

THESE MINUTES ARE SUBJECT TO APPROVAL BY THE BOARD OF FINANCE

AMENDED

The Board of Finance held their regular meeting on Monday, May 11, 2015 in the Council Chambers at the Municipal Center, 3 Primrose Street, Newtown, CT. Chairman John Kortze called the meeting to order at 7:30pm.

Present: John Kortze, Harry Waterbury, John Godin, Joe Kearney

Absent: Mike Portnoy, James Filan

Also Present: First Selectman Pat Llodra, Director of Finance Bob Tait, Rick Camajo and Rob Manna of Newtown Hook and Ladder, and 2 members of the press

VOTER COMMENTS: NONE

COMMUNICATIONS: Mr. Kortze has been copied on many e-mails pertaining to the minimum budget requirement for BOE. There is a lot of dialog at the state level about changes to it because of what the state is experiencing with declining enrollment. Essentially it would give greater flexibility per student on the MBR. If you are in the top 10% of performing districts in the state, which Newtown is, there is even more flexibility.

There will be a special appropriation for the High School Auditorium and Edmond Town Hall for next meeting.

Mr. Kortze had received inquiries about where we are with grants (Attachment A).

An update on the status of the Hawleyville Sewer Extension estimated cost v. anticipated assessments and grants was received (Attachment B).

There is a transportation survey out there from the BOE piggybacking the ridership questions that was discussed during the last budget cycle (Attachment C).

Mr. Kearney provided a 15 year historical compilation of budget data including inflation rates and projections of future years based upon certain assumptions(Attachment G).

MINUTES – Mr. Kearney moved to approve the minutes of the 4/23/15 meeting as presented. Mr. Godin seconded, motion unanimously approved.

FIRST SELECTMANS REPORT -- Mrs. Llodra expressed concern over house bill 571 and senate bill 902. There is no advocacy for either bill. The impact will be extraordinarily costly. The protections being sought under those bills are extraordinary protections. The coverage for those particular provisions are already provided. Mrs. Llodra is asking anybody who has a chance to talk to our Legislators ask them not to support unfunded mandates. The third bill of concern is bill 6970 which calls the consolidation of dispatch. It is calling for mandating the consolidation of dispatch for communities with less than 40,000 residents by 2018. The one piece that might be modified would be the date. There is a penalty if you do not consolidate which is the piece of funding that is currently received.

Mr. Kortze asked about the status of the space needs study. Mrs. Llodra explained that they are collectively talking. They are doing a lot of research and have awarded the contract to the company that will do the physical assessment of the buildings and then do the space needs assessments. The committee

is waiting for the school piece to come on board. The third piece of the charge to that commission is repurposing of building. Mrs. Llodra is expecting that they will be prepared to come back by the end of August.

FINANCE DIRECTOR REPORT – The BOS invited the Pension Committee to the their next meeting. The Board of Selectman is the Trustees of the pension. The attached document was given to the committee before their meeting (Attachment D). The document shows the benchmark over the last 5 fiscal years and fund has been underperforming. It is time to have a discussion with the Trustees and the Pension Committee. It was discussed breaking up the pension assets into 3 pension asset managers by RFP. Mr. Kortze expressed concern that this has been happening for 5 years. Mrs. Llodra explained that they have had three meetings with the Pension Committee and the Fund Managers. Each of those meetings, there was a plan in place, they did not meet the expectation, and came back with another plan. This meeting is with the BOS and the Pension Committee only and do not want the asset manager to be there. They have had enough time to right the ship and now it is time for a change.

Mr. Tait explained that at the next meeting there will be special appropriations for Edmond Town Hall, Library, PW Roads, FFH Demo, Fire Apparatus, Fire Substation and High School Auditorium. Mr. Tait is asking if they should ask for the full amount over three years instead of coming back each year. This approach was done for the open space. There is no savings to this approach. It would work like it does now but he wouldn't have to come back each year for the appropriation. It was determined that it did not make sense to do except with FFH demo where it could provide a savings.

UNFINISHED BUSINESS

Newtown Hook and Ladder Update – Rob Manna representing the Building Committee for Hook and Ladder, and Rick Camajo the President of Hook and Ladder spoke about the new building update. There is preliminary sight work being done. Claris Construction has done primary plans and gotten estimates to determine what the cost would be (Attachment E), which is estimated at \$2.5 million for the building. They have purchased the property for \$500,000 cash and are working with a bank to secure a \$500,000 mortgage. There is a \$500,000 gap between the towns funding and their funding. Hook & Ladder's commitment is \$1 million and the town is \$1.5 million. The current estimates are not prevailing wages. Using prevailing wage, the gap may increase to \$1 million. The estimates from Claris is for a 2 floor building. The 2nd floor will be a shell to get a CO. There may be an opportunity to get a USDA loan which is a 40 year loan but that is still under review.

