

**EAST LYME BOARD OF FINANCE
SPECIAL MEETING MINUTES
BUDGET REVIEWS
Monday, APRIL 5th, 2010**

Members In Attendance: Bob Kleinhans, Chairman
Steve Larcen, Secretary
Steve Harney
Ray Hart
Jeff Langan
Steve Kelley

Also In Attendance: Paul Formica, First Selectman
Anna Johnson, Finance Director
Beth Hogan, Chairman, Smith Harris House Commission
Dr. James Lombardo, Superintendent of Schools
Don Meltabarger, School Business Manager
Tim Hagen, Board of Ed Chairman
Marlene Nickerson, Board of Ed Budget Committee Chair
Nancy Burdick, School Business Office

Absent: No One

A. Call Special Meeting to Order

Chairman Kleinhans called this Special Meeting of the East Lyme Board of Finance to order at 6:30 PM.

B. Pledge of Allegiance

The Pledge was observed.

C. Delegations

Mr. Kleinhans called for Delegations.

Mike Schulz, Lovers Lane said that because of the basketball game later this evening that he was not sure if staff would be here to answer some questions. He asked the Board to ask the Superintendent to address the group savings related to the administrative staff agreeing to no increase for the 2010-2011 year; of no step increases for 2010-2011 and for the non-certified for 2010-2011- please indicate the savings and also the dollar savings in the decreased enrollment for the upcoming school year.

D. New Business

a. Budget Reviews – FY 2010-2011

◆ **Smith Harris House (134) – Beth Hogan, Chairman**

Mr. Kleinhans called for a motion to open this budget review.

****MOTION (1)**

Mr. Kelley moved to open the budget review for Item 134 – Smith Harris House.

Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Beth Hogan, Chairman explained that \$1,150 was being transferred from line 222 Building Maintenance to line 210 Utilities as \$1050 of that amount is for a bill for utilities that they owe as it was posted to a wrong account and found to belong to them. The increase of \$1600 in Building Maintenance was for a bulkhead however they are able to do that in this years' budget as it needed to be done for safety reasons. In moving around the dollars, the bottom line does not change. They originally thought that they would be able to trim the amount but found that they could not when the Finance Department informed them of the utility billing that had been posted to a wrong account and belonged to them. \$450 would be left form the \$1600 for the bulkhead. The Recording Secretary line item was increased as it was not increased from the last increase that Recording Secretaries received and also because they utilize that line item to pay for the tour guides for the House which they have when they do not have anyone available to cover it. She said that they have also instituted an annual assessment to the Friends in the amount of \$300 for this year for the use of the House and that they will re-visit that amount each year and determine if it should remain the same or be changed. They are also discussing a minimum admission program for the House as now they accept donations at the door. She lastly noted that they have many fine members who are not only very talented but donate a great amount of time to keeping the House up. Jim Littlefield has been fixing the bulkhead and building a garden tool shed and Gary Lakowsky did an electrical upgrade for them. The Friends have retained someone to do an inventory of the House items. They also had a textile expert in, which is expensive and the Friends said that they will pick up the cost of that.

Mr. Harney noted that if they are transferring \$1150 that they would have a savings of \$450 from the original \$1600 that for the bulkhead.

Mr. Larcen asked Ms. Johnson when the utility bill came through as it was not showing as of the 2/28/2010 report.

Ms. Johnson said that one of the electric bills was charged to the wrong item and belonged to Smith Harris and that it may not as yet been posted.

****MOTION (2)**

Mr. Harney moved to adjust the Building Maintenance line item #222 to \$1900 from \$3500 and to increase the Utilities line item #210 to \$3,650.

Mr. Larcen seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

****MOTION (3)**

Mr. Kelley moved to close the budget review for Item 134 – Smith Harris House.

Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

- ◆ **Board of Education (999) – Dr, James Lombardo, Superintendent of Schools, Don Meltabarger, School Business Manager, Tim Hagen, Board of Ed Chairman, Marlene Nickerson, Board of Ed Budget Committee Chair**

****MOTION (4)**

Mr. Harney moved to open the budget review for Item 999 – Board of Education.

