TOWN OF EAST HADDAM
Board of Finance
Meeting Minutes
June 14, 2021
Municipal Office Building Rooms 1 and 2
And zoom

CALL TO ORDER

Chairman DiCristofaro called the Board of Finance meeting to order at 7:00 p.m. The pledge of allegiance was recited.

Participating:

Board of Finance Members
- William DiCristofaro, Chairman
- Bruce Dutch, Secretary
- Joe Corbett
- Todd Gelston
- Tracey Gionta
- Harvey Thomas

Others
- Dawn Barlow, Chairman, Library Trustees
- Debra Denette, Town Clerk and Board of Finance Recording Secretary
- Robert Smith, First Selectman
- Patricia Stricker Board of Education, Chairman Business and Planning
- Cindy. Varricchio, Finance Director

Mr. DiCristofaro welcomed those in attendance and thanked them for coming. He stated that he would like to amend the agenda to move the Board discussion on the budget to follow Guests and Audience Comments.

Motion by Mr. Gelston, seconded by Mr. Corbett, to amend the agenda to move Board Discussion to item 2c. It was unanimously approved. Motion carried.

2021-2022 BUDGET

a. Budget Review

Mr. DiCristofaro provided opening comments and thanked all that were involved in the process of creating the Town's budget. He stated that the failed referendum sent a clear message but noted that it can be very disruptive to a municipal government. He discussed the American Rescue Plan (ARP) grant program and advised that the majority of funding the Town received by way of ARP grants cannot be used for operating expenses

Mr. DiCristofaro stated that the Board of Finance (BOF) is committed to reducing the budget and stated that he had met with the Chairman of the Board of Education (BOE) and the First Selectmen and requested they recommend where to cut their respective budgets. He noted that it not the intention of the Board of Finance to cut staff.

Mr. DiCristofaro encouraged the public to provide constructive, polite feedback on items that will help pass this budget.

b. <u>Guests and Audience Comments</u>

The following comments were discussed at the meeting:

- David Carbo stated he would like more transparency in the Town's communications regarding its budget and noted the lack of detail in Cleargov and the delays in having notations from the public posted. Mr. DiCristofaro advised that this is the first year the Town has had Cleargov up and running and it will take a while to fully implement the program but the goal is to provide more information to citizens.

  In response to additional comments made by Mr. Carbo, Mr. DiCristofaro provided information on how the Town's long-range capital planning takes place.

- Dawn Barlow expressed her support of salary increases for the library staff and reviewed the Finance Director's pie-chart showing the impact of salary increases on the Town's overall budget.

- Debra Denette stated that the Board of Finance should not be surprised by the lack of input from the public during the original Budget Workshops because it appeared that the Board was on-track for a zero-mill rate increase until the last hour when they moved away from that goal.

- In response to comments from Susan Ross, Mr. DiCristofaro advised that lease programs for Town equipment are entered into when appropriate. He also noted that the $150,000 to update and expand the A/V camera system in the Municipal Office Building meeting rooms is a placeholder spread out over 10 years.

  Mr. DiCristofaro addressed concerns raised by Ms. Ross and again explained how the Town's capital projects forecast is developed. In response to Ms. Ross' suggestion to charge non-residents for the use of Town amenities, he advised that the Board of Finance had considered that in the past and found that the impact it would have on the budget would be negligible and a more productive way to stabilize the budget was through increasing the grand list.

- In response to a concern raised by Mr. Paul Buhl, First Selectman Smith advised that the salary survey was not subject to the FOIA because it is a working document.

- Ms. Kim Dodge expressed concern with what she believed was a lack of transparency in the creation of the budget. She also stated that she did not feel surveillance cameras are necessary at the Transfer Station.

- Mrs. Patricia Stricker identified herself as a citizen and a member of the Board of Education (BOE). She reviewed a number of factors, including state and federal mandates, that impact the BOE budget, and noted that many of their expenses are fixed and others are not within their control. She noted that the Board had done an analysis of 18 comparable school districts and the East Haddam budget fell within the mid-range and East Haddam teachers' salaries are on par with the other districts. She stated that the BOE started with a 9.7% increase and ultimately reduced it to less than 4%.

- Mrs. Linda Stuhlman stated that she respected the work of the volunteers but stated there was a need for transparency in the budget. In response to Ms. Stuhlman's expressed concern regarding a number of capital items, Mr. DiCristofaro reiterated that the items she identified would in the capital expenditures projections and were not included as part of the 2021-2022 budget. He noted that the Town's forecast for capital expenditures, is just that, and not a guarantee that the purchase/project will get funded. He also stated that, in the spirit of transparency, she could speak with any member of the BOF about any of her questions/concerns about the budget.

Mr. DiCristofaro noted the time and stated he would like to move to the BOF's discussion and then return to Public Comments as time provides

Budget Discussion

Mr. DiCristofaro stated that approximately $550,000 would need to be eliminated from the budget to achieve a zero mill rate increase budget.

