

**COMBINED BOARD OF SELECTMAN AND BOARD OF FINANCE
PUBLIC BUDGET HEARING
MINUTES OF MEETING
MARCH 6, 2014**

******* DRAFT *******

Pursuant to the call and written notice, the Public Budget Hearing of the Board of Selectman and the Board of Finance was held on Thursday, March 6, 2014 at 7:30 pm in the Board of Education Administrative Offices, Seminar Room 300, 501 Kings Highway East, Fairfield, Connecticut.

MEMBERS PRESENT

David Becker, James Brown, Christopher DeWitt, Thomas Flynn, Mary LeClerc, Robert Stone, James Walsh (7:45)

MEMBERS ABSENT

Catherine Albin, Ken Brachfeld

ALSO PRESENT

Michael Tetreau, First Selectman, Town of Fairfield
Cristin McCarthy Vahey, Board of Selectmen, Town of Fairfield
Kevin Kiley, Board of Selectmen, Town of Fairfield
Robert Mayer, Chief Fiscal Officer, Town of Fairfield
Linda Gardiner, Budget Director, Town of Fairfield
Phillip Dwyer, Chairman, Board of Education, Town of Fairfield
David Title, Superintendent of Schools, Board of Education, Town of Fairfield
Doreen Munsell, Assistant Superintendent of Schools, Finance, Board of Education
John Ficke, Manager, Transportation, Board of Education, Town of Fairfield
Tom Cullen, Director of Operations, Board of Education, Town of Fairfield
Andrea Leonardi, Director of Special Ed & Special Prog, Board of Education, Town of Fairfield

Chairman Flynn called the meeting to order at 7:30 p.m.

Mr. Kiley led the Pledge of Allegiance.

FY14 BOE BUDGET DISCUSSION – 7:30 – 8:15

Mr. Dwyer, Dr. Title and Mrs. Munsell presented this item to the Boards.

Dr. Title informed the Boards that the last time he was before this group the deficit was at \$742K and, after further reviews and discussions with his staff, the deficit is now at \$470K. Dr. Title explained that the savings came primarily from the amount the Town received from the State this year for excess costs sharing. This year, the BOE received 82% which resulted in an additional \$125K more being returned than originally anticipated. The other area that helped reduce the deficit was the electric transmission rate drop that resulted in a savings of \$108K from what was originally budgeted.

In response to several questions from the Boards concerning the food service program, Dr. Title explained that the food service program will be outsourced beginning with the next school year. Dr. Title informed the Boards

that the bidding process is moving along and should be done in time to have a vendor chosen for the start of the new school year. Dr. Title further explained that the food service program has been losing money for the last few years and the BOE decided outsourcing was the best solution.

Mr. Walsh arrived at the meeting at this time.

Mr. Kiley asked Dr. Title for his confidence level that the current estimates will hold for the remainder of the fiscal year. Dr. Title responded that he is confident in the accuracy of these estimates with the exception of any weather related events and emergencies. Dr. Title added that his staff has included the cost for two additional storms for this year in this estimate.

Mr. Becker noted that the new SBAC testing will require more computers to be purchased and he asked if the deferrals that have been happening to the maintenance items over the last several years will have a negative effect that might cause some concerns. Dr. Title reported that the BOE has enough to handle any normal maintenance for the rest of this fiscal year but projects that are deferred this year will cause a waterfall effect in the future by moving other projects further out to accommodate the deferred current year projects.

In response to a question from Mr. Walsh, Dr. Title explained that the legal services costs have been increasing due to the demands of mediations, special ed, collective bargaining, etc. Dr. Title informed the Boards that non-certified contracts have taken a lot of time and negotiations especially due to the pension changes from defined benefit plans to defined contribution plans.

Mr. DeWitt asked if the Special Ed tuition was removed would there still be a \$600K deficit. Dr. Title responded that some accounts do not get expended every year and his staff is constantly juggling accounts to cover any overages. Mr. Flynn noted that, in a budget of about \$157M, \$600K is only a ½% differential in spending annually.

Mr. Tetreau stated that, in his opinion, Dr. Title and his staff have done a good job in whittling down the amount of the deficit and they are looking to minimize the impact on next year's budget.

Mr. Mayer reviewed the handout detailing possible areas to be used to cover the BOE deficit from the Town side of the budget. Mr. Mayer noted that the Internal Service Fund could not handle this deficit so he needed to look at department operating budgets; this report shows the potential areas to be used to fund the deficit.

