosky property and it looks like everything is overgrown over there. Mr. Brumback said the council just approved leases and that's going to be hayed and it will be cleaned up as soon as the demolition happens.

E. Self Insurance Committee (Joe Labieniec & John Moise)

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Mr. Labieniec reported the meeting was cancelled. We have results through March. We were \$110,000 under budget in March and \$850,000 for the year. Still three months to go and insurance is unpredictable. We like our position.

F. Investment Committee (Jim Coleman & Kevin Beaudoin)

Mr. Coleman advised as of the end of March, the first quarter, we had total cash on hand just over \$76 million. And, of that, total short term cash would be about \$62 million. And, we have investments that represent 59 different holdings, primarily FDIC insured CDs that account for \$13.9 million. We anticipate a little north of \$207,000 in interest off of those.

G. Parks Board Liaison Report (Kevin Beaudoin)

Mr. Moise stated in looking through the BOE Minutes, he came across the Turf Committee and they have raised to-date \$126,000. We always ask about this and I happened to see this. At least that is moving in the right direction. They're looking at advertising and working with the Chamber of Commerce to bring in more money for the replacement when need be.

H. Economic Development Strike Committee (Jim Coleman)

Mr. Coleman said the meeting was cancelled due to lack of quorum.

I. Other Committees

None.

6. Board Communications

None.

VI. Public Communications

Arthur Cyr, 103-105 Berlin Avenue. Spoke about the budget put forth to the town council. The Governor and legislature are going to give us a proposed budget in June and then in October and December and January, February and March they'll cut it like they have every year for the past three years.

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Reminder, if we don't get a state grant for \$2 million, it shouldn't go to the department that was going to get. We should be holding back this money. Simple as that.

Discussion.

We use the word transparency. I love your Agendas. Page 2 says exactly what you are harvesting. If you want to see cost savings and the BOF's action, read Page 2, April, May & June. You will see what a great job our BOF and local town government does in harvesting money and saving taxpayers' money.

Thank you all again. Keep up the good work.,

VIII. Review Long Range Plan and Priorities

1. Review status of LRP items in current fiscal year budget

1 2. Strategy Discussion- Budget timeline

Discussed previously.

IX. Conduct Administrative Business

1. Consent Agenda

A. Appropriation Operations	\$ 220,952	*	Board of Education -
B. Appropriation Programs	\$ 690	*	Youth Services - Outside
C. Appropriation Kloset	\$ 850	*	Youth Services - Kristen's
D. Appropriation Donations	\$ 300	*	Police Dept. - DARE
E. Appropriation Programs	\$ 390	*	Youth Services - Outside
F. Appropriation Kloset	\$ 914	*	Youth Services - Kristen's
G. Appropriation	\$ 5,000	*	Fire Dept - Extra Duty

Mr. Moise made a motion to remove Item G of the Consent Agenda. Mr. Pocock seconded. Motion passed unanimously on a voice vote.

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Mr. Beaudoin made a motion to approve Items A thru F on the Consent Agenda. Mr. Coleman seconded. Motion passed unanimously on a voice vote.

1. Managers Memos

G. Appropriation \$ 5,000 * Fire Dept - Extra Duty

Mr. Moise stated in all of the consent agenda items there is money that has been placed into the system. In this case, I'm concerned and maybe it's changed, but it says: West Haven Reimburse Southington. Have they reimbursed us, yet?

Ms. Portelina said she didn't believe it has been received, yet. This is similar to police extra duty where we bill them and then they pay us. We usually budget to start them off, \$5,000 in the revenue and \$5,000 in the expenditures. If they do more work that they'll bill out for, then they come back to request the additional appropriation with the revenue to match.

Mr. Moise said he didn't think this item should be on the Consent Agenda base on the fact that the money is not there, yet. That's why I wanted to pull this one out.

Discussion.

Mr. Moise made a motion to approve. Mr. Beaudoin seconded. Motion passed unambimously on a voice vote.

1. Transfer \$ 1,500 Human Resources - Medical Services

Transfer \$ 1,500 Human Resources - Legal Serices

Transfer \$ 2,000 Human Resources - Dues & Conferences

Mr. Coleman made a motion to approve. Mr. Pocock seconded. Motion passed unanimously on a voice vote.