Mr. Kelley seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Tim Hagen, Board of Ed Chairman explained that there were various administrators and educators present this evening to answer any questions that they might have. He said that the new Superintendent in his first budget season was asked by them to come back with a budget proposal with around a 2% increase and he came back with one with a 1.97% increase. He said that they support this budget proposal. Dr. Lombardo will do the presentation and then they will be happy to answer any questions.

Jim Lombardo, Superintendent of Schools thanked them for this, his first opportunity to present a budget to them. He said that he would first go over the PowerPoint presentation with them on the highlights of the budget.

He said that they defined four budget priorities for the 2010-2011 year –

- ◆ Ensure that Students and staff work and learn in a safe and healthy school environment
- ◆ Ensure that Students are engaged and challenged to achieve a personal vision of success
- ◆ Ensure that Students are supported by the best leadership practices – and
- ◆ Ensure that each child is supported by caring adults

He noted that 60% of the teaching staff has less than 10 years of experience, so there is a relative newness of the teaching staff. He said that the addition of a SPED Coordinator was seen as a critical position and an investment for future cost savings and improved services. This position will allow them to bring students 'home' for in-house services. While it was previously funded by the stimulus funds, it will pay for itself with more people being serviced in house and through reduced transportation expenses.

The student enrollment is down by approximately 78 however that does not mean that staff can be reduced as there is no direct correlation between the student enrollment and expenses as the facilities, maintenance and infrastructure costs and administrative services still continue. Staff size is affected only when there is enough of a student decline to permit staff reduction. The 78 students are across the board.

He said that he could answer Mr. Schulz's question – 100% of the teachers and secretaries will get no COLA and no increase this coming year. The cost savings effect of no step increases and the lack of increases for the paraprofessionals has already been included in the budget that they are presenting this evening. The only group of employees slated to get an increase are the maintenance group. They have two (2) years left on their contract and the increase that they will get is 3%. That increase is reflected as \$28,000.

He explained that the enrollment declines have been reflected in the budget with a reduction of 3 FTE teachers for a savings of \$180,000, a reduction of instructional supplies, etc by 15% for a savings of \$185,000 and a reduction of 10 paraprofessionals for a savings of \$180,000.

The major increases were for property services (maintenance and repair items) at \$130,504; Benefits (Health, Unemployment Ins., Severance) takes up the lions' share of the major budget increases at \$611,799; Tuition (out of district tuition – some offset previously by Federal Stimulus Funds) at \$237,611 and Instructional Improvement (professional development for instructors to bring them up to speed since many are new) at \$149,515. The total budget request over the current year is 1.97% or \$773,200. He noted that through implementation of many new initiatives that they feel that they have 'recovered' from the short-lived stimulus fund boost that they received for this year and will not find themselves struggling to climb out of the hole that many school districts currently find themselves in with the loss of the stimulus money. He said that they would be happy to answer any questions.

Mr. Kleinhans said that it seems that there is roughly \$550,000 in savings from the 78 less students; with \$11,960 per student expenditure.

Mr. Hagen noted that in previous years that when they have estimated the student enrollment reduction number that it still seems to come in higher and that the reduction is found to be not as much when they get closer to the start of the school year.

Mr. Kelley asked about the increase in substitutes at \$36,331.

Mr. Meltabarger said that figure is a combination of some savings and that it is not earmarked by the school.

Mr. Kelley asked about the one permanent substitute per school and if the pay has benefits and FICA.

Mr. Meltabarger said no, it doesn't and added that in getting substitutes from the University of New Haven that they pay them \$11,000 each for the school year and that while this is new, it has worked out well.

Mr. Kelley asked if the increase of \$33,775 for other travel & professional development was for the new teachers.

Mr. Lombardo said yes.

Mr. Kelley said that this line shows an increase of 89.73%.

Mr. Lombardo said that it is critical due to the newness of the staff. He added that they took decreases elsewhere.

Mr. Kelley said that Utilities increased by almost \$25,000 and asked if they are paying \$1M for electricity if here were any saving plans in place.

