

**EAST LYME BOARD OF FINANCE
PUBLIC HEARING MINUTES
FY 2017-2018 PROPOSED BUDGET
Monday, APRIL 24th, 2017**

Members In Attendance: Camille Alberti, Chairperson
Lisa Picarazzi, Vice-Chairperson
Peter DeRosa
Beth Hogan
William Weber

FILED

APR 27 2017 AT 10:05 AM/PM

Camille Alberti, AT
EAST LYME TOWN CLERK

Also In Attendance: Mark Nickerson, First Selectman
Tim Hagen, Chairman, Board of Ed
Jeffrey Newton, Superintendent of Schools

Absent: Jason Pazzaglia

A. Call Public Hearing to Order

Chairperson Alberti called this Public Hearing on the FY 2017-2018 Proposed Budget of the East Lyme Board of Finance to order at 7:00 PM.

B. Pledge of Allegiance

The Pledge was observed.

Ms. Alberti welcomed everyone, and said that they would first hear some comments from the First Selectman, Mark Nickerson then from the Board of Education Chairman, Tim Hagen and Superintendent of Schools, Jeffrey Newton.

C. Comments by First Selectman

First Selectman, Mark Nickerson welcomed everyone and proceeded to explain the budget process which starts in December meeting with all of the department heads individually with respect to their budget. It then goes to the Board of Selectmen for review and potential reductions and then to the Board of Finance who reviews and further changes it for presentation here this evening. He said that the budget includes no new initiatives, no new people or programs. As everyone is aware every year things get tighter and tighter and the burden of taxes on the citizens is enormous and the cost of doing business rising. He feels that people choose to live in East Lyme for the services and quality of life. However; all of this has to be balanced. When they first put together a budget in January the Governor came and started slashing everyone's revenues. With this budget, while many Towns are working out how to handle this, we chose to go with what we have and if we are handed down massive cuts – services will have to be cut and items eliminated. If the cut is drastic the methodology will enlist a combination of scenarios. He thanked them for the questions and feedback that he gets.

D. Comments by Board of Education Chairman

Ms. Alberti said that they would now hear from the Board of Education Chairman, Timothy Hagen.

John Drabik from the audience called Point of Order and said that they can only vote on the bottom line of the budget and that this is a public hearing for the tax paying public and not for the consuming side to present their case. Their job is to determine the ability of the public to pay for things.

Ms. Alberti said that while he is correct that they vote on only one number in the voting booth that she feels that they should hear how the numbers have come to where they are.

Mr. Drabik said that they should ask for public input prior to any budget meetings and go from there.

Tim Hagen, Board of Ed Chairman explained that over time they have tried to keep their budget tight. He noted that with the uncertainty at the State level and the upcoming renovation of the elementary schools that the Board felt that they needed to come in with a very lean budget. He introduced Mr. Newton to review their budget.

Jeffrey Newtown, Superintendent of Schools thanked everyone and reviewed a PowerPoint presentation on the school budget. (Copy attached to minutes) He said that they had presented a 2.88% budget increase and the Board of Finance cut \$225,000 from the requested increase. The majority of the budget is for staff salaries and benefits. There are very few requests for additions to the budget – one is for campus security staff to replace greeters at the schools. They are still waiting on pending State cuts.

E. Board of Finance Presentation of Proposed Budget for FY 2016-2017

Ms. Alberti introduced the Board members and said that they all work to provide services to the Town while trying to maintain affordability. She synopsized the events that brought them to tonight noting that they have held many budget meetings prior to this evening.

In a Power Point presentation (attached at end of Minutes) she noted some of the major projects completed this year:

- New fueling station at 8 Capitol Drive
- Reconstruction of Bush Hill, Latimer & Cavasin Drive neighborhoods
- Cape sealing, paving, crack sealing various Town roads consistent with Pavement Mgmt. Program
- Clean up of old Salt Shed area on Roxbury Road
- New Ladder Truck for Flanders Fire Department
- Acquisition Program – BOE Technology; Town Vehicles & Equipment
- Purchase of streetlights from Eversource & retrofit with LED lights
- New Generator at East Lyme Town Hall

Ms. Alberti explained that these are uncertain times and that they would address the shortfall when it comes as the First Selectman was very confident that we would fare better than the worst case scenario. She said that she is hopeful that the cuts will not be so drastic. The choices that they have made were not easy and it has been a hard balancing act.