2. Transfers \$ 91,898 Fire Dept - Overtime Pay

Mr. Moise asked to have the Fire Commission Chairman and the Acting Chief come up to answer questions.

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Acting Fire Chief Eric Heath explained this transfer is for overtime pay. It's come out of a series of accounts. The largest from the salaries account and that is based on retirements. We were able to harvest some funds internally to offset the cost of our projected overtime. We are deferring some projects to next year.

Mr. Moise commented on the transfer list. He was concerned about the firefighter equipment for \$10,000 and the SCBA and face masks for \$2,000 and equipment and furniture for \$5,000. Here is why, we do a budget every year and we look at the line items. We get to the safety issues of the department and we say we have to leave that there because we want to make sure they have their equipment. At the end of the year, it is not an issue any more as far as safety and I believe it is. Unless the money is not enough to pay for something and you're using the excess and that would be different.

Acting Chief Heath explained the SCBA masks. We budgeted enough. Based on our projections of incoming volunteers, we will have that money left over. We have an apparatus fleet and equipment committee, as well as a personal protective equipment committee that goes through our equipment to make sure it is up to national standards and safety is paramount.

Discussion.

The fire equipment line of \$10,000 was discussed. It could be hand tools, axes, forcible entry tools, basic fire fighting equipment used on a daily basis. I am comfortable with this transfer, noted Acting Chief Heath.

Discussion.

As of two weeks ago, you were in the negative on the overtime. Normally, because of the department of labor, it overrides. The line item should never be in the negative.

Mr. Brumback interjected part of the problem is last month's meeting was cancelled. This is two months. Mr. Moise said if there is a situation like this, we should be made aware of it.

Discussion.

Mr. Moise asked, more for the June meeting, when I read your Minutes for the Fire Commission, I don't see any discussion of how to lessen overtime. You are missing a battalion chief. So, my logic, if you are trying to mitigate the overtime for your position, then if you're the Acting Chief, you open up a battalion chief, then why not move it up the ladder to have an acting battalion chief to offset that overtime and bring it down to the level of where the fire fighter is the one where you have more of them than the battalion chiefs. Acting Chief Heath explained we do have an acting

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batallion chief, a captain is on most chiefs unless it is my position which is being backfilled with overtime vacancy money.
Discussion.

A futue appropriation for overtime pay was discussed.

Mr. Pocock said this whole team has gone out of our way to insure the safety of the department men, the equipment, et cetera. I understand where Mr. Moise was coming from. In June, we will get into hard tacks here to get things rolling in the right direction. When it comes to safety for these ladies and gentlemen, this board has always been behind the fire department. Acting Chief Heath said he was well aware of that and supportive of that.

Mr. Moise asked about the \$198,217, does that include the \$91,000? Acting Fire Chief Heath said the \$91,000 will drop that number down.

Mr. Brumback was asked: After toniht and we approve the \$91,000, you're going to have \$4,000 in that account. Should we migitage that right now so they have the money? Mr. Brumback said you can and you probably should.

A transfer from contingency was discussed.

Acting Chair Labieniec stated it is \$136,898 and we're saying \$91,898 from all accounts identified in the letter and \$45,000 from contingency.

Mr. Moise made a motion for the transfers of \$91,898. Mr. Coleman seconded. Motion passed unanimously on a voice vote.

Mr. Moise made a motion for \$45,000 out of contingency to the overtime account. Mr. Coleman seconded.

Mr. Moise reitterated we have other departments looking for money. We're taking this out of contingency and we have to be careful going forward. Whatever you guys can do to look at the call backs and stuff. That's a June discussion.

Motion passed unanimously on a voice vote.

3. Appropriation	\$ 40,000	Fire Dept - Volunteer
Firefighters		
Appropriation	\$ 4,453	Fire Dept - Stipend

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Acting Chief Heath explained the \$40,00. And, \$34,570.64 is already a shortfall due to the restructuring of the reimbursement program. We had a complaint to the department of labor. It equates to two years of back pay to the volunteer fire fighters. They were paid an hourly wage and they should've been paid a minimum wage.