Mr. Flynn noted that as of December, according to the report presented at the Quarterly Review Meeting in January by Mr. Mayer, the Town was potentially \$400K ahead of budget projections so with this additional potential savings of \$469.8K it appears that the Town could end the fiscal year with a total savings of \$869.8K.

Mr. Flynn also noted that if the \$675K contribution to the Fund Balance was added, the total amount of savings might be \$1.4M therefore, Mr. Flynn suggested that the BOF might be able to wait until May to determine where the deficit could be funded.

When asked about the savings of \$30K from the DPW budget, Mr. Mayer explained that is for a driver vacancy that will not be filled this year and that amount is for 6 months of salary and benefits.

Mr. DeWitt asked why \$138K in unspent monies from non-profits could not be used. Mr. Tetreau stated that it would be more traumatic to remove unspent funding from here than from the department operating budgets.

Mrs. LeClerc asked Mr. Mayer to research the amount in the Capital account for DPW of \$32K and report back to the Boards.

In response to a question from Mr. Walsh concerning how \$35K could be saved from the Police Department Holiday Pay line, Mr. Mayer noted that it was discovered during a line by line budget analysis as being overestimated and could be covered in an alternate line item. Mr. Mayer also noted that the Fire Department has a contractual obligation to pay holiday pay but that pay can also be taken as comp time during the year it is

accrued.. Mr. Mayer was asked to prepare a report for the Boards detailing which unions can collect various types of compensation upon retirement (sick, vacation, comp, etc.).

Mr. Dwyer thanked the Boards for the respect that has been shown to the students in Fairfield during these negotiations.

Mr. Kiley and Mrs. McCarthy Vahey thanked the BOF, the Town Administration, the Town Department Heads and the BOE for their work during these negotiations. They stated that they were glad to participate in a solution that doesn't have a negative impact on the citizens of Fairfield. Members of the BOF also thanked everyone for a well done process; glad to see operational savings discovered rather than using the Internal Service Fund as a more fiscally responsible solution; good team effort was experienced and looking forward, constant vigilance will be needed on managing these issues so that this does not happen again.

Mr. Flynn also thanked Mr. Mayer and his team for a job well done.

SUMMARY BUDGET PRESENTATION BY SUPERINTENDENT OF SCHOOLS

Mr. Dwyer and Dr. Title presented this item to the Boards. Dr. Title made his presentation via power point. Mr. Dwyer reviewed some changes made to the BOE budget by the BOE after Dr. Title had prepared the FY 14-15 budget as follows:

- the 5th grade music program was restored to the budget
- the income from charging of fees for those sports that need to pay to rent facilities outside of the district for playing a particular sport was cut from the budget (\$56,000)
- the income from charging custodial fees for the rental of school space by the not-for-profits was cut from the budget
- the cost for BOE members to attend the CABA conference was restored to the budget (\$2400)

In response to a question from Mr. Kiley, Dr. Title noted that the BOE tries to balance the financial needs of the school system with what the Town can fiscally afford to support and the four items mentioned above were items that he felt were necessary.

In response to questions concerning the increase in medical costs and what measures are being taken to address this issue, Dr. Title stated that this area historically has a large swing pattern which usually works out by the end of the fiscal year. Dr. Title further explained that the budget is based on information from October projections and the experience has deteriorated since then but there may be some good months ahead which usually balances things by June. Mr. Mayer noted that the excess reserve of the ISF of \$700K was forecast to be used by the BOE but the amount has been increased due to higher experience rates; now looks like, based on the most recent data, almost \$2M of the reserve in the ISF could be used due to the fact that the BOE is currently running a deficit of \$930K for this year. Dr. Title stated they will be at 1X IBNR at June 30, 2014. Mr. Mayer reported that the IBNR, which is now at 2.5X of coverage would go to 0X therefore requiring \$1.5M of fresh money to maintain IBNR. Mr. Mayer was asked to provide the Boards with the projected balance of the ISF before the latest information was made available. Mr. Tetreau stated that the rating agencies are looking for credible answers to what is being done to protect the ISF losses if trends continue to deteriorate. Mr. Mayer reported that AON dictates the trend to be used and, at the present time, the BOE is using 7.5% trend while the Town is using 9% trend. Mr. Mayer further explained that the trend number comes out annually and it is now at 8.6%. Dr. Title stated that it has been his understanding to budget what you need to budget within 1X INBR.