Ms. Alberti said that the budget being submitted this evening for comment is \$70,827,806 – a 2.29% increase. They estimate that it would represent around a .66 mill increase at this time without knowing what the State will do.

F. Public Discussion

Ms. Alberti called for public comments and asked that speakers state their name and address for the record.

Patricia Carey, 3 Naomi Lane said that she has lived here since 1999 and is a new member to the Library Board. She is concerned with the library budget being at a lower rate than the others. She spends a lot of time in the library and feels that it appeals to a broad spectrum of people in the Town. She has come to speak on behalf of it this evening.

Lisa Timothy, Library Director said that they had been cut \$28,000 prior to the budget getting to the Board of Finance and were cut further by \$8000. She wants \$14,000 of the cuts restored to their budget so that they do not take such a drastic cut as health insurance is a large part of the increase.

Dave Jacobs, 8 Spencer Avenue said that he has served on the Board of finance and the Library Board so he can see both sides. The Library is an amenity of the Town. If the cuts to the Library remain they would be closing on Sundays and that would be devastating. The \$8000 is miniscule when looking at the overall budget.

Andy Pappas, 11 Morton Street said that he came to speak for the library as well. It is important for the kids and seniors as well as everyone else. For the small amount of money that they are looking at he thinks that \$14,000 should be restored as it is a small investment.

John Drabik, 18 Drabik Road said that the Board of Finance should be holding the Public Hearing back in December so they could let the Board of Selectmen know the direction to go in. The job of the Board of Finance is to determine what the Town and taxpayer can afford and they should hear from them first. They should look at the increase in the Grand List and what they can afford and live within their means. People are being driven out of this State as it is in trouble and Southeastern Connecticut is in even greater trouble. They are proposing an increase here that is squeezing us. As a tourist Town – it costs us a lot of money to be known as such. Without a bifurcated budget everything gets passed – if the budget were bifurcated it would not pass. It is a known fact that the people with the kids do not stay here long enough to pay for their kids' education. Hold the Public Hearing in December and hear from the people and pass that information to the Board of Selectmen to work on the budget. He said that his family has been in this Town for 97 years now and he would like to make it 100 years.

Ron Rando, 194 Boston Post Road said that he has been a taxpayer and run a business in this Town for 45 years now. He has been saying that we will get bit by the budget woes so now the State is broke. The time has come for the school education contracts to be negotiated one year at a time. The State wants the taxpayers to foot the teachers pension bill – this is their problem in Hartford – he thinks the teachers, superintendent, administrators and staff should give up 20% of their salary for all of the other perks that they get. Mr. Nickerson gave up \$16,000 of his salary and should have given up more. The people of this State are being driven out right and left. He thinks that they should cut \$1M from the budget – right off the bottom. Also – the last time he went to a meeting delegations were set to a five minute limit. He and Mr. Drabik fought to get free speech on agendas and if he wants to speak longer – he can. He said that he remembers Lowell Weicker saying that with the income tax they would be okay and have all sorts of money – where did it all go? Where did the casino and lotto money go?

Ms. Alberti thanked everyone for all of their comments.

G. Board Comments

Ms. Alberti called for comments from the Board.

Mr. Weber said that he thinks that everyone has done a good job of sharpening their pencils.

Ms. Hogan said that everything is contingent on the revenue and that she sees them coming back and making reductions as necessary once they receive more information from the State. She said that she knows that the State Legislature is not done and that the numbers will be coming out at a later date, once they do – they will know more and will work from there.

Ms. Picarazzi thanked them for coming. She said that there are a lot of different interests that people have and it is not easy to support everything in the Town. They have tried to not make the taxpayers the whole issue. She worked towards cutting more from the Town Government budget but it did not pass. The unknowns make things difficult. Going forward with the three elementary schools and the renovation costs; she said that she felt that there should be two elementary schools. All of this was a hard issue and a difficult decision. She feels that the burden that comes down from the State has to be a shared burden. Regarding the Library they did give suggestions during their deliberations.

Ms. Alberti reiterated that they work hard to represent everyone in Town. She thinks that the .66 mil increase is very favorable as she wanted to propose a 1.3 mil increase. Depending upon the State, it could still increase. She added that the Town gave an affirmative vote to pass the \$37.5M in renovations for the elementary schools so that is also a factor. She thanked everyone for coming out this evening.