Discussion.

Mr. Brumback further added this was a required settlement by the department of labor.

With increased call volume, we are looking at an increased participation rate from our volunteers commented Acting Chief Heath. That number is growing.

Mr. Moise noted the stipend line is another line with a negative. Mr. Brumback said this fixes that and provides them with what they need for the rest of the year.

Mr. Coleman made a motion to approve. Mr. Moise seconded. Motion passed unanimously on a voice vote.

4. Transfer \$ 6,900 Police Dept - Building
Maintenance

Mr. Moise made a motion to approve. Mr. Coleman seconded. Motion passed unanimously on a voice vote.

5. Transfer \$ 5,600 Police Dept - Clothing Allowance

Mr. Beaudoin made a motion to approve. Mr. Coleman seconded. Motion passed unanimously on a voice vote.

6. Transfer \$ 1,000 Town Hall - Building Maintenance

Mr. Pocock made a motion to approve. Mr. Coleman seconded. Motion passed unanimously on voice vote.

7. Transfer \$ 2,000 Police Pension - Supplement
Wages

Mr. Moise made a motion to approve and Mr. Coleman seconded.

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Ms. Portelinha explained the procedure in doing an evaluation every three years of the retirees to calculate the COLAs for retirees. An estimate needed was \$5,200 per month when in actuality we needed \$5,950 per month. We needed the \$2,000 to get us through the fiscal year.

Discussion.

Motion passed on a majority voice vote with Mr. Pocock abstaining.

8. Transfer \$ 1,200 Misc - Tuition Reimbursement

Ms. Portelinha explained we have more employees who are interested in going back to school so we need money in that account. Mr. Brumback felt this was a good thing.

Mr. Beaudoin made a motion to approve and Mr. Coleman seconded

Mr. Moise pointed out we have a human resources department and in most companies human resources takes care of tuition reimbursement. I would hope that we could go in that direction. Then we can make sure the people that need to go are getting paid properly at the right time. Mr. Brumback agreed.

Motion passed unanimously on a voice vote.

9. Transfer \$ 7,000 Unemployment Compensation

Mr. Moise made a motion to approve. Mr. Coleman seconded. Motion passed unanimously on a voice vote.

10. Transfer \$ 40,000 Environ. Problems - Legal

Mr. Beaudoin made a motion to approve. Mr. Pocock seconded.

Mr. Brumback advised this is a direct result of DEEP challenging us and Bristol. There was a plume identified at the old DePaolo landfill. Our position was this was coming from Bristol's landfill which is adjacent to ours. And, DEEP made us prove it. This is the environmental work and legal fees necessary to prove that it was not from our land fill. Had it been from our landfill, it would've been substantially more expensive. We were not counting on this. It popped up last fall.

Discussion.

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Motion passed unanimously on a voice vote.

11. Transfers \$ 21,725 Police Dept - Overtime

Mr. Moise made a motion to approve. Mr. Pocock seconded as did Mr. Coleman.

Mr. Moise commented on the completeness of the information we receive from the police department.

Motion passed unanimously on a voice vote.

12. Transfer \$ 2,550 Central Dispatch - Overtime

Mr. Moise made a motion to approve. Mr. Coleman seconded. Motion passed unanimously on a voice vote.

13. Transfer \$ 5,000 Environ Problems - Contractual

Mr. Moise made a motion to approve. Mr. Pocock seconded.

Mr. Brumback advised this is a new requirement that became effective after we had put our budget together. It came out of legislature that was due this year. It's a permit which requires us to evaluate our stormwater management plan. We found out about it after we had already done the budget.

Motion passed unanimously on an voice vote.

14. A. Transfers/Approp\$ 150,000 Capital Budget - Town
Wide IT Infrastructure

B. Transfers/Approp\$ 150,000 Capital Budget -GIS System

C. Transfers/Approp\$ 120,000 Capital Budget - Pave Fire
Co 2 Parking Lot

D. Transfers/Approp\$ 186,500 Capital Budget - Vehicle
Replacement

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E. Transfers/Approp\$ 130,000 Training Room	Capital Budget - Police
F. Transfers/Approp\$ 139,565 Upgrade	BOE-Capital-SHS Elevator
G. Transfers/Approp\$ 220,000 Off Truck	Capital Budget - Used Roll
H. Transfers/Approp\$ 22,000	Capital Budget - Pugmill

The total is \$1,118,065.