NEW BUSINESS

Police Union Contract – The BOF does not take any fiscal action on the Police Union Contract (Attachment F). This is a three year contract with one year retroactive. Medical insurance cost share has increases from 11% to 12%. They have increased the option to decline medical insurance and have an reopener for the affordable health care act. They also have a defined contribution pension plan ... And wage increases of 1.9/1.9/2.0%.

ANNOUNCEMENTS – None

Having no further business, the meeting was adjourned at 8:29pm

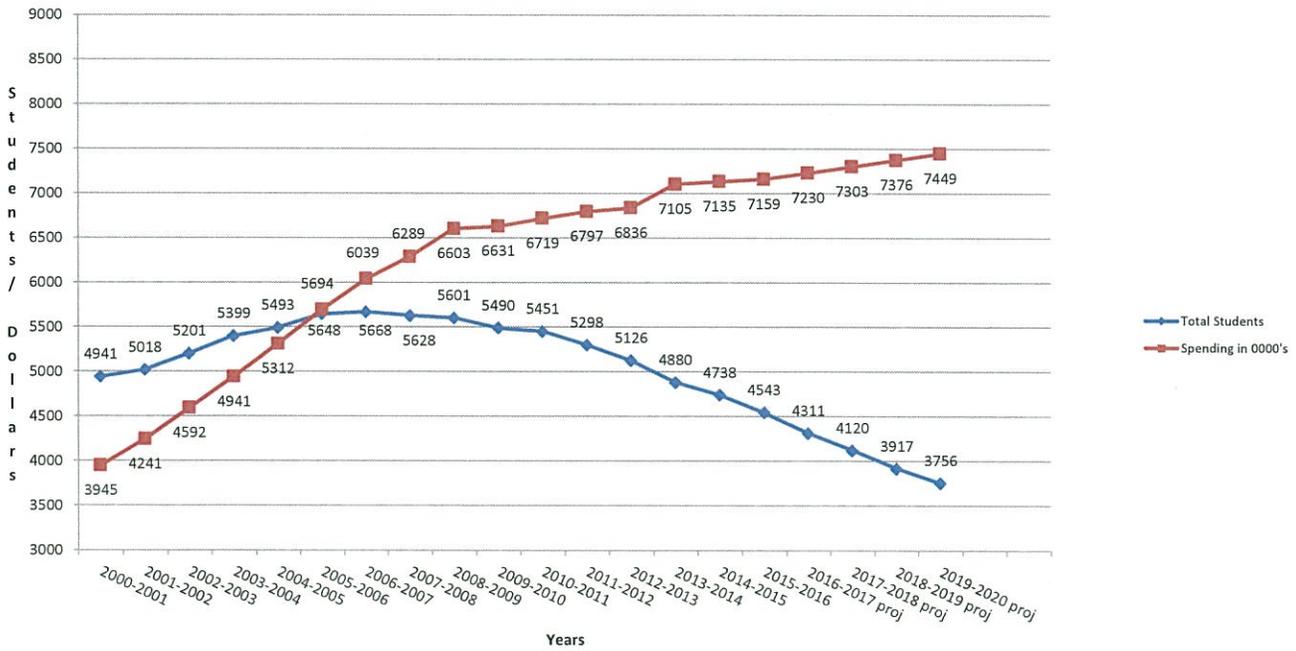
Respectfully Submitted,
Arlene Miles, Clerk

