

Douglas Knowlton, Chairman
Cliff Denniss, Vice Chairman
Ken Hjulstrom, Secretary
Erik young
Susan Leser
Dan McMahon, Alternate
Midge Denno, Alternate



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MARLBOROUGH BOARD OF FINANCE

Special Meeting – Budget Workshop

Thursday, April 7, 2016

Marlborough Elementary School – Media Center 7:00 p.m.

1. CALL TO ORDER, ALTERNATE APPOINTMENT

Chairman Doug Knowlton called the meeting to order at 7:05 p.m. Present and seated were Doug Knowlton, Erik Young, Cliff Denniss, Ken Hjulstrom, and Susan Leser. Alternate Dan McMahon was seated for the vacancy.

2. PUBLIC COMMENTS

- Ruth Kelly, 9 Walnut Drive: Chairman of the Board of Education, but speaking as an individual, reminded the Board of Finance that last year when the formula for the AHM payments was revised that \$22,000 was added to the BOE budget and \$13,000 was decreased in the Town Operations budget. At that time then Board of Finance Chairman Evelyn Godbout assured the Board of Education that the Board of Finance would take this into consideration when formulating the next budget. However, based on the previous \$200,000 reduction to the BOE budget, the net impact on the Board of Education is equivalent to a \$222,000 reduction.
- Rich Storrs, 6 Stage Harbor Road, stated that he repeatedly hears members of the Board of Finance speak of the poor economy and how times are tough, but noted the limited amount of time children have for their education and that they should not be “nickel and dimed” when it comes to the Board of Education budget. He noted that the BOE has obtained many grants over the years and that we need to fund the school appropriately and stop cutting the BOE budget.
- Dick Shea, 33 Bull Hill Road, Selectman, but speaking as an individual, stated that he tries to follow the budget process in Hartford, but that he can not make any sense of the State’s recent budget decisions or plans.

3. BUDGET DELIBERATIONS

It was noted that the Board of Finance had previously decreased the Board of Education Budget by \$200,000 and the Town Operations Budget by \$90,000. Mr.

McMahon asked for a clarification as to the Board's objective in making the reductions. Chairman Knowlton noted Marlborough's current situation with the Town Debt vs. Grand List and stated that the Undesignated Fund balance had dropped from 11% to a little over 8% over the years. The Town's Debt Service Ratio is also high when compared to other communities. All of this is not favorable to Marlborough. This year's initial budget as initially proposed reflected a tax increase of 5.53% and is now at 3.34% (or a 1.1 mil increase). Essentially the Town needs to balance needs with the reductions.

The issue of the Board of Education's failure to return surpluses in recent years was mentioned by some Board of Finance members, however, Mr. Hjulstrom also noted that last year the Board of Selectmen had surpluses in the Town Operations budget and pooled those surpluses when they asked to Board of Finance to make transfers to fund replacement computer equipment for Town Hall.

The Board of Finance then discussed concerns about the likelihood that the State may reduce previously anticipated revenues for MRSA and ECS. The MRSA revenue line item in the budget currently sits at \$188,665 and there is no guarantee that the State will not reduce or possibly eliminate that funding as well as possible cuts to Educational Cost Sharing (ECS).

MOTION: Mr. Hjulstrom made a motion to decrease the anticipated MRSA revenues from \$188,665 to \$100,000. Mr. McMahon seconded the motion for discussion. First Selectman Amy Traversa interjected that the Town had incurred significant debt over the last 30- 40 years to fund various projects including the school renovation and sewers. The Board discussed the impact of reducing MRSA to \$100,000 and noted that it would mean a 3.86% tax increase with a 1.27 mil increase. During the discussion, Assistant Treasurer Hayley Wagner suggested an alternate approach, which would be to increase Contingencies in the Town Operations budget from \$20,000 to \$100,000, which would in essence set aside funds, which could be used if the State failed to provide all or part of the MRSA revenues and would help with the Town's fiscal condition due to the low Undesignated Fund balance.

VOTE: Ken Hjulstrom and Dan McMahon voted in favor of the motion, Doug Knowlton, Susan Leser, Cliff Denniss and Erik Young voted against the motion. The Motion failed.