Mr. Lombardo said that it is his hope that they figure will be too high. They do have many ideas such as switching the lighting to LED.

Mr. Kelley said that heating oil is \$458,400 and asked if it includes the new boiler system savings.
Mr. Lombardo said yes and added that he thought that they could expect more and that they expect it to pay for itself in four (4) years.

Mr. Harney asked about the paraprofessionals that are being cut and if they are primarily with SPED.

Mr. Lombardo said yes and added that it also includes café workers.

Mr. Harney asked how they would be able to take more SPED students in-house while cutting 10 paraprofessionals.

Mr. Lombardo said that they are cutting 10 paraprofessionals as they have 130 on staff currently and they feel that those that may be servicing one kid presently can be more efficient and effective in servicing more than one for the same session. Some of the reduction is in anticipation of making the changes to servicing more students in-house.

Mr. Harney asked if a lot of the parents are on-board with bringing more students in-house.

Mr. Lombardo said that they would have to be in order for them to do this. Many of the parents prefer to have their kids in-house rather than on a bus for hours each day.

Mr. Harney asked if there are any collaborative programs.

Mr. Lombardo said that there are – such as LEARN and added that there is a surcharge on that.

Mr. Hart said that he had a follow-up question on Mr. Harney's question regarding once the programs are in place – if other Towns would be able to send their children here and make it a revenue source for us.

Mr. Lombardo said that is their hope and what they are working towards.

Mr. Hart asked if they are looking at this as a 3 year, 5 year or 10 year plan.

Mr. Lombardo said that they are hopeful that it will be a 3 year plan.

Mr. Hart asked about the increase in line 322 – instructional development

Mr. Meltabarger said that they restored \$50,000 to this line for teacher special development and co-teaching training (CERC).

Mr. Hart asked why line 431 Preventative Maintenance went up by 44.17%.

Mr. Lombardo said that there is a significant list of things that need to be done that they have put off.

Mr. Kleinhans asked the number of maintenance people they have on staff.

Mr. Meltabarger said that they have 25.5 people who cover 627,000 sq. ft. of building space, which is below the average in staffing for the sq. ft.

Mr. Hart asked why postage increased 21.91%.

Mr. Lombardo said that he was hoping to do newsletters to the people in hard copy form.

Mr. Hart asked if the solar panels on the High School have started generating a savings.

Mr. Meltabarger said yes and added that he hoped that it would rise as the sun starts to stay out. They are realizing \$19,000 now and expect to hit \$25,000.

Mr. Hart asked about the savings from LED lighting.

Mr. Meltabarger said that it could be significant with the number of hours that they last versus fluorescent lights.

Mr. Hagen said that the technology is right there and a big jump for them. They still have to work on this before instituting it.

Mr. Hart asked about Equipment Replacement increasing 27%.

Mr. Meltabarger said that it has to do with Smart boards (they are adding 2) and that it is also spread around amongst the schools.

Mr. Larcen thanked Mr. Lombardo and all others for the presentation and asked Mr. Meltabarger if he had been able to develop a year to date system to follow the expenditures for the current period – this year.

Mr. Meltabarger said that he fives monthly statements to the Board of Finance.

Mr. Larcen said that the drawback to that report is that it uses the encumbrance approach.

Mr. Meltabarger said no – they estimate each month.

Mr. Larcen asked where they are now.

Mr. Meltabarger said that they went from being \$300,000 in the hole to around \$63,000 currently.
Mr. Larcen asked if at this point that they are projecting to break even.
Mr. Meltabarger said yes.

Mr. Larcen asked about the Health benefits and how that line is running for them this year.
Mr. Lombardo said that he thinks that they will be fine for this year but they are trying to see how to apportion it.

Mr. Larcen said that he asked as the Town this year is showing less and asked how they are doing at the schools this year.
Mr. Lombardo said that he expects that the entire amount of \$4,118,004 will be turned over to the Town to pay for Health and that there will not be a dime left.
Mr. Formica said that they are looking into this and have projected a 12% increase for the upcoming year but may be able to bring it down. They are still in meetings on this and he said that he would bring back more information on this next week.