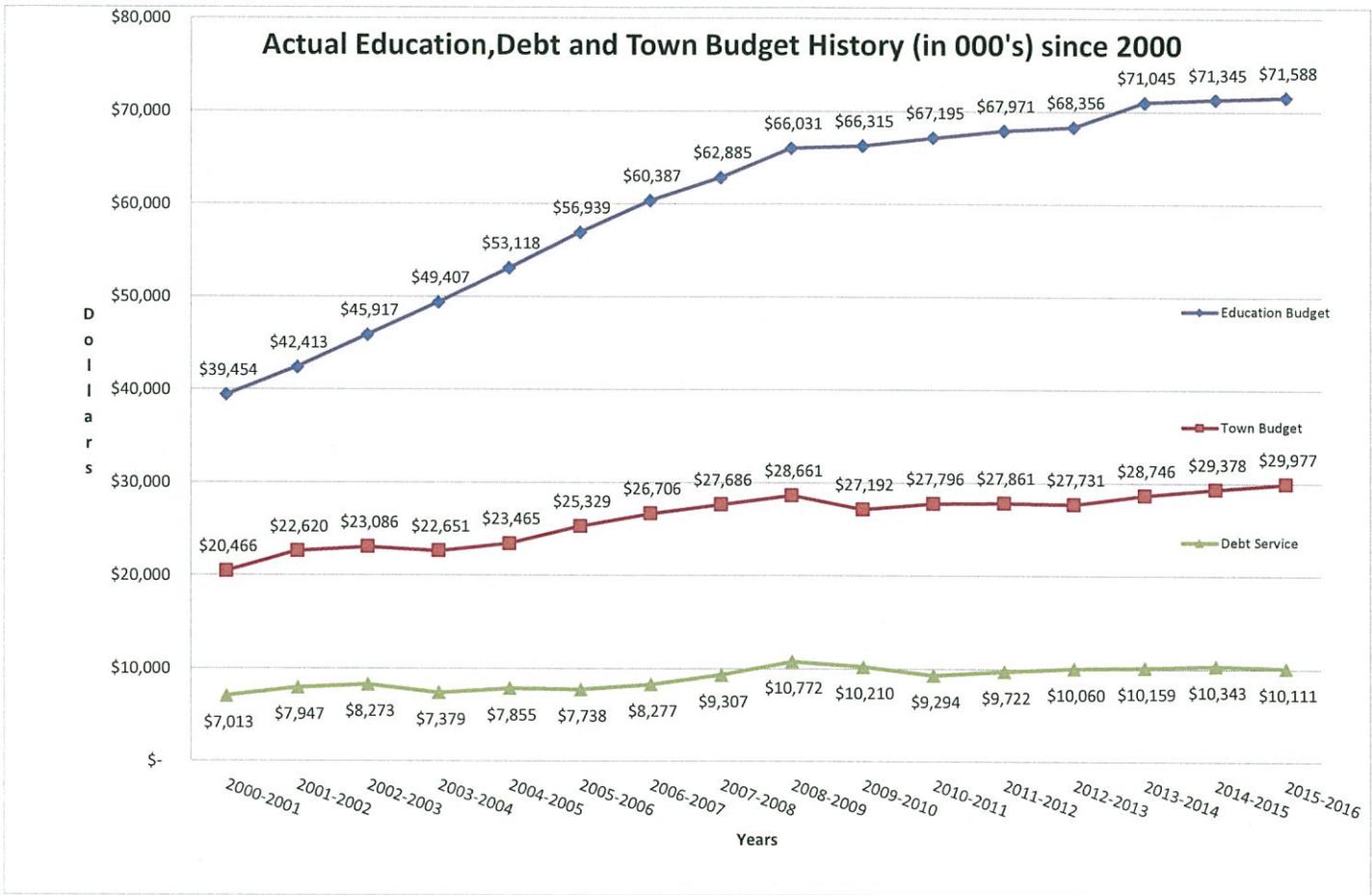
Town of Newtown

CUMULATIVE AMOUNT OF INCREASE GREATER THAN INFLATION SINCE 2001-2002				
Budget year	Education	Debt	Town	Combined
2001-2002	\$ 1,617,644		\$ 1,457,815	\$ 3,075,459
2002-2003	\$ 3,578,718		\$ 1,332,005	\$ 5,310,722
2003-2004	\$ 6,806,019		\$ 552,537	\$ 7,358,555
2004-2005	\$ 9,550,283		\$ 865,384	\$ 10,415,667
2005-2006	\$ 12,211,683		\$ 2,128,303	\$ 14,339,986
2006-2007	\$ 14,248,291		\$ 2,720,532	\$ 16,868,823
2007-2008	\$ 16,257,404		\$ 2,928,941	\$ 18,086,344
2008-2009	\$ 18,547,821		\$ 3,200,622	\$ 20,148,443
2009-2010	\$ 18,351,818		\$ 756,044	\$ 16,107,862
2010-2011	\$ 16,409,995		\$ 1,452,632	\$ 17,862,627
2011-2012	\$ 16,358,897		\$ 1,088,636	\$ 17,447,533
2012-2013	\$ 15,091,663		\$ 101,912	\$ 15,193,575
2013-2014	\$ 16,662,626		\$ 536,038	\$ 17,198,664
2014-2015 Final	\$ 16,319,694		\$ 731,099	\$ 16,850,793
2015-2016 proj	\$ 15,478,727		\$ 871,709	\$ 16,350,436
2016-2017 proj	\$ 15,286,859		\$ 705,795	\$ 16,092,654
2017-2018 proj	\$ 14,674,532		\$ 310,690	\$ 14,985,222
2018-2019 proj	\$ 14,027,686		\$ (97,858)	\$ 13,929,828
2019-2020 proj	\$ 13,355,642		\$ (520,206)	\$ 12,835,437

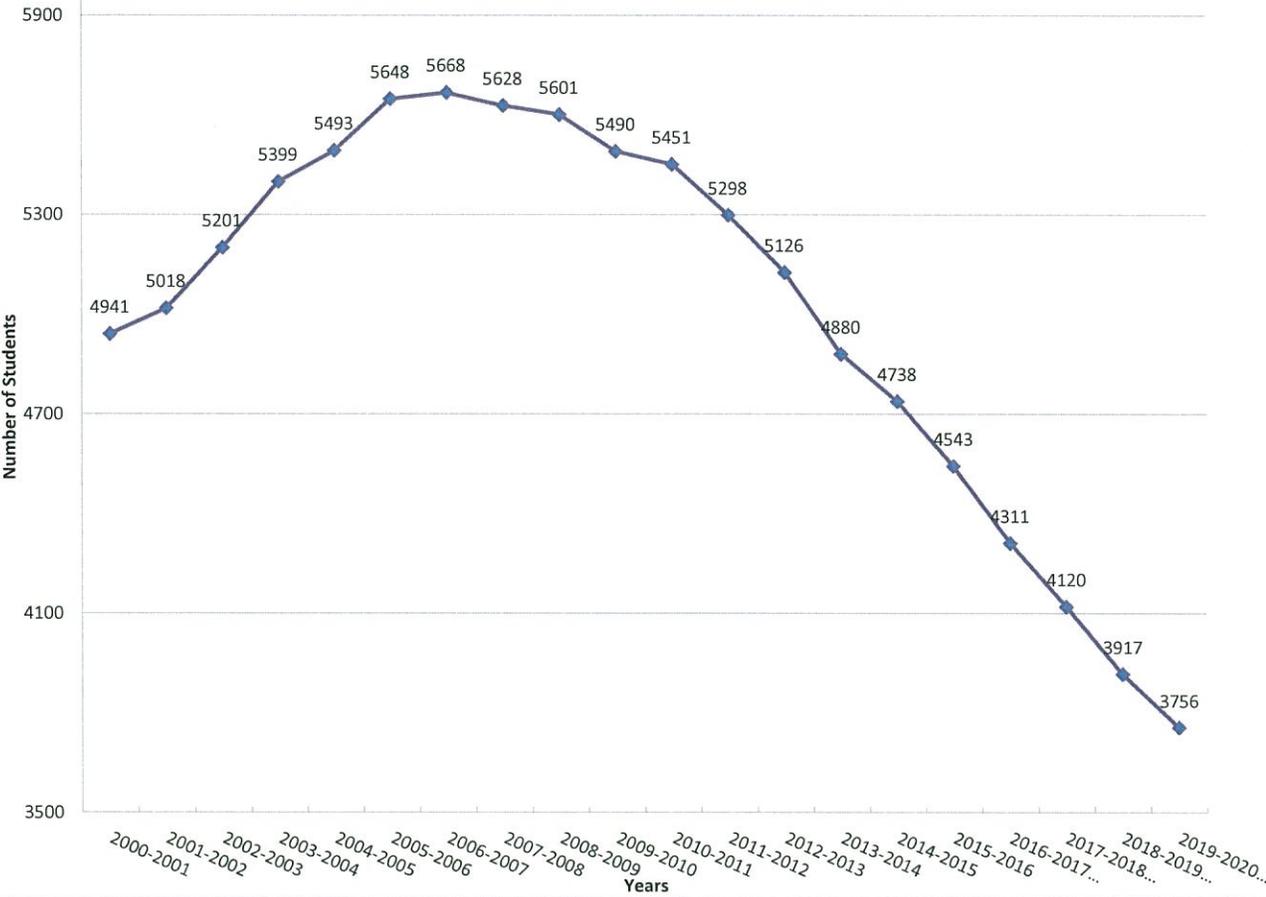
Comments:
 1. Education budget has risen by over twice the rate of inflation (\$16,289,967) since 2001-2002 while student population has decreased by 398 students.
 2. Town Selectman's budget has risen by 10% greater than the rate of inflation which is roughly equivalent to the town population increase of 11% (2,748 residents)
 3. Education staffing growth rate increased by 5.76% (34.25 FTE) while student population shrank by 8% (658 students) since 2002-2003
 4. "Education Staffing in FTE" - this column of data is from the school district budget books adjusted for actuals when known
 5. Debt service is derived from schedule provided by town Finance Director
 6. Student population growth uses Malone and MacBroom, Inc middle projection from 2015-2016 thru 2019-2020
 7. The declining student population is sufficient to cause per pupil spending to rise in future years even if we invoke state minimum allowable budget reductions.
 8. The inflation rate for this budget year is forecasted to remain at 3.6%, while future inflation rates are forecasted at 2.35%

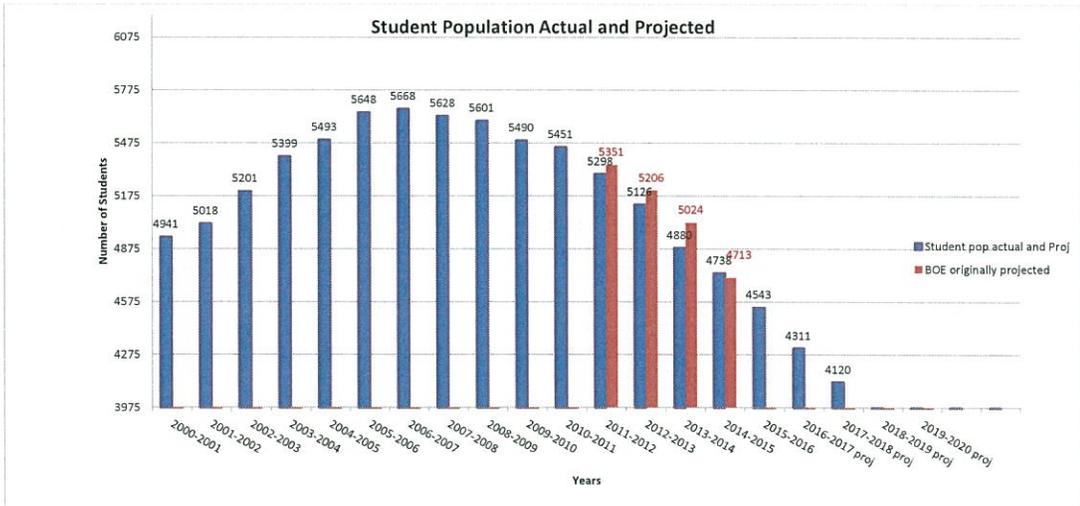
Education Spending (in 0000's) vs. Student Population since 2000
Actual through 2014/15 and proposed for 2015/16
Budget growth is projected at 1% increase
from 2015/16

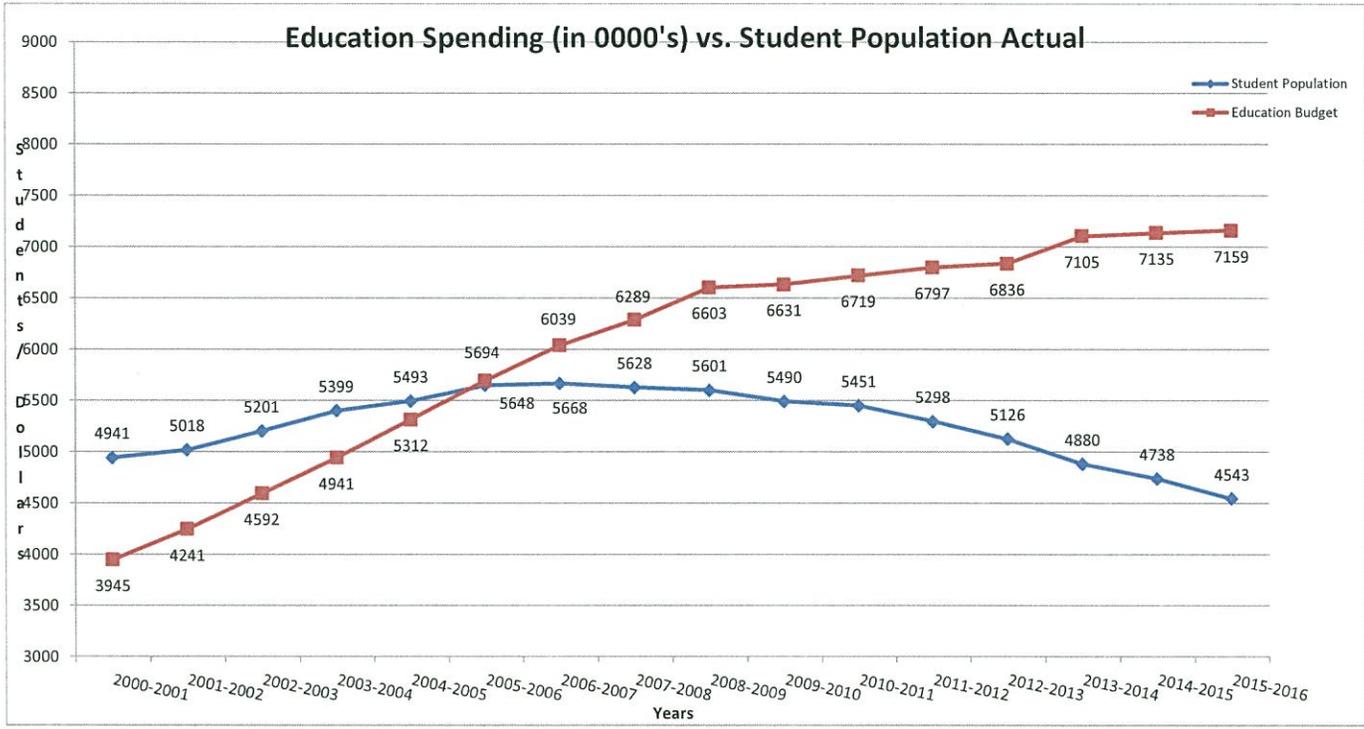




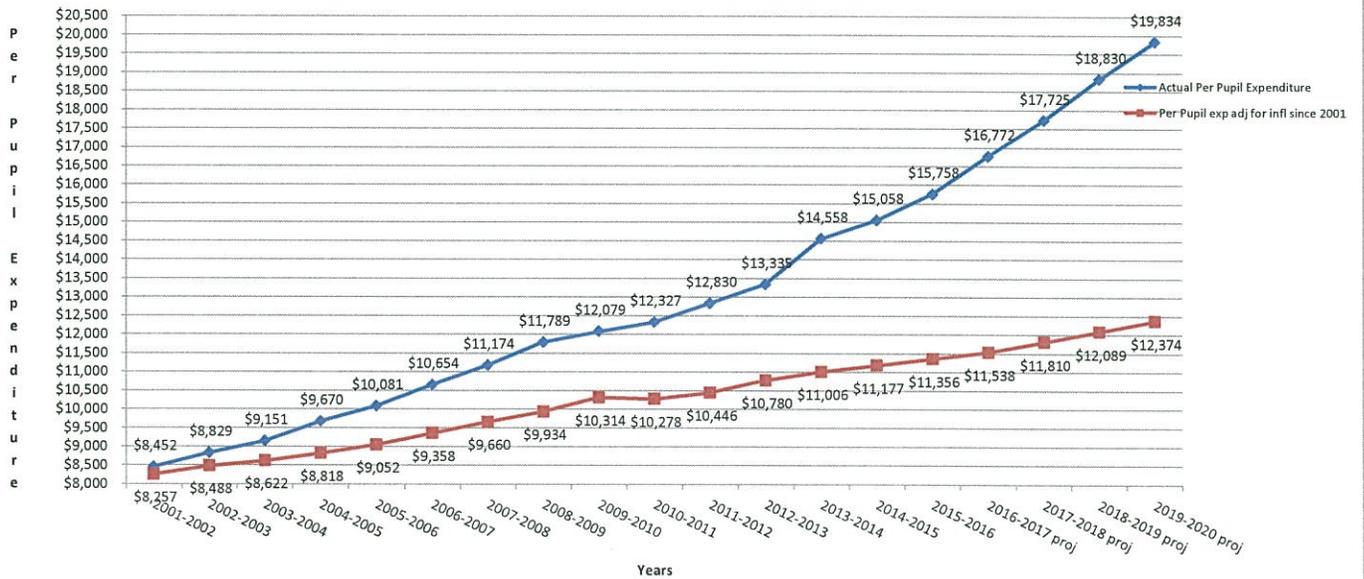
Student Population History



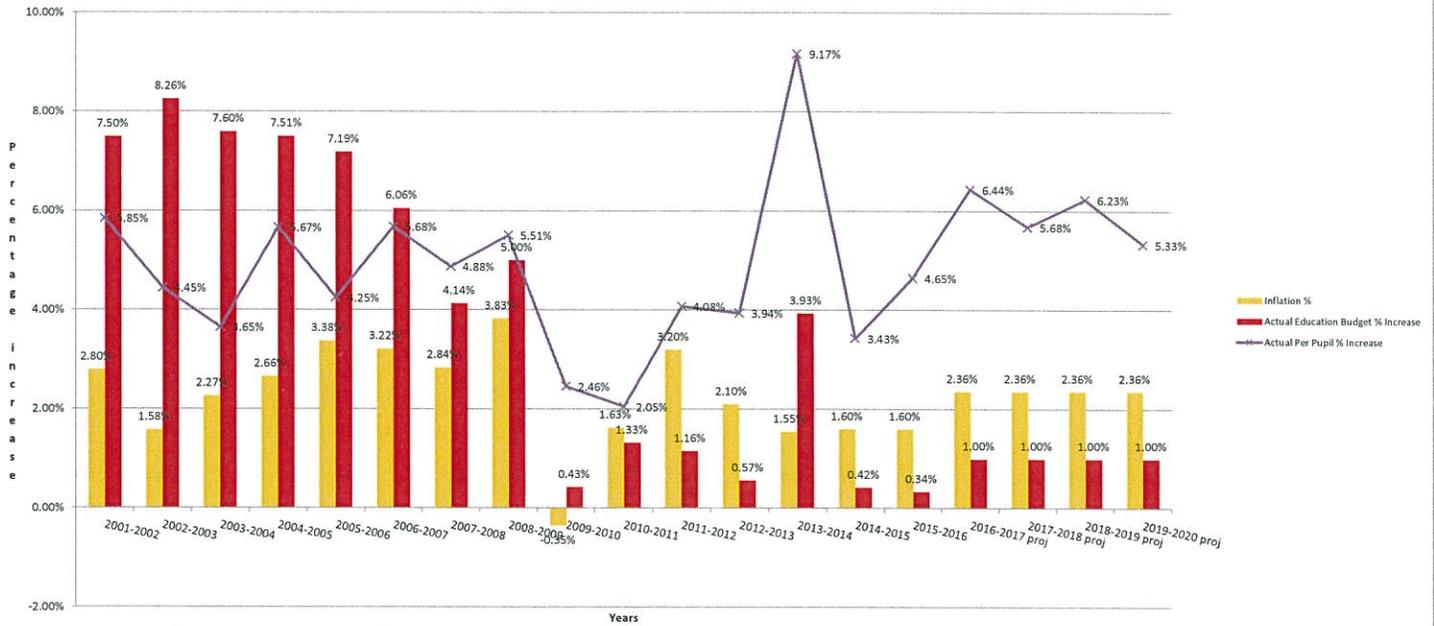




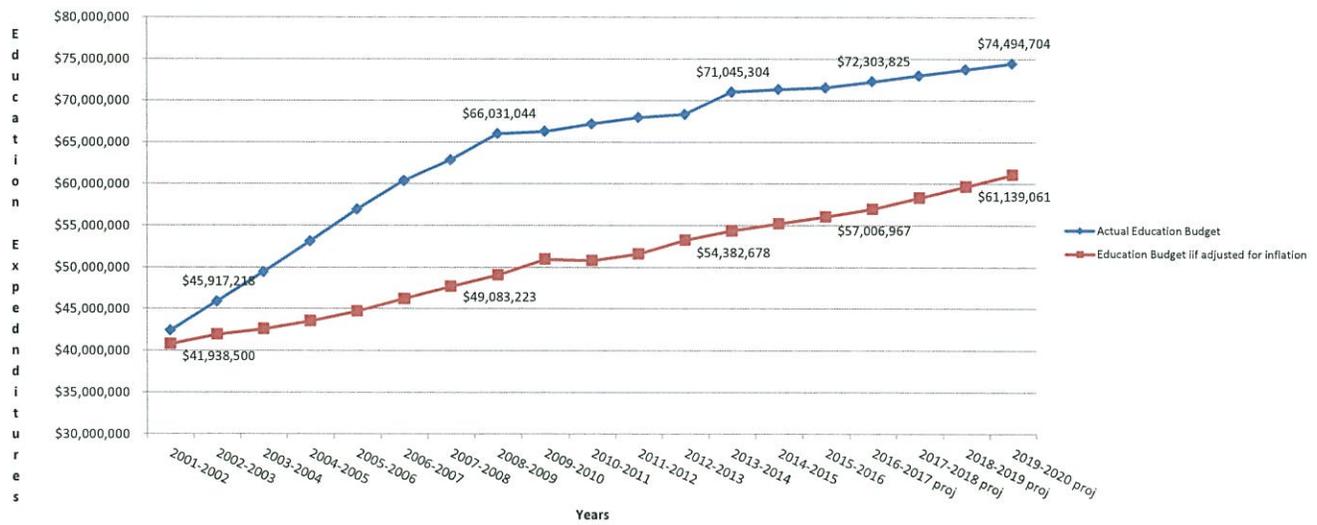
Actual Per pupil expenditure through 2014-2015 and projected through 2019 using 1% increase vs. Inflation adjusted per pupil expenditure since 2001 with actual inflation through 2014 and projected at 2.36% until 2019



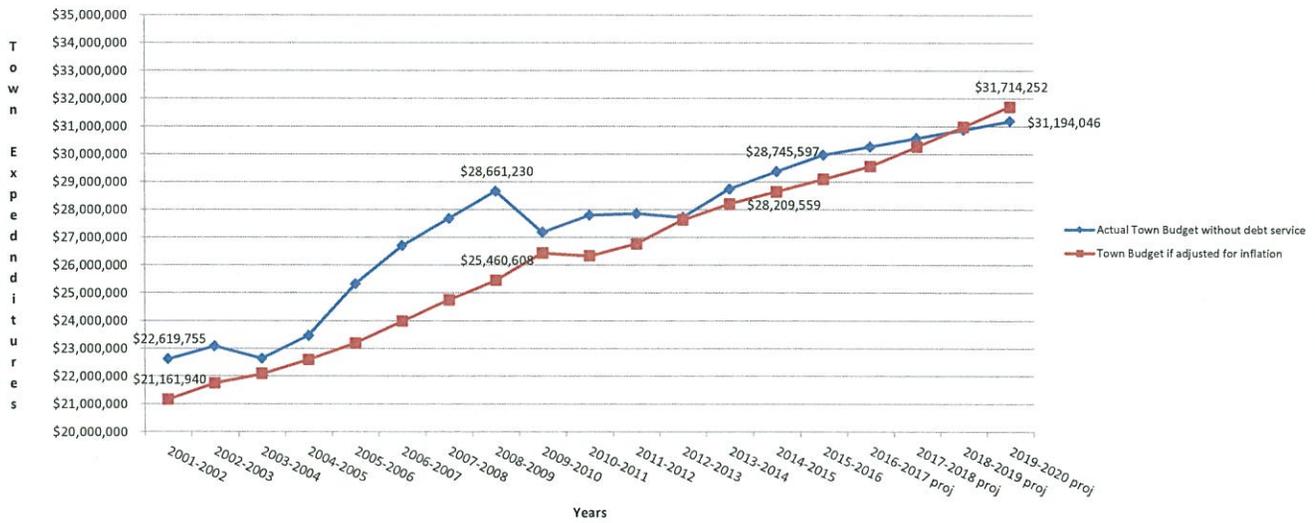
Actual Per Pupil % Increase vs. Inflation % vs. Education Budget Increase %
from 2001 through 2019 (projected)



Actual Education Budget through 2014-2015 and projected through 2019 using 1 % increase vs. Inflation adjusted Education Budget since 2001 using actual inflation through 2015 and projected at 2.36% until 2019



Actual Town Budget through 2014-2015 and projected through 2019 using 1.00% increase vs. Inflation adjusted Town Budget since 2001 using actual inflation through 2015 and projected at 2.36% until 2019



Education Spending (Inflation Adjusted in 0000's) vs. Student Population since 2000
Actual through 2014/15 and projected from 2015/16
Budget growth is projected at 1% increase
from 2015/16

