

Board of Finance
Special Meeting - April 6 2011
Minutes

Attending :

Board of Finance Members: Jim Meinhold, Lynne Vanderslice, Warren Serenbetz, Gail Lavielle, Andy Pforzheimer and Al Alper.

First Selectman Bill Brennan attended in his role as Ex Officio member of the BoF.

Call to Order:

Chairman Warren Serenbetz called the meeting to order at 7:34pm.

FY 2012 Budget Deliberation:

Mr. Serenbetz opened discussion by following up on new information submitted by the BoS regarding projected surplus numbers for the current year. The BoS is projecting savings of \$230,000 in operating expenses and projected additional revenue of \$465,000. This new information results in a mill rate increase of 4.899%.

Mr. Serenbetz stated his follow-up conversations with Mr. Bray and Mr. Brennan regarding the \$840,000 capital monies usage resulted in both boards opting not to accept the money for capital expenditures. The BoE, while having deferred maintenance for a longer time period than desired, doesn't want to fund these expenditures while potentially cutting other areas that would directly impact the education of the children. Likewise, the BoS doesn't want to cut operating expenses to fund projects.

Mr. Serenbetz suggested placing the \$840,000 into the General Fund and "flow it out" in steady increments over the 14 -year life of the money. Ms. Vanderslice agreed stating it keeps the integrity of not using borrowed funds to pay operating expenses. The anticipated amount would be \$76,000 / year.

Mr. Pforzheimer asked Mr. Brennan and Mr. Bray if they understood that by not using the money for capital it will not flow through to be used for other operating expenses. Both gentlemen acknowledged that was their understanding. Ms.

Vanderslice added she had already received positive feedback from the taxpayers after Tuesday night's meeting on using the bonded money for the schools so the decision by the schools to not accept the money may be met with disappointment.

The net result of the \$840,000 being placed back in the General Fund is that the mill rate model will stay at the 4.899% increase.

Ms. Vanderslice brought up the difference between what is being budgeted for the excess cost grant and the amounts that are projected to be received, stating that the \$355,000 difference is too much to ignore. Mr. Pforzheimer reiterated his belief that special ed spending is often a surprise so a surplus can't be counted on. Ms. Vanderslice stated the BoE has confirmed they are comfortable with their special ed budget and as such in her opinion she thought they would prefer to see the excess cost budget increased by the \$355,000 rather than endure an additional \$355,000 cut in the budget. Mr. Pforzheimer deferred to the BoE but reminded everyone it's a General Fund item.

Mr. Meinhold suggested budgeting the full projected grant in 2012 if everyone is comfortable using a 62% reimbursement rate. Alternatively, budgeting an additional \$80,000 in 2011 and \$200,000 for 2012. Mr. Serenbetz, Ms. Lavielle and Mr. Pforzheimer were all comfortable with budgeting the \$280,000. Mr. Alper was not comfortable because it means there is no longer a cushion in the budget to absorb increases. He preferred the \$200,000 number. The consensus was to take \$280,000 of the surplus now and incorporate into the 2012 budget.

Mr. Serenbetz began the specific mill rate discussion saying he was OK with a \$1.1 million cut to get to 3.5%. This thought is based on balancing tax increases at a reasonable rate with making deeper cuts than advisable. He believes 4% is too high.

Mr. Meinhold remained committed to a 4% increase. Mr. Pforzheimer said he was OK with a 3.329% increase if that resulted from \$1.1 million in cuts.

Ms. Vanderslice believes there are opportunities for savings from both boards. She gave two examples of possible savings: 1.) The consolidation of payroll for the BoS/ BoE and 2.) The BoE healthcare budget reserve cushion can be tweaked. Mr. Brennan indicated it's too premature to find surplus in payroll savings and the BoS should find savings, not the BoF. Ms. Vanderslice replied these were some

examples of savings opportunities she sees when thinking about the mill rate. She is still comfortable with a 3.85% increase.

Mr. Pforzheimer stated a 3% increase now means in 2013 and 2014 a less than 3% increase. He believes the presented budgets represent mostly one time adjustments and not a lot of structural or operational changes.

Ms. Lavielle stated she hopes next year will show movement on the teachers' contracts to get the structural costs down otherwise the budget can't be sustained. She was comfortable with a 3.329% increase.

Mr. Alper says the budget does include structural changes and is moving in the right direction. He wants \$1.4 million in cuts, which is the most he sees being cut but acknowledges it's still high. He would like to see the BoE implement a "pay for play" revenue opportunity, which would minimize much of the impact of the cuts. He believes 3.2% increase after \$1.4 million in cuts is reasonable because the taxpayers are already bearing a major burden of rising fuel costs, unemployment, and declining home sales. He believes the BoF needs to be responsible to the entire tax base, not just the schools.

Mr. Pforzheimer interjected he hopes the class sizes will not be impacted and the BoE will make the cuts in other areas. While acknowledging the BoE prioritizes where to make cuts, he will be disappointed if it increases class sizes.

Ms. Vanderslice is concerned where cuts will end up at the BoE and said the reality is class size is valued. The class size increased in 2011 and her concern is it will continue to creep up in 2012, which would not be good. She was comfortable with \$600,000-\$800,000 in cuts and later settled on \$600,000 along with Mr. Meinhold.

Ms. Lavielle stated once the mandates and contracts are removed from the equation there is a very small amount left to work with. She hopes successful contract negotiations will help. She is OK with \$1.1 million in cuts.

Mr. Meinhold stated a \$1.1 million cut is a 25% cut in the requested increase, which will have consequences, especially on the BoE. An \$800,000 amount is a 20% cut. He was comfortable with a \$600,000 cut.

Mr. Pforzheimer inquired of Mr. Bray if letters to the BoE indicated specifics on which areas to cut if needed? The answer was no, not really. Ms. Vanderslice and

Mr. Pforzheimer agreed it would be beneficial if parents / PTA members would contact the BoE with the same volume of letters sent to the BoF and give feedback on where / where not to make cuts.

At this point there was a 10 minute break in the meeting as the numbers used by Mr. Pforzheimer differed slightly from those used by Ms. Vanderslice in the mill rate model and resulting specific % increase.

The meeting was reconvened at 8:50pm. At this point Mr. Serenbetz, Mr. Pforzheimer and Ms. Lavielle favored a \$1.1 million cut while Mr. Alper wanted a \$1.4 million cut. Mr. Meinhold and Ms. Vanderslice were in favor of a \$600,000-\$800,000 cut. Mr. Alper then agreed with a \$1.1 million cut.

Mr. Alper made a motion to reduce the overall request by the BoE and BoS by \$1.1 million in aggregate. The motion was seconded by Mr. Pforzheimer and approved 4- yes, 2- no. Mr. Meinhold and Mrs. Vanderslice were the dissenting votes.

Mr. Serenbetz proposed the cut be proportional 70/30, the usual split between BoE/BoS. Mr. Pforzheimer sees more opportunities for savings in the BoS budget so favored a \$750,000 cut to the BoE and a \$350,000 cut to the BoS.

Mr. Serenbetz made a motion to approve the \$1.1million cut be proportional at 70/30. The motion was seconded by Ms. Lavielle and approved 5-yes , 1- abstention by Mr. Pforzheimer.

Adjournment

The meeting was adjourned at 9:00pm

Respectfully Submitted
Amy Roberts
Recording Secretary