Mr. Beaudoin made a motion to approve A thru H. Mr. Moise seconded.

Mr. Brumback explained each item. He noted each has been approved in the past in the capital improvement program. This is just one means by which we fund the capital improvement program. The three ways are we harvest funds and pay cash if there are funds available at the end of the year.

The second way is we get grants or we budget for them. And, lastly, we bond them.

Ms. Portelinha said this in the budget under first year and it indicated how we would fund this. We were hoping to find the funds to fund the projects and we did.

The GIS system item was discussed.

As to the elevator, the upgrades were discussed with Ms. DiNello. She noted the entire hydraulic system is in need of replacement. The town will work with the BOE on bidding this project. This is an estimate and if we don't need it, we won't spend it.

Further discussion.

Mr. Goralski praised Mr. Romano for his work in looking for the best opportunity to get the best outcome.

Discussion of the elevator and its dangerousness at this point.

Discussion of what a pugmill is.

Discussion on the parking lot for fire Company #2.

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Ms. Portelinha asked for the BOF's permission to allow her some leeway if she finds some of the accounts we are harvesting from might be a little off and if I change the accounts a little bit, it will be those that are listed and you will be given the final paperwork showing any changes. Everyone agreed.

Motion passed 5 to 0 on a roll call vote.

15. Appropriation \$ 450,000 BOE - Operations

(Please refer to the video presentation for the full one hour long discussion.)

Brian Goralksi, BOE Chairman, referred to the original correspondence of May 6th, 2017. (Read correspondence)

This is an unfortunate and untimely situation. Mr. Connellan provided follow up which details the items that caused the situation to occur. We've been harvesting from our budget for years and at the end of the year we make a spending plan and we return to you after we make our last payroll. We are obligated by law to have a balanced budget. We usually harvest from supplies and material accounts. We hold back 25%. This usually covers several transfers and covering of shortfalls.

This year, I gave you a hard copy of a memo which details the special education shortfall that caused the situation.

The amount we get from the state for special education is not what is promised by statute. (See today's memo which was handed out to the board members.)

Explained the unforeseen circumstances with students this year. This year what we projected for students and what we ended up this year for students and some of the severe needs is in the memo.

At the last BOE finance committee meeting, we learned that we were in a deficit situation. A hard freeze was put on by the administration. We thought it would be proper to come to you at this meeting with the information as to where our budget stood at this meeting. The hard freeze is referenced in the initial letter and we were able to harvest \$320,000 to put towards our deficit. That didn't cover the shortfall in special education.

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That being said, we have the request before you tonight. Special education alone exceeded \$650,000. It's that detail in the reasoning behind it.

We're here for what you need to know. It is complicated, it's unfortunate and we're here for what you need to know.

Superintendent Tim Connellan gave a presentation on special education needs. He walked through the memo he had prepared for the BOE. It is an overview with some specific detail. (May 9th memo.)

He touched on and explained out placed accounts, audiological and legal services accounts.

Discussion followed on amounts the state took away from special ed with the realignment with Ms. DiNello. In February it looked like they'd be paying us about \$0.75 on a dollar. Our reduction from what we'd thought we'd get in February for the May payment was another \$78,500.

She clarified the state should be paying for the overall excess cost reimbursement, if they fully funded it, would be \$2.5 million. We're receiving \$1.9 million because they have capped the amount they are going to pay us this year at 75.43%. If they fully funded out special education out based tuition costs like they should, we'd be receiving \$627,000 more and we wouldn't be here in front of you today.

Discussion.

Agency placed students were discussed. The state is supposed to pay us back every dollar we spend over one times the per pupil. But they are capping it at 75.4%.

Discussion.

Local agency placed students were discussed. We have to spend 4.5 times the per pupil expenditure before we reach the threshold of where the state will pay us. So, 16 times 4.5, every dollar over that, we should be receiving money from the state but they then have capped that at 75.4%.