In response to questions from the Boards, Dr. Title explained the situation with the Food Service item. Dr. Title explained that this item has been running a deficit for the last 2 years so it has been decided by the BOE to

outsource it in an effort to improve service and eliminate the deficit. Dr. Title informed the Boards that the public bidding process is ongoing and a vendor should be in place to start the new school year. Dr. Title noted that the contract with the vendor will specify a profit sharing clause but if the vendor doesn't make any money, they will not collect their fee. Dr. Title also noted that the vendor will not be charged for custodial services and utility charges as has been done in the past; these fees will appear in the FY14-15 BOE Budget as attrition by non-certified staff which has never been listed before and it will come out of all custodial accounts.

Mrs. LeClerc asked Dr. Title for a schedule of growth in the SPED tuition account. Dr. Title, in response to questions concerning SBAC testing requirements, stated that the BOE will test this out this spring to determine capabilities but more computers will be needed for other students to use while testing is being done. In response to questions about the statistics concerning the free and reduced lunch students, Dr. Title noted that those students are included in both groups used in the comparison so those students are actually higher in reality. Dr. Title reported that the BOE is looking into interventions that might assist these students such as extending the school day, allocating resources, etc.

Mr. Flynn noted that the BOF only votes on the bottom line number for the BOE budget; tight spending will be continuing; the BOF does not see program costs in the presentations and that information would be very helpful to have for the future; when the State comes out with the new General Ledger System this type of information should be easier to obtain. Dr. Title informed the Boards that the new accounting system from the State will probably not happen for at least another year.

Mr. Becker asked if the BOE is doing anything to address the ISF issue. Mr. Dwyer explained that historically the number improves by the time the RTM has votes so the BOE will wait to discuss this until later in the spring.

In response to questions concerning the rationale used by the BOS for their reductions, Mr. Tetreau stated that the reductions were made for the following reasons:

- BOE makes adjustment decisions
- rate of growth/change and effect on tax increase
- .2% of budget – go back and find cost savings

Mr. Walsh asked Dr. Title to provide the BOF with a list of classes that have 10 or fewer students.

Dr. Title explained the reduction made to the budget recommended to the BOS was due to the fact the budget was done using preliminary data and newer data precipitated the reduction of \$400K from the original budget.

Dr. Title also mentioned that there will be some infrastructure improvements in the schools due to security issues as recommended by the Police Department in January but specifics will not be discussed publicly. Ms. Leonardi, in response to a question if Fairfield is a "magnet" for special education needs, responded that approximately 10,6% of the school population is identified with disabilities while 12% is the average.

PUBLIC COMMENT

Steve Baker, 22 Charles Street

Speaking as parent of Sherman School and RLMS, promoting children's health and wellness; please do not make any cuts

Lisa Havey, 216 Longview Avenue

Please accept as presented, return \$404K that was cut; would like to see increase in gifted and late buses

Carolyn Trabuko(?) 221 Sherwood Farms Road

in comparison to neighboring communities comps, are we falling behind?; correlation between per pupil spending and property values has been established; please pass the original BOE budget

229 Adley Road

moved her 2 years ago for schools; blown away by disparity between wealth and spending; support budget in its entirety

Kristen Harrington, 59 Wahlbin Court

Where is tipping point to too many cuts?; please support budget – original as presented to BOS

Nickie Vinosky, 1485 Brookside Drive

please support the BOE budget in its entirety

Anne Harvey, 363 Hemlock Road

speaking for the silent majority of parents who cannot be here tonight; support the BOE budget

Mark Patten, BOE Member

parents feel budget has to be cut at each stage; \$404K has already been cut by BOS; concerned technology will be affected; cannot cut more

Nancy Hamelin, Duck Farm Road

services have been decreased; pro-education; be fiscally responsible

Donna Karnal, BOE member

Thank you, great questions, being fiscally prudent is important but the Town needs to support this budget

Mr. Stone asked Dr. Title to provide details on the unfunded mandates to the Boards.

2531 Private School Bus Transportation

Mr. Ficke presented this item to the Boards. Mr. Ficke noted that on page 170 of the Budget Book, there is an item for a new school that may be coming on line but those costs are not included in this budget. Mr. Ficke noted that 50% of the bus fleet is new buses which are higher than the old buses resulting in some problems with routing to avoid viaducts which are too low for clearance. Mr. Ficke also noted that all new buses are the new hi=eight so there was no choice.

PUBLIC COMMENT

None

11030 Health and Welfare Services

Ms. Leonardi presented this item to the Boards.

Ms/. Leonardi, in response to a question from the Boards, noted that costs are for partial staffing needs.

PUBLIC COMMENT

None

On a motion made by Mr. DeWitt and seconded by Mr. Brown, the meeting was adjourned at 11:55 p.m.

Respectfully submitted,

Combined Board of Selectmen and Board of Finance
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Deborah J. Garavel
Recording Secretary