H. Adjournment

Ms. Alberti called for a motion to close the Public Hearing.

****MOTION (1)**

Ms. Hogan moved to close this Public Hearing of the Board of Finance on the proposed FY 2017-2018 Budget at 8:12 PM.

Ms. Picarazzi seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

Ms. Alberti said that they would now go to the INTV Room and commence their Special Meeting and that everyone was welcome to attend that also.

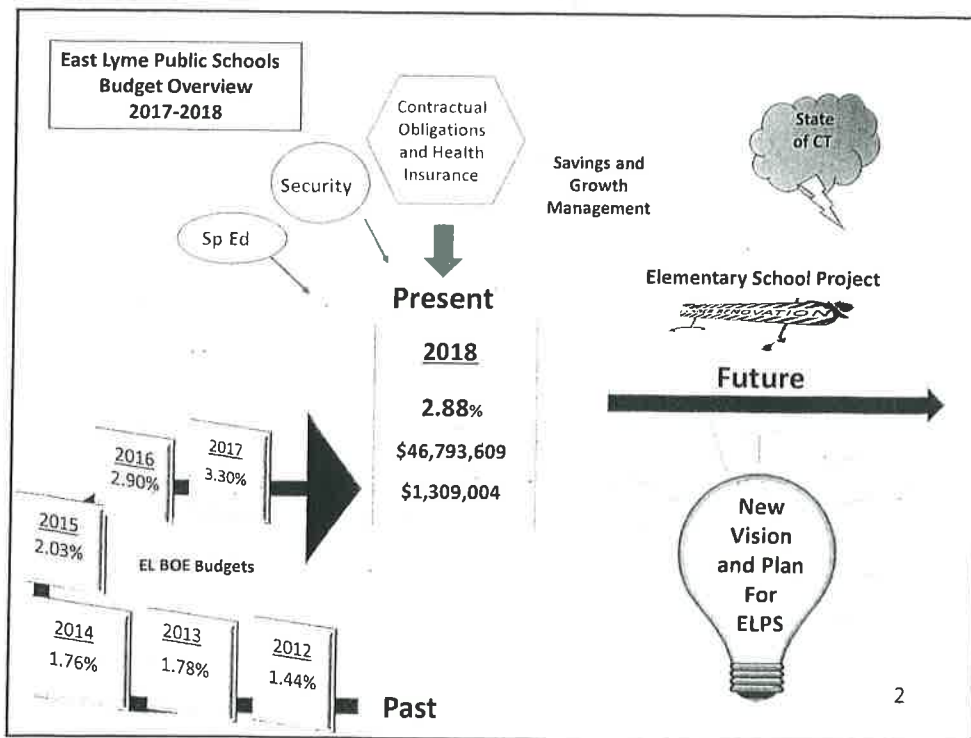
Respectfully submitted,

Karen Zmitruk,
Recording Secretary

East Lyme Public Schools

Presentation of the Board of Education's Adopted Budget for FY 2017-2018

Presented at the East Lyme Board of Finance Public Hearing on April 24, 2017 by Board of Education Chair Dr. Timothy Hagen and Superintendent Jeffrey Newton



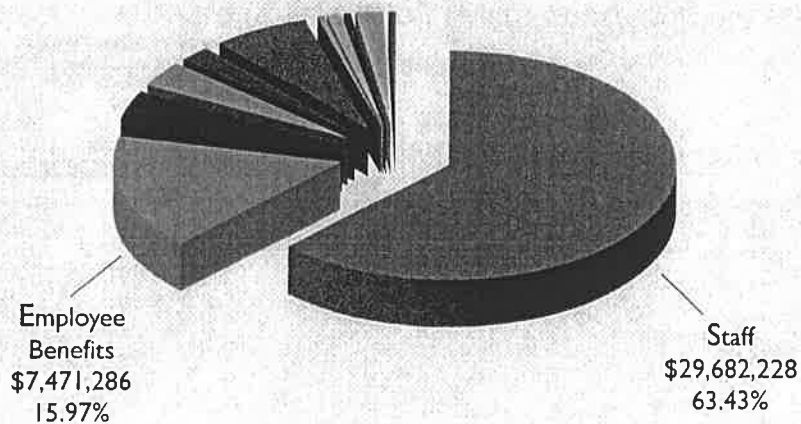
Attachment BOE PH 4/24/17

ELPS FY 2017-2018 Budget Overview

	Amount	Percent
Current Year Budget	\$45,484,605	3.30%
2017-2018 Adopted Budget	\$46,793,609	2.88%
BOF Reduction	-\$225,000	

Key Budget Drivers - Fixed Costs for 2017-2018

Salary + Benefits = 79.40% of the Proposed Budget
and 94.30% of the Total Increase



District Budget Proposal History

Superintendent/BOE/Town Budget vs. Adopted

	2012	2013	2014	2015	2016	2017	Avg	2018
Supt's Budget	4.69%	3.77%	3.31%	4.81%	4.68%	4.56%	4.3%	2.88%
BOE Budget	2.93%	2.87%	3.34%	3.34%	3.95%	3.56%	3.33%	2.88%
Town Approved Budget	1.44%	1.78%	1.76%	2.03%	2.90%	3.30%	2.20%	TBD

Adopted Budget	2012	2013	2014	2015	2016	2017
	40,494,180	41,214,544	41,941,731	42,792,767	44,033,080	45,484,605

2017-2018 District-Wide Staffing Obligations

* Campus Security Staff (FL, LBH, NCS, MS) 1 Per Building, Repurpose Greeters
 Additional Cost \$9100

ABA (Applied Behavioral Analysis) *Sped* \$59,500
 Teacher at the HS

Summary of New Costs: \$68,600

ELPS FY 2017-2018 Budget Story


Budget Drivers

Contractual Salary
and
Benefit Increases =
2.71% of the
total 2.88% increase

Reduction Measures and Growth Management

Zero-Based Budgeting Across Schools

HDHP Insurance Savings (\$137,000)

Staffing Adjustments (-\$92,000 = -1.0 FTE MS teacher
and -1.0 FTE secretary) 

Special Education Program Management

Utilities and Gas/Diesel Savings (\$58,445)

Total Savings and Cost Avoidance helped to offset other increases such as lease payments, copier costs, dues and fees, magnet school tuitions, etc.

\$225,000 Budget Reduction Directed by Board of Finance

- Board of Education discussions continue regarding reduction
- Concerns – Pending additional state cuts to the towns Educational Cost Sharing (ECS) dollars



East Lyme Board of Finance

Public Hearing on Proposed Town Budget
April 24, 2017



East Lyme Board of Finance Members

Camille Alberti, Chairman
Lisa Picarazzi, Vice Chairman
Peter DeRosa
Beth Hogan
Jason Pazzaglia
William Weber

Attachment BOA PH 4/24/17

Major Projects Completed in FY 2016–2017

- New Fueling Station at 8 Capital Drive
- Reconstruction of Bush Hill, Latimer & Cavasin Drive neighborhoods
- Cape sealing, paving, crack sealing various town roads consistent with Pavement Management Program
- Clean-up of old Salt Shed area on Roxbury Road
- New ladder truck for Flanders Fire Department
- Acquisition Program
 - BOE Technology
 - Town Vehicles and Equipment
- Purchase of streetlights from Eversource & retrofit with LED lights
- New Generator at East Lyme Town Hall

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Summary of Budget Process FY 2017–2018

- Submitted by Board of Selectmen – March 8, 2017
Overall Increase of 2.98% from FY 2016–2017
- Six (6) meetings held to review proposed budget, meeting with all Department Heads and the Board of Education.
- Board of Finance proposes \$477,176 in net reductions for an overall budget increase of 2.29%.
- Board of Finance will meet after tonight's Public Hearing to further finalize budget.

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Board of Finance Proposed Budget Review and Summary

- ✓ • Reduced General Government budget by \$120,176, an increase of 3.65% from FYE 2017
- Reduced Capital Expenditures by \$132,000, a decrease of 24.5% from FYE 2017 *(was previously reduced by BOS)*
- Reduced Board of Education Budget by \$225,000, an increase of 2.38% from FYE 2017.

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Board of Finance Proposed Reductions in Submitted Budget

	Appropriated Budget 2016-2017	Submitted BOS & BOE 2017/2018 Budget	Submitted BOS & BOE % Increase Decrease	Proposed BOF Budget 2017-2018	Proposed BOF Reduction	Proposed % Increase Decrease
General Government	\$17,457,466	\$18,214,201	4.33%	\$18,094,025	(\$120,176)	3.65%
Debt Service	5,253,353	5,373,526	2.29%	5,373,526	\$0	2.29%
Buildings, Capital Equipmen	1,048,602	923,646	-11.92%	791,646	(\$132,000)	-24.50%
Education	45,484,605	46,793,609	2.88%	46,568,609	(\$225,000)	2.38%
Total Expenditures	\$69,244,026	\$71,304,982	2.98%	\$70,827,806	(\$477,176)	2.29%
		<i>2.98% inc.</i>		<i>2.29% inc.</i>		

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Board of Finance Proposed Reductions / Adjustments to Expenses

Budget Category/Function Description	Amount
General Government Reductions	(\$120,176)
First Selectman's Office	(19,891)
Assessor, Tax Collector, Building, Town Clerk & Finance	(6,303)
Building Maintenance	(11,234)
General Government & Misc.	(14,230)
Public Safety (Police, Fire, Emergency Mgt)	(6,756)
Public Works	(43,762)
Library	(8,000)
Parks and Rec	(10,000)
Capital Project Reductions	(\$132,000)
CNRE Projects (CAD, Town Projects)	(11,611)
Financial Software	(97,493)
Acquisition Program	(22,896)
Board of Education Proposed Budget Reduction	(\$225,000)
Total Reductions	(\$477,176)

Projected Major Revenue Decreases, As Proposed Tonight

• Education Cost Sharing	<i>(mid-yr. cut)</i>	(\$125,644)
• MRSA (Sales Tax Sharing)		(\$243,736)
• Youth Services Bureau Grant		(\$26,160)
• Tuition - Other Districts (Salem)		(\$144,466)
• Landfill Deposits		(\$15,000)
• Streetlight Rebate (one time only revenue)		(\$122,000)
• TOTAL Revenue Decrease for 2018		(\$677,006)

Best Case Scenario

Major Areas of State Grant/Revenue Changes, As Proposed by Governor Malloy

REDUCTIONS

• Education Cost Sharing	(\$5,106,799)
• Town Aid Road Assistance	(\$22,442)
• PILOT State Owned Property	(\$204,585)
• PILOT Hospitals & Colleges	(\$16,857)

ADDITIONS

• LOICIP (Local Capital Improvement)	\$220,331
• MRSA (Sales Tax Sharing)	\$107,116

NET REDUCTION IN GRANTS FROM MALLOY'S PROPOSED BUDGET	(\$5,023,236)
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*worst case
scenario*
↓

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Major Area of Concern for Additional Expenses, As Proposed by Governor Malloy

TEACHERS' RETIREMENT

• Proposed East Lyme Reimbursement to the State (FY 2018)	(\$2,252,917)
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POTENTIAL SHORTFALL IN EAST LYME BUDGET AS PROPOSED BY GOVERNOR MALLOY'S BUDGET	(\$7,276,153)
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Bottom Line

- Overall increase of \$1,583,780 or 2.29% (as proposed tonight)
- Estimated 0.66 mil increase, or 26.02 (based on maintaining current (2016-2017) State of Connecticut revenues for the upcoming fiscal year (2017-2018))

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Implications of Potential Reductions in State Grant/Revenue

- Further reduce the overall proposed budget increase of 2.29% *lose services, lose personnel*
- Freeze the budget
- Use funds in the Undesignated Fund Balance *in worst case - not every yr's to cover*
- Increase the mill rate beyond the proposed 26.02
- Supplemental Tax Bills

Also have 37.5m for bonding for Elem. schools upgrade

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Scenarios for Mill Rate Increase



Home assessed at \$250,000 paid \$6,340 in taxes in FY 16/17. Will pay approx. \$6,505 in taxes in FY 17/18, an increase of \$165/yr.



Home assessed at \$350,000 paid \$8,876 in taxes in FY 16/17. Will pay approx. \$9,107 in taxes in FY 17/18, an increase of \$231/yr.



Home assessed at \$450,000 paid \$11,412 in Taxes in FY 16/17. Will pay approx. \$11,709 in taxes in FY 17/18. Difference of \$297/yr.

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Key Dates

- May 8, 2017: Annual Budget Meeting
- May 18, 2017: Referendum/Machine Vote on Budget
- TBD: BOF Sets Mill Rate for 2017-2018

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