We are going to spend close to \$4.8 million in outplaced tuitions and we're going to get \$1.9 million.

Discussion.

The budget number in 16-17 is \$1.6 million. We had anticipated to spend \$3.7 million for outplaced tuitions and receive \$1.6 million back therefore costing us in our outplaced tuition account \$2.1 million. That's what we thought the net cost was going to be.

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In actuality, instead of spending \$3.7 million, we planned to spend \$4.8. We are going to get more money from the state because we spent more money. Instead of \$1.6, they are going to give us \$2 million but our costs went up \$1 million. So we are collecting more money for that --- they pay on how much we spend. They're not paying us back every dollar that we spend.

Acting Chair Labieniec refered to the last paragraph in the letter just received tonight. I think it is not the full story. It doesn't give the full explanation that you are giving right now. As written, it is saying we're eligible to receive \$2.55 and we're only getting \$1.9, which is \$600,000 under. But technically, we are getting more than we budgeted for. You are saying the costs are higher and I'm saying I don't think as written, this really gives the full explanation.

Ms. DiNello noted in this conversation we are only talking about our outplaced tuition account.

Our overall special education budget is actually \$1 million this year. We have about \$300,000 in our regular ed budget achieved by harvesting as Mr. Goralski stated before and the freeze in place. We are trying to offset a total \$1 million deficit in the special ed budget to get to the number we are asking for in the appropriation today.

Further clarification on the numbers between Acting Chair Labieniec and Ms. DiNello.

Ms. DiNello walked through the numbers again for the BOF members. (See spreadsheet)

Further discussion between the BOF members and Ms. DiNello regarding the numbers projected and in reality.

Mr. Moise was trying to follow through the BOE meetings what was going on but some meeting Minutes were missing. (February 23rd and March 9th) My point is I was trying to investigate how we got here. Knowing something earlier is always better. Ms. DiNello said she didn't take this request in front of you lightly.

Discussion.

The main issue the finance committee of the BOE has is the unknown of what we are going to receive for funding and what the cap will look like.

Discussion.

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The total number of students claimed to the state as of right now for outplacement tuitions is 66 versus the 48 we had anticipated claiming explained Ms. DiNello.

Mr. Coleman asked Mr. Connellan to speak to the conversation we had a year or so ago where the BOE was going to effort reducing that number significantly in various ways and what has been accomplished and any benefits.

Discussion.

Ms. DiNello stated in trying to think of what we would do if we didn't receive the money and having to meet payroll and tax obligations and outstanding purchase orders, the only place she could come up with if she were short is that she would be in a position not to be able to fully fund the self insurance fund. That's not something she wants to do.

Discussion.

That is in the letter as an option. If you did not feel you were in a place financially to make the appropriation, it is really the only other thing we could not. Not fund our self insurance obligation.

Mr. Moise said the big problem right now is the state. You know they're facing a deficit and that's going to come down to us. And, the \$175,000 the town has already taken a hit on, on a negative. It's difficult.

Mr. Moise said another concern is, because it's an appropriation, so whatever ends on June 30th of this year, say it's \$90 million right now and we add the \$450,000, does that mean that the \$90,450,000 is your starting point on July 1st.

Discussion.

Discussion of the MBR calculation.

Mr. Brumback interjected that the answer is "yes". It is the budget plus any appropriations through the year.

Ms. DiNello said if the concern is an MBR one, another option potentially could be instead of giving the BOE an appropriation, potentially move money directly into the self insurance fund or change the funding amount and then it wouldn't have impact on our budget. We would reduce our funding structure if you are worried about MBR. Just an alternative.

Discussion.

Mr. Labieniec went over the timeline. He said tht in February you had the indication of what the delta was going to be

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there. From a communications standpoint and our board being notified and aware of this, we had our budget workshops in March. This has an impact on this fiscal year and the next one --- not just for MBR purposes but overall. From a communications standpoint and when the BOF should have been alerted to this an we could have had a discussion, what are your thoughts on that.