MOTION: Mr. Knowlton made a motion to increase Contingencies in the Town Operations budget from \$20,000 to \$100,000. The motion was seconded by Susan Leser. The consensus was that this approach would set aside funds in the event that the MRSA revenues fell short of the \$188,665, which the BOS had budgeted, and would have a more favorable impact on the Town's fiscal situation. The net impact would be a 3.84% tax increase or a 1.26 mil increase.

VOTE: All members present and seated voted in favor of the Motion.

Mr. Dennis asked to go on record as noting that the State and Federal governments continue to cut funds to municipalities and that he is not an advocate of the use of

increasing contingencies as a default solution and was concerned about its impact on the taxation of taxpayers.

The Board of Finance members then discussed whether to vote on sending the budget to the Public hearing tonight or to decide at the Regular Meeting on April 13th. Concern was expressed regarding the amount of notice needed to publish the Public Hearing Notice in the paper in advance of the Public Hearing, so it was decided to move forward with the motion.

MOTION: Mr. Knowlton made a motion to send the Budget of \$23,737,067 (a 2.93% budget increase) to the Public Hearing, which reflects a 3.84% tax increase with an increase of 1.26 mils to 34.15 mils.

VOTE: All members present and seated voted in favor of the Motion.

4. CORRESPONDANCE: Prior to the meeting Chairman Knowlton had forwarded to the Board of Finance members, for information purposes, information about Hearings held by the Connecticut Legislature regarding proposals and numbers pertaining to the budgets of municipalities.

5. APPROVAL OF MINUTES:

MOTION: Mr. Hjulstrom made a motion to table the review and approval of the Minutes from March 17th, 24th and 31st until the next regular Board of Finance Meeting on April 13th.

VOTE: All members present and seated voted in favor of the Motion.

6. PUBLIC COMMENTS

- Sue Rapelye of 80 High Meadows Road, member of the Board of Education, but speaking as an individual, asked to make three points:
 - 1. In previous years the Board of Education has returned surpluses to the Town when the Board of Finance did not cut the BOE budget and that the failure to return surpluses in recent years was due to the Board's need to make up for the cuts made to the BOE budget.
 - 2. Ms. Rapelye did love seeing the Boards of Finance and Selectmen working together during this Budget Workshop session and also noted the input of Assistant Treasurer Hayley Wagner in the deliberations. Ms. Rapelye did express hope that in future budget years that the Board of Education would also be made a more integral part of these sessions.
 - 3. Ms. Rapelye expressed confusion about the Board of Finance's reference to "inflated" insurance costs being used in the budgets for RHAM and the local BOE. (It was noted by Board of Finance member Hjulstrom that such references were in regards to placeholders in early budget proposals, which were later adjusted to reflect actual numbers.)

- Louise Concodello of 70 Millstone Drive, member of the Board of Education, but speaking as an individual, passed out copies of previous Board of Finance Minutes showing the history of the changes to the AHM formula, which shifted an additional \$22,000 in costs to the Board of Education and decreased the Town's costs by \$13,954 and reiterated that the Board of Finance had previously assured the Board of Education that this would be taken into consideration in the next year's budget discussions.
- Amy Traversa of 21 Jones Hollow Road, First Selectman, thanked the Board of Finance and Board of Education members for their efforts and also thanked Assistant Treasurer Hayley Wagner for her efforts and input during the budget process.
- Ruth Kelly, 9 Walnut Drive: Chairman of the Board of Education, but speaking as an individual, stated that she was very disappointed that Board of Finance members would insinuate that the Board of Education would try to spend down surpluses rather than return the funds to the taxpayers and asserted that the Board of Education's interests lie in trying to give the students what they need to be successful. Ms. Kelly also noted that the Board of Education's expenses increase every year and that all Boards need to work cooperatively.
- Dick Shea, 33 Bull Hill Road, Selectman, but speaking as an individual, noted that Legislators in Hartford have discussed the possibility of limiting municipalities to a 2.5% tax increase in a given year or else they may risk being penalized by losing State funding.

7. ADJOURNMENT

Motion made by Ms. Leser, seconded by Mr. Young, to adjourn the meeting at 8:52 p.m. Motion was carried by unanimous vote.

Respectfully submitted,

Ken Hjulstrom, Secretary
Marlborough Board of Finance