Mrs. Varricchio advised that additional revenue of approximately $64,000 is coming from the state for educational cost sharing and changes in the pilot program. She also identified savings of $48,863 from a lower than anticipated bill for Resident State Trooper services, reduced expenses in the Public Works–General Highways budget line, and eliminating the increase in the First Selectman's salary.

Mr. Smith suggested a number of cuts to capital items in this year's budget totaling $254,907. In response to an inquiry from Mr. DiCristofaro, Mrs. Varricchio stated that the cuts in the capital budget plus the reductions in operating expenses and the additional revenue noted above brings the budget gap down $150,000.

Mr. DiCristofaro noted that the proposed salary increases in the budget are one of the main concerns of the public and, in response to his request, the First Selectman reviewed the impact of the following proposed salary increases: 14 library and senior services hourly positions added $14,822 to the 2021-2022, and increases for five professional non-union staff added

$11,656 to this year's budget. He noted that additional increases would be required in the next two budget years to bring the positions up to the minimum range in the survey.

Mr. Smith reiterated that the Board has already removed the proposed increase to the First Selectman's salary and noted that none of the positions above were being paid at the mid-point range in the survey that the Town had commissioned and, in fact, several were significantly below the minimum range. Mrs. Varricchio noted that the library raises are based on an analysis of the American Library Association and were not part of the survey conducted.

Mr. Smith reviewed the annual stipends for elected officials and, responsive to an inquiry, confirmed that the elected positions were only receiving cost-of-living increases.

Mrs. Varricchio stated that due to the revisions discussed and other assumptions, the budget gap had been further reduced to approximately $75,000. In response to a query from Mr. DiCristofaro, Mr. Pisciotti stated that the Board of Education could reduce its budget by $50,000 without impacting student services. Mr. DiCristofaro noted that he believes the remaining $25,000 could be absorbed by the Town's fund balance.

In response to Mr. DiCristofaro's request for feedback from the Board, the following comments were made:

Mr. Thomas reviewed several of the budget reductions being considered and expressed concern that eliminating or deferring some of the items being discussed may be shortsighted. He stated that the Town will get a short-term gain of achieving a zero mill rate budget this year but everyone should understand that the issues will not go away and will need to be addressed in future budgets.

Mr. Corbett agreed with Mr. Thomas' comments but stated that the Board of Finance members are servants of the community and he recognized that a clear mandate was issued. He stated that the cuts may be difficult, but they are necessary.

Mr. Dutch concurred that the Board needs to listen to the people. He noted that there was a perception of expenses that did not translate to huge dollars but stated that he is fine with cutting them to get the budget passed. He also recognized a need to pay employees a fair salary and noted that the Town will have to address the wage discrepancy sooner or later because when people leave or retire, the wages will have to go up to attract good talent.

Mr. Gelston requested that the summary of cuts and mill rate calculation be displayed on the screen for the public's benefit. He also noted that the items being eliminated could remain in the budget if the Town extended the road maintenance plan from 10 to 12 years. Mr. DiCristofaro noted it was up to the Boards of Selectmen and Education to recommend where to make the cuts and confirmed that the proposed salary increases for certain hourly and professional/non-union positions are still in the budget. Ms. Varricchio emphasized that the increases still do not bring the wages up to the minimum rate in the salary survey and that additional increases in the subsequent two budget years would be required to do that.

Mrs. Gionta summarized the changes to the budget that were discussed at the meeting and Ms. Varricchio provided clarification of the impact of the changes to the budget. Ms. Gionta stated that the BOE budget represents 60% of the total budget and since the Town portion is being reduced by $295,000 it was her opinion that the Board of Education should absorb the remaining gap of $75,000.

Mr. DiCristofaro reviewed the points raised by the BOF members and the consensus of opinion was to keep the road maintenance plan on a 10 year cycle, to hold the BOE cut at $50,000, and not spend additional fund balance.

Mrs. Varricchio reviewed the mill rate calculation and emphasized that, due to growth in the Town's grand list, the budget shows 1.4% increase in tax revenues even with a zero mill rate.

Mr. DiCristofaro again solicited comments from the audience.

Mr. Pisciotti expressed his appreciation of the work of the Board of Finance and relayed the Board of Education's continued willingness to work cooperatively.

In response to a question raised by Mrs. Quinn, Mr. Mansfield, Chairperson of the Municipal Facilities Building Committee, clarified that the committee had approved $42,000 of unexpended funds in their budget be used for technology upgrades at the Municipal Office Building. Ms. Varricchio confirmed that the upgrades were completed and are not in included in this budget.

Mr. Carbo asked where the Board stood on providing additional clarity on its budget, similar to what is done in Haddam and Mr. DiCristofaro and the full Board indicated that full disclosure is always the goal. In response to another question raised by Mr. Carbo, Mr. DiCristofaro advised that $100,000 for outside professional services was deliberated by the Board as a contingency for the Centerbridge project. He noted; however, that the Board had decided not allocate it to budget unless/until there is a positive vote at the referendum on the project.

In response to a question raised by Linda Stuhlman regarding the non-COLA raises, Mr. DiCristofaro clarified that, in addition to raises for hourly staff, there the following exempt, non-union positions will also receive salary increases: First Selectman's Executive Assistant, Senior Center Director, Director of Recreation, Land Use Administrator and Library Director.

Mrs. Denette suggested, that in the interest of transparency, salary information both before and after the proposed increases be provided to the public. Mrs. Varricchio stated she will be making updates to the budget book and she expects that that information will be available on the website by the end of the week.

Meg Dedman thanked Mr. DiCristofaro for the great diplomacy that he has shown throughout the process.

Bill Barney opined that the budget failed not simply because of a mill rate increase but because of a lack of transparency and personal animus for some elected officials. He stated he feels the public still lacks clarity regarding the budget and suggested that the additional funding received from the state should be used to give a break to the people.

In response to a question raised by Susan Ross, Mr. DiCristofaro confirmed that the Town has a Recreation Director and that it is one of the positions receiving an increase.

Mr. DiCristofaro reviewed the following comments/questions which were received electronically:

Dan Hartley – Mr. Smith confirmed that the security camera equipment had been put out to bid. Mr. DiCristofaro noted that there were considerable increases to health insurance this year and fringe benefits for union employees had been negotiated as part of their contract.

Kate Haste – As a teacher in the district, Ms. Haste urged that no cuts be made to Board of Education staff as it will harm the students and the district.

Denise Dalton – Communicated her support of the BOE budget.

Susan Weaver and Peter Dean – Opined that it was not the BOE budget that had been controversial. Ms. Weaver noted several general budget items that she felt were unnecessary and urged the BOF to be "delicate" on the education side.

Denise Gable - Urged the Board to listen to taxpayers, cut the specific items that were noted as concerns, and leave the BOE budget alone. She noted that the rumor is that the BOE will be asked to cut $300,000 and expressed concern that a number of wonderful new teachers in the district would be the first to be cut. She stated that a town is only as good as its schools and opined that the East Haddam schools are really good.

Rob and Terry Gerrity - Raised concerns with the potential for cuts to student services and teacher and/or para-professional salaries.

Laurie D'Aquila – In response to questions submitted by Ms. D'Aquila, Mr. DiCristofaro responded, (1) that the Town has 55 full time equivalent employees, (2) elected officials, salaried employees, temp workers, and transfer station employees do not use the thumb print system; he noted, however, that the transfer station will be phased in soon and the Town monitors daily to ensure compliance.

Kevin Staehly – In response to several questions raise by Mr. Staehly, Mr. DiCristofaro stated (1) he could not provide information about the processes used in the selection of the vendor that created the salary survey because he was not on the BOF in 2007 when the vendor selection was made, (2) the use of the grand list, with or without commercial/industrial data, would not be pertinent in developing the salary survey, and (3) the Citizens' Guide to the Budget was designed as a tool to provide transparency and information to the public and, if the public

wants more detail in GAAP format, they could find it on the Town's website under Finance Department, Audits. Mr. Staehly also wrote that it is his opinion that the Municipal Facilities audio-visual system is sufficient but he expressed concerns about the Town's website and overall technology and recommended more oversight of and accountability from the vendors.

Mr. DiCristofaro closed comments for guests and audience.

c. <u>Vote to Send Budget to Public Hearing:</u>

Motion was made by Mr. Thomas to utilize $1,115,000 of the undesignated fund balance to offset the 2021-2022 budget and it was unanimously approved. Motion carried. carried.

Motion was made by Mr. Gelston made a motion to present to Public Hearing on June 29, 2021 at the Nathan Hale-Ray High School, a total budget of $36,369,367, based on the October 1, 2020 grand list of $903,786,404. This budget requires a zero-mill rate increase and a 1.4% tax increase. Mrs. Gionta seconded the motion.

Ms. Varricchio recommended that, for clarification purposes, "1.4% tax increase" be changed to "1.4% revenue increase" and the motion was reread as follows:

To present to Public Hearing on June 29, 2021, at the Nathan Hale-Ray High School, a total budget of $36,369,367, based on the October 1, 2020, grand list of $903,786,404. This budget requires a zero mill rate increase and a 1.4% revenue increase. The motion was unanimously approved. Motion carried

Motion was made by Mr. Dutch to adjourn at 9:27 pm. Mr. Gelston seconded the motion and it was unanimously approved. Motion carried.

Respectfully submitted,

Debra Denette
Recording Secretary