Ms. DiNello replied the update was given to the finance committee of the BOE was thru March 31st. She had not sat down with all the different departments until she finished the update thru March 31st which is prepared for the meeting in April. In the past, we have always been able to absorb shortfalls in the special ed budget in a variety of areas. This was the first time, when I put this together that it became evident to me with a multitude of issues we were short. Because the majority is in special ed, trying not to complicate the request in front of you, I did not feel comfortable that I was in a place where we would need an appropriation during the month of March through our workshops.

Discussion.

Mr. Labieniec referred to comments in the memo from Chairman Goralski regarding a hard freeze implemented in the begiing of March which were then discussed and corrected. He said the BOF should've been notified of this in terms of communications.

Discussion.

Mr. Goralski pointed out that by state statute, the BOE is fiscally responsible for a deficit they incur.

Discussion.

Discussion of what would happen if the BOE did not make a self insurance payment. Mr. Brumback said somebody is repsonsible but we could bridge it with an undesignated fund balance in the self insurance account. Ms. Portelinha advised the town would accrue a payable to the insurance fund and they'd have to pay it July 1st.

Mr. Moise brought the electricity and gas and how it relates to the solar panels. I thought we were going to save money. Ms. DiNello said in developing the budget they were going to use the projections provided by Titan Energy. They certainly had some unknowns. We had two middle schools fully up and running at full capacity this school year. The Noresco project was going to have the measurement period beginning. The rational received from Titan when I shared my concerns in March, April about where we were going with electricity was that we didn't start realizing some of the savings anticipated early enough.

The solar savings at a school like South End or Plantsville, were taken into account in the budget. That is not

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going to help a shortfall at the two middle schools or the high school. That's why we are in this position.

Mr. Moise stated that in light of all of this information and a lot of unknowns and what is going on with the state, I need more time to digest all of this information.

Mr. Labieniec discussed the appropriation versus the self insurance. We all have MBR questions on how we can do it. We have another month and a half left in the fiscal year. When you look at that \$450,000 number, are there areas where that can possibly be reduced? Or is it your opinion that we need a \$450,000 appropriation? Can it become anything else other than \$450,000?

Ms. DiNello responded of course it can. It can become \$400,000 or \$500,000. I'm being honest. We have some projects we can put off. We have to look at the risk of putting those projects off. Those are conversations that are happening.

Mr. Coleman thanked the BOE representatives for their advocacy for the BOE. The town is lucky to have all of you. You all act in the best interest of the BOE. Very respectable.

Mention was made of the word "harvesting". I'll give you two more words to think about: resize and rightsize. We all want to provide every child in this town the best education possible given the economic climate we are faced with.

What I'm talking about is thinking through your operation and how you can provide the best of the best within the context of the difficult times that we have. If we are being pushed because of contractual obligations relative to salaries at the top, when you go into negotiations you keep rightsizing and resizing in your head. You mitigate that pressure that we have. Rightsize or resize relative to the condition of today.

What we're looking at is going to be magnified significantly in the next few years. The mistake government makes is they don't react until it hits them in the face.

Keep the idea: harvesting, resizing and rightsizing. Rightsize given the conditions.

Mr. Moise said in light of all of this information and what is going on with the state and the more time like the town budget and there is an option here as presented by the BOE, I would like to table this to our next meeting and hopefully there'll be some savings somewhere in the BOE to take that \$450,000 downward. We'll

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have a better idea of what is going on with the state. I would respectfully make a motion to table this until our next meeting.

Mr. Pocock seconded.

Mr. Pocock commented he appreciated the information provided. We have another meeting coming up and use our discretion with the ideas given to us.

Motion passed 5 to 0 on a roll call vote.

2. Discuss and select auditor for the fiscal year ending June 30, 2017 audit

Mr. Brumback made the recommendation for Blum Shapiro in light of the letter received and the outstanding job they've done. Terrific relationship. They have two more years to their contract and they've only increased their fee by \$1,000.

Mr. Coleman made a motion to approve Blum Shapiro as the auditor. Mr. Beaudoin seconded. Motion passed unanimously on a voice vote.

IX. Meeting Adjournment

Mr. Coleman made a motion to adjourn. Mr. Beaudoin seconded. Motion passed unanimously on a voice vote.

(Whereupon, the meeting was adjourned at 9:25 o'clock, p.m.)

* Represents funds received or to be received that were not budgeted, therefore no effect