Mr. Larcen asked about Kwh projections and the percentage of savings – the \$19,000 and \$25,000 – what does it represent.
Mr. Meltabarger said that they are paying 18¢ per Kwh which is a little higher than projected. They are locked into 12¢ per Kwh plus 6¢ on distribution costs.
Mr. Lombardo said that he thinks that they are being asked what percentage of savings does the \$19,000 and \$25,000 represent.
Mr. Larcen said exactly – he was looking to see what the solar panels saved them. He also asked how long they are locked into the solar panels.
Mr. Meltabarger said that it is for 20 years. They are paying 12¢ for the whole district and it is the transportation cost of electricity that has gone up and that keeps taking an increase.

Mr. Larcen noted the number of trailers that are being rented and used by the Board of Ed for storage of equipment and asked if some of those could disappear with the new building that the Town has.
Mr. Meltabarger said that he understands that they will be able to use the old building for storage of items and that there is probably \$4000 in trailer storage fees that could be eliminated.

Mr. Larcen thanked the staff of the school system for taking the hard freeze in wages.

Mr. Langan said that he appreciates the fresh perspective that Dr. Lombardo has brought to the school system. He then asked about the SPED reimbursement costs.
Mr. Meltabarger said that they expect a 70% reimbursement next year and that they expected 77% reimbursement this year and received 84%. He said that they did not expect that good fortune for next year.

Mr. Kleinhans said that the salary count makes up 60% of the entire budget and asked Mr. Lombardo how he looked at the salary count and if he felt that they were good numbers.
Mr. Lombardo said that he reconciled the salary gross numbers with known retirements so he hopes not to have a shortfall.

Mr. Langan asked if the line for early retirement is for known retirements.
Mr. Lombardo said that it is scheduled over a four (4) year period and that it is for people who have retired and whom they are starting to pay for now.

Mr. Kleinhans asked Mr. Lombardo if he was comfortable with those numbers.
Mr. Lombardo said yes.

Marlene Nickerson, Chair of the Board of Ed Budget Committee said that she could attest to the hard work that everyone has put into this budget in trying to find cost savings and also keep up the quality of education. She said that the Board of Ed whole heartedly supports this budget as well as Dr. Lombardo's hard work and effort in working with them on this.

Mr. Hagen thanked Dr. Lombardo for the fresh set of eyes on the process and the great steps forward that he has provided them with.

Mr. Kleinhans thanked all of them for coming and for the great presentation.

****MOTION (5)**

Mr. Langan moved to close the budget review for Item 999 – Board of Education.

Mr. Kelley seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

E. Public Discussion

Mr. Kleinhans called for any comments from the Public.

Mike Schulz, Lovers Lane said that he attends the Board of Ed meetings on a regular basis and he understands the costs. He said that his previous questions were related to administrative staff and the dollar savings value as well as the non-certified and the hard number savings. He said that he also asked if there was any one position or group of people who would still get their raises and while they were told that the maintenance/custodial staff would get their raises, he also understands that the Superintendent gets a 3.3% increase. He asked that they please clarify this. He also asked if the \$185,000 reduction in teachers was for people that are not needed.

Dr. Lombardo said that the custodial/maintenance group does get an increase. The assumptions that have been made regarding no increases this year for the staff is that there is a \$650,000 reduction in teacher salaries, \$73,000 in administrative salaries and \$84,000 in paraprofessional salaries. He said that as Superintendent that he is not aware of getting a 3.3% increase. The 3.0 FTE that they have budgeted less he is not sure on yet as they feel that it will be by attrition that they will have 3.0 FTE less and they are hoping that it will be that way.

F. Board Comments

Mr. Kleinhans asked if there were any comments from the Board.

Mr. Larcen complimented the staff for taking the wage freezes as if they had to translate that into people and positions it would be traumatic as evidenced by the media in various cities and Town throughout the State.

G. Adjournment

****MOTION (6)**

Mr. Harney moved to adjourn this Special Meeting of the East Lyme Board of Finance at 9:08 PM.

Mr. Langan seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary