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## TOWN OF NEWTOWN

### TOWN OF NEWTOWN LEGISLATIVE COUNCIL MEETING MARCH 15, 2017 NEWTOWN MUNICIPAL CENTER, NEWTOWN, CT

**PRESENT:** George Ferguson, Phil Carroll, Chris Eide, Neil Chaudhary, Judit DeStefano, Ryan Knapp, Paul Lundquist, Mary Ann Jacob, Dan Amaral, Tony Filiato, Dan Wiedemann.

**ABSENT:** Dan Honan.

**ALSO PRESENT:** Secretary of the Office of Policy and Management Benjamin Barnes, State Representative Mitch Bolinsky, State Representative J.P. Sredzinski, State Senator Tony Hwang, Newtown School Superintendent Dr. Joseph Erardi, School Board Members Keith Alexander, Andrew Clure, Michelle Embree Ku, Rebekah Harriman-Stites, Board of Finance Members John Godin, Kelley Johnson, Sandy Roussas, Aaron Carlson, Newtown Chief of Police James Viadero, Lieutenant David Kullgren, Police Commission Joel Faxon, Brian Budd, Virgil Procaccini, Jr., Dan Rosenthal, Andrew Sachs, Commission on Aging Anna Wiedemann, Curt Symes, George Guidera, 22 members of the public, 2 members of the press.

**CALL TO ORDER:** Ms. Jacob called the meeting to order with the Pledge of Allegiance at 7:33 pm.

**VOTER COMMENT:** None

**MINUTES:** MR. FERGUSON MOVED TO APPROVE THE MINUTES OF THE MARCH 8, 2017 MEETING. SECOND BY CARROLL. Ms. DeStefano said there is a correction to the Minutes of March 8, 2017 and Ms. Jacob asked for a review. MOTION FAILED 8-0. (Mr. Filiato, Mr. Lundquist, Mr. Eide abstained)  
MR. FERGUSON MOVED TO TABLE THE MINUTES OF MARCH 8, 2017 MEETING. SECOND BY MR. CARROLL. ALL IN FAVOR. (11-0)

The correction to the Minutes of March 8, 2017 should include, as follows, Mr. Chaudhary as opposed: MR. KNAPP MOVED TO AMEND THE MOTION TO SEND TO REFERENDUM THE HAWLEY SCHOOL ROOF REPLACEMENT PROJECT, THE CAPITAL ROAD PROGRAM, AND THE HIGH SCHOOL AUDITORIUM PHASE II PROJECT AND ADD THE POLICE FACILITY DESIGN. SECOND BY MR. WIEDEMANN. Mr. Knapp said that this would be the most expensive project on the list and the design phase is the time to do this to get it started. Mr. Wiedemann agreed and will provide us with some flexibility. Ms. Jacob said that she would vote against this amendment because she is going to go along with recommendations of the bond council and legal council to approve the three highest projects only. ALL IN FAVOR. MOTION TO AMEND PASSES 5-3. (Opposed: Ms. Jacob, Mr. Ferguson, Mr. Chaudhary)

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### **COMMUNICATIONS:** Ordinance Timeline (ATTACHMENT)

**COMMITTEE REPORTS:** Ms. Jacob asked that committee reports be postponed until the next meeting.

**FIRST SELECTMAN'S REPORT:** None.

### **NEW BUSINESS:**

**DISCUSSION ON THE STATE OF CONNECTICUT PROPOSED BUDGET AND IT'S POSSIBLE IMPACT IN NEWTOWN WITH OUR STATE REPRESENTATIVES AND THE STATE OF CONNECTICUT BUDGET DIRECTOR, AS WELL AS MEMBERS OF THE BOARD OF FINANCE AND BOARD OF EDUCATION:** Ms. Jacob introduced Secretary of the Office of Policy and Management Benjamin Barnes who began the discussion with a brief summary of the governor's proposed budget. Mr. Barnes said that the proposed budget is challenging and the state government level is faced with fiscal challenges, the result of significant underfunding. The shortfall is \$1.5 billion in the coming fiscal year. Proposing recurring solutions includes \$700 million in labor savings under negotiations with state employees, health care for state employees, cuts in programs in state agencies, special ed programs, behavioral health. It has been proposed to put \$400 million onto local government the result of a cost shift of the teacher pension system from state to local governments. State aid proposed to redirect dollars to be needs based. Mr. Barnes gave the example of Hartford, on the brink of bankruptcy. It is hard to attract businesses and residents to communities like this. It is proposed to reorder municipal aid. Newtown, has a higher grand list, appearing less needy than other communities. It is easy to say that in comparison to Hartford, he explained, but believe it is necessary to begin to redirect aid to communities that need it most. He recognizes the difficulties and hopes to come to a solution that everyone can live with. In terms of the legislative process, this is the beginning. There is enormous pressure on the legislative side to treat towns better and that the level of the cuts proposed is too much for towns to absorb. It is proposed that Newtown receive a \$6 million cut. Some other towns in Connecticut have more significant cuts. He thinks that more resources will possibly be available as the state budget goes on. It is not sure how to get back to state aid as it has been in the past and maintain a business climate that is conducive for growth in Connecticut. The state budget does not include significant increases in taxes. The proposed budget has left \$75 million in undesignated municipal aid, knowing the legislature will want to help soften the impact. Mr. Barnes offered to field questions from the group.

Mr. Ferguson asked about the existing and future formula to determine town budget cuts, requesting transparency, noting uneven allocations between towns, citing the town of Norfolk compared to Newtown. Mr. Barnes responded regarding teacher retirement allocations, allocating % of payroll to each community. That distribution of teacher salary and teacher pension and allocate 1/3, Newtown is to pay 1/3 equivalent to \$3.9 million for Newtown allocation. In addition, ECS, a \$2 billion grant program, relies on a foundation based formula comprised of the cost of educating a student, the amount adjusted based on need factors, and the aid ratio formula depending on wealth. They look at the ratio of the town income, per capita income and grand list per capita, compare it to the town that is 1.5 times the median, that ratio becomes the amount of the grant divide by 2, meaning the state would pay half. He added that the problem with the formula is that it has to be prorated down, the grant is based on what the town received the prior year. In most respects, the amount is lower than the formula, so they freeze the formula in place with what they got last year. He gave the example of many communities with a loss of student population, Newtown lost 14% of students population in the last 5 years, but they do not make adjustments like that. They set minimum aid ratio of 2%. Wealth disparities are high in Connecticut, some towns should get 0%. Newtown has a meaningful aid ratio of this year between 5-10%. They hold- harmless grants to the most affluent communities, including towns that don't need it, like Greenwich. Waterbury with a growing population, gets short changed due to increase in population. The state tries to fix that, proposed to separate out special education, provide a special ed

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grant, on a sliding scale, for Newtown 14.77% a grant of \$2.4 million. Husky Aid measure increased. Also changed the aid ratio so the distribution is more aid directed. These measures are in response to recent CCJEF decision.

Mr. Knapp stated that the CCJEF decision is currently under appeal, he asked Mr. Barnes to comment on the logic to this reference since it is not decided yet. Mr. Barnes said that the foundation based ECS formula has been modified over time. They believe that it is best to make some decisions while that is pending. Mr. Knapp said that in 2013 Mr. Barnes was on a task force to address the formula, and asked what has changed since then. Mr. Barnes acknowledged he was on the task force and said that the formula was acceptable and look at ways to further address need based formula. Mr. Knapp said that the state has pro-rated the formula, there are still inequities in the distribution. Newtown gets 47%, concerned of hits to future budgets faced with the cuts of this year. Mr. Barnes said that the legislature does not want to give any community a cut. Mr. Knapp said that we were blindsided by this cut in state aid. Concern there is no long term planning to address the cut. Mr. Barnes said there is support for the local level mission, and thinks there are things that could be done at the local level, for example, use fund balance, other local strategies.

Ms. Jacob commented that we understand the difficulty and towns will need to share in costs. She said that the severity and short notice, and being punished for being fiscally conservative, is of concern. A community like Newtown is punished, after our ratings went to AAA, rating agencies are very complimentary. If we reduce our fund balance now, what happens in the future. She would like to see a more gradual shift, recognizing towns need to sacrifice, and suggested to look at something in the teacher fund to negotiate and sacrifice. She added that because we live in a charter town, we have to go to referendum for a special appropriation. If the vote is no, we would have to cut services. She asked why this approach was so severely unequitable in one year for towns like Newtown. Mr. Barnes said he appreciated the difficulty presented to local governments. He rejects the argument that towns are punished. He cited the examples of financial challenges in Hartford. He acknowledged the timing challenges and proposed that charter towns defer some of the dates in the budget process to later in the spring as an option to consider. Ms. Jacob said that proposed legislation did not pass. Mr. Barnes said that it was tabled.

Mr. Godin referred to Mr. Barnes' suggestion of towns to consider utilizing fund balance to offset some of the costs in the drop in state aid, he questioned why a town would want to do that to support the state. Mr. Godin, as a member of the Board of Finance, recently had passed budgets to the legislative council, 1.6 Board of Ed, 1.6 Board of Selectman, with a tax increase of 1.9. We modeled a 21% decrease in revenue from the state in an effort to accommodate needs at the state level. Our tax increase with the budget you propose means a 7.5% increase for the town of Newtown. He stated that he believed most of Newtown voters present in the room today will not pass that budget. He added that we assumed we would have to absorb some of the costs, probably over time, but to cut \$6.7 million net for this town is a challenge. He expressed concern to drain some of our fund balance when the town worked so hard to achieve AAA S&P credit rating, debt service is going down this year, instead of going up, plus they responsibly negotiated teacher contracts, all strong efforts to keep costs down. He expressed concern over the states proposed budget cuts, lack of timeframe, to the town of Newtown and how Newtown's legislators and Newtown Legislative Council will have to address this challenge to Newtown when historically Newtown passes budgets of around 2%. He pointed out that Newtown is comprised of hard working people, not all wealthy.

Ms. Jacob added that it should be noted that Newtown has 3,000 adults that cannot afford medical care that receive free medical care via Kevin's Community Center, the food bank cannot keep it shelves stocked, and a number of students receive free and reduced lunch. Families cannot afford a high increase. The town has tried to be fiscally responsible. She made the point of asking that Mr. Barnes include in budget conversations, the needs of communities like Newtown and to negotiate and ask for longer term plan. Mr. Barnes said that the state is short by meaningful amount of money and aware of the challenges of passing town budgets.

Mr. Filiato asked Mr. Barnes to explain what the governor believes is the legal basis to push pension on to the towns. Mr. Barnes explained that there is a state statute which the language is incorporated into the bond covenant

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for the teacher retirement, deemed appropriated from the state's general fund. The Treasurer has a general obligation pledge under the state constitution to make the payment. If a town would not pay, the state would still be obliged to make the payment into the fund, asking towns for reimbursement for that payment.

Mr. Lundquist followed up with town fund balance consideration and any town that has more than 5% can dip into that. He pointed out that Newtown is at 9.9% today, we have written policy that it will not go below 8%, we can't easily dip in to fund balance. Was town fund balance considered in the state calculation? Mr. Barnes said that no, but there were provisions were made for towns in distress. Fund balance could soften the blow of an adjustment, it will be a local decision, an option to be considered.

Mr. Ferguson asked what is the plan at the state level to be responsible for its own budget and not transferring it on municipalities. Mr. Barnes said that property taxes are reliable, but hard to increase, there is some proposed shifting onto property taxes. The strategy for dealing with payments for pension systems over the next 15 years, are multifold, they are negotiating that they hope will significantly reduce current and future pension payments with a whole range of options that may reduce pension obligations. They are working develop a state government on low or no growth of spending, increase revenue, set up tools to deal with fiscal challenges.

Mr. Knapp expressed concern regarding putting costs on to Newtown and the rate it is rising, regarding teacher pensions. Mr. Barnes described a fund for liability and extended amortization, costs will increase in teacher system. Mr. Knapp said that the state took this on, state negotiated teacher pensions, 80% unfunded liability that are being passed on to the towns. Mr. Barnes agreed that the state does this on behalf of local governments.

J.P. Sredzinski commented that there are other communities receiving more state aid and Newtown will take a hit. He added that it seems that cities are being rewarded for poor management, yet taking money away from Newtown because it has been run right. The budget is in the hands of the legislature and they will continue to work on that.

Mr. Bolinsky said that he respects the amount of transparency and level of detail brought tonight. This is a very important, difficult discussion. The appropriations committee is working in a subcommittee format, looking at every single line of every budget, government agency functions, legal coverage, IT services, and many other areas, assuring everyone legislators are deeply in the budget process.

Senator Hwang said that he believes there is a spending discipline problem and the state put the burden on our municipalities. He said the state has to show the discipline of spending like the municipalities have done. Redistributing teacher pension, he would never support, the ECS formula needs to have defined characteristics as a predictable model. He said that this burden on municipalities is unprecedented and unfair.

Mr. Barnes concluded his discussion and offered his availability during the budget process.

Ms. Jacob thanked all for coming and announced a 5 minute break before continuing with the rest of the meeting. (9:26)

MR LUNDQUIST MOVED TO MAKE A RESOLUTION TO AUTHORIZE THE PREPARATION AND PRINTING OF NON-ADVOCACY MATERIALS RELATED TO SENIOR CENTER REFERENDUM QUESTION SCHEDULED FOR APRIL 25, 2017. SUCH MATERIALS TO INCLUDE MAILINGS, FLIERS, AND POSTERS AS WELL AS EXPLANATORY TEXT ON THE BALLOT. CONTENT OF THESE MATERIALS TO BE APPROVED BY THE TOWN ATTORNEY, SUBJECT TO CGS 9-369B (A). SECOND BY MR. KNAPP. Ms. Jacob asked for questions or comments about this motion. Mr. Ferguson asked if there was any amount budgeted for the materials. Ms. Jacob pointed out that no amount is included with this motion. ALL IN FAVOR. (11-0)

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MR. LUNDQUIST MOVED TO MAKE A RESOLUTION TO AUTHORIZE THE PREPARATION AND PRINTING OF NON-ADVOCACY MATERIALS RELATED TO POLICE FACILITY DESIGN REFERENDUM QUESTION SCHEDULED FOR APRIL 25, 2017. SUCH MATERIALS TO INCLUDE MAILINGS, FLIERS, AND POSTERS AS WELL AS EXPLANATORY TEXT ON THE BALLOT. CONTENT OF THESE MATERIALS TO BE APPROVED BY THE TOWN ATTORNEY, SUBJECT TO CGS 9-369B (A). SECOND BY MR. KNAPP. Ms. Jacob asked for questions or comments about this motion. Regarding expenses related to materials, it was noted to request from the chair to ask for an accounting of costs related to the preparation and printing of non-advocacy materials. ALL IN FAVOR. (11-0)

**VOTER COMMENT:** None.

**ANNOUNCEMENTS:** None.

**ADJOURNMENT:** There being no further business the meeting adjourned at 9:50 pm.

Respectfully Submitted,

June Sgobbo  
Clerk

Attachments: Ordinance Timeline.

*These are draft minutes and as such are subject to correction by the Legislative Council at the next regular meeting. All corrections will be determined in minutes of the meeting at which they were corrected.*

Chairman Godin,

Per our conversation, I've outlined the procedure and timeline to change an ordinance. I hope this is what you were looking for and that the Board of Finance finds it helpful.

Chapter 5, Section 5 of the Charter deals with ordinances and establishes the requirements for creating or modifying code. It obliges the LC to notice and conduct a public hearing, to take action within 30 days after said public hearing, to file the ordinance with the Town Clerk, to file an adoption notice in the paper and establishes a minimum waiting period before an ordinance becomes effective.

1. In this case, the process of possibly implementing a new ordinance or revising an existing one would begin when BOF sends a recommendation to the LC.
2. The LC would formally receive the recommendation by putting it on the next meeting agenda, typically the 1<sup>st</sup> or 3<sup>rd</sup> Wednesday of each month. From there the LC likely reviews the recommendation and moves it to committee (pending no further questions or opposition.)
3. The Ordinance schedules a meeting to take up the charge. From there the committee would review the BOF recommendation, consult legal counsel, research the feasibility of the recommendation with CCM or OPM, consult with the finance director and tax collector, make changes to the ordinance (or not) and vote to move their own final recommendation back to the full council. This part of the process can take several meetings.
4. The LC receives the final recommendation from the Ordinance Committee and deliberates whether to send to a properly noticed, charter mandated public hearing. This process alone takes at least three weeks.
5. Immediately following the public hearing, the council will deliberate and may vote. There are three options...accept with no substantial changes, send back to committee to start at # 3 again, or reject.
6. If accepted, the ordinance must be published before adoption then has a minimum adoption period.

We typically notice in The Newtown Bee which has a publication date of Friday and a submission deadline of mid-day Wednesday. That results in notice often given the following Friday the week after action.

Any recommendation from the BOF would need to be given to the Legislative Council with at **minimum 3 months** to review and run through the Charter mandated process. While the Senior Tax Abatement Program currently starts in March, Ordinance Committee research has shown changes that would have budgetary implications would need to be received by December 1 for the sake of the First Selectman and the Finance Director's budget preparations. The LC would need to take up a BOF recommendation at least three months earlier.

3/6/17

Adding a curve ball to the timing this year is the Municipal Election. Currently the Ordinance Committee is aiming to have its work done before the end of the term without passing lame duck legislation. This means pushing dates up to the first week of November.

Backing out from November 1 the LC would need a recommendation for an ordinance or ordinance change by no later than August 1st at an absolute minimum. July 1<sup>st</sup> would be even better as the August date spares no room for anything unforeseen.

Please also keep in mind that in the review of Senior Tax Abatement the Ordinance Committee was told that any changes with budgetary implications should receive the input of all three boards (Selectman, Finance and Council).

Please let me know if you have any further requests. As always, we look forward to the Board of Finance's input.

- Ryan Knapp  
Ordinance Committee Chairman