

Town of Hampton
Board of Finance
Regular Monthly Meeting
Tuesday, September 10, 2013
7pm
Hampton Town Hall

Meeting Minutes

Call to Order: The meeting was called to order at 7:03pm by Chair Rheo Brouillard.

Members present: Rheo Brouillard, Stan Crawford, Margaret Haraghey, Paul Wakely, Penny Newbury, Luciann Norton.

Alternates present: Dan Meade, Jeff Clermont.

Members/alternates absent: None

Others present: Land Use Office Manager Lesley Davis, First Selectman Al Cahill, Selectmen Bob Grindle and Mike Chapel, Treasurer Ellen Rodriguez, Superintendent Paul Graseck, HES Business Coordinator Sally Lehoux, several Board of Education members, and numerous citizens.

Presentations: Chair Rheo Brouillard explained to the assembly what the Board of Finance has been doing as far as presentations from any entity handling cash or payments, asking them to come before the Board and explain their procedures and speak to satisfying internal controls. Land Use Office Manager Lesley Davis explained the procedures for accepting applications and payments for Land Use permits. Applicants bring permits and Lesley checks to be sure that all required information, such as tax clearances, worker comp affidavits, insurance certificates have been received; then gets sign off from Martha Fraenkel (for zoning) or John Berard (for building). She issues a receipt and a permit number, keeps all the information in an Excel spreadsheet, supplied to the Board for the Annual Report. She creates a monthly accounting and receipt for the Treasurer who verifies the information and assures that it balances to the payments received. She occasionally receives cash, kept in a notebook in an unlocked desk, and reconciled once monthly. All Land Use information is kept together, zoning permits are not segregated from building permits. Records are kept until a request can be made of and granted by the State Library to dispose of them after the statutorily required time has passed. Town Clerk accepts applications and payments, both checks and cash, when the Land Use Office is closed, then brings it all down to the Land Use Office on Thursday evenings. It was unknown whether the Town Clerk issues receipt for payment received; Lesley always supplies a receipt. Everything has three copies of building permit, one for homeowner with receipt, one for assessor, and one for Land Use Office files. Concerns from the Board of Finance revolved around the need to keep cash locked up and to assure that everyone receives a receipt for payment, regardless of who accepts it.

Citizen Comments:

Nick Brown spoke about the repeated failure of the school budget. He mentioned the expenditures for land purchases and required expenditures for Parish Hill. He believes the budget just rejected cuts the school to the bone. He believes the town does not support the full \$124,000 cut below 0% and asked the Board of Finance to consider a transfer from the General Fund.

Lynn Burdick would support removing an additional \$49,000 from the school budget to bring it to the Minimum Budget Requirement (MBR). She thought monies should not come out of the general fund in

this economy, and the town must be fiscally responsible and leave the general fund alone. She believes the general fund should be considered a rainy day fund, and it's not there just for the Board of Education.

Dick Brown thought it was wrong-headed to cut the HES budget because the Parish Hill assessment was increased. Will a few students leaving RD11 result in more funds for HES? Property values are directly correlated to the feeling toward the school. Many people have moved out of town because of dissatisfaction with the schools. He feels this is a temporary problem. He suggested increasing the mill rate or going to the general fund.

Mark Becker has spoken to many people who voted no on the budget because the cut was too large, and suggested returning to the previous budget. He felt that townspeople are willing to purchase land but not support the school children. He questioned the town's morals.

Sam Higgins suggested that people with young children will not move to town because no one in town supports the school. Her daughter refused to consider moving to town because the school was so terrible and it's just gotten worse. She doesn't want to live here anymore if townspeople won't support the children.

Jackie Freeman, parent, feels her older son received a fantastic education at HES. She has two students currently at HES, one of whom is special needs, and receives wonderful support for them at the school. She is fearful for the overall picture of the school if services are cut. If the funds are available in the general fund, I would like to see them used.

Judy Buell does not want the Board of Finance to tap into the general fund which should stay there for emergency purposes; the HES Board of Education needs to take a better look at the budget and take not from students but administration. Her 15-year old daughter was offended when reviewing the budget that there was no information available about where the cuts were going to be made.

Dayna Arriola thought that there were other reasons besides feeling the budget was too low for voting no on the last budget: general confusion and belief that the budget could be cut even more. The fear factor prevailed. She felt the Board of Ed needed to produce a budget instead of using scare tactics so people know what they are voting on. She suggested looking at administration, at the specials schedule. She believes that the general fund should not be raided for daily operations, and the MBR will not drop if monies from the general fund are used. For three years, there have been questions about how to reduce the MBR. She took offense at people talking about lack of "morals" and "support for education" when the town's per pupil spending is 4th highest in the state while the town's wealth rank is far lower, in the bottom half of the state. How can anyone think that the town doesn't support education in Hampton. She thought that the Board of Finance is being blamed for the MBR, when it's the State Dept of Education who calculates the MBR. She feels that parents are not moving to Hampton because of the prohibitive cost of taxes rather than the condition of the school.

Kathy Donahue said that Hampton ranks 126 out of 169 towns in wealth but 4th in per pupil spending, surpassed by towns far wealthier than Hampton. There are places in the budget to reduce; she doesn't think the money should be taken from the general fund. The school census continues to drop, with only 62 children aged zero to five. The school is currently paying salaries and benefits at a level higher than last year, despite the fact that the budget hasn't passed. The fear factor definitely played a huge part. Townspeople deserve a line item budget to vote on. She said people voted no for all different reasons, even in her own family. She urged the Board of Finance to put the BOARD OF EDUCATION to the task of presenting a line item budget with some additional cuts.

Ed Adelman asked what would happen if this budget doesn't pass by November or December. He voted no because he thought the budget was too low. He feels that there will be a slow dismantling of programs at HES.

Dot Blocker does not recall any time that the HES budget was cut when the RD11 budget increased, or ever attacked the elementary school in response to spending at Parish Hill. She would like to see budget

restored to the previous level or higher. She suggested looking at the level of spending at various line items currently in the budget to see where cuts could be made.

Joan Fox voted no because she thought the \$83,000 cut would decimate the educational program at the elementary school.

Craig Philips felt that the spirit of the MBR is being broken by a 5.5% cut to a single school. He doesn't think the State had in mind improving one school on the back of another school's budget.

Board of Finance Chair Rheo Brouillard read a letter from Kate Donnelly who could not attend the meeting (attached).

Chair Rheo Brouillard then said that the process has been a difficult one for the Board of Finance. It's not the job of the Board of Finance to pick and choose between opposing viewpoints on why people voted no on the budget. No one on this Board has anything against the Board of Ed or the school; most of the members had students attend the school. There are a number of factors that determine whether people move to town, including the level of taxes (he heard from one person that he pays more in property taxes in Hampton than in income taxes), the quality of education (are the test scores what they should be given the small class sizes and the resources already given to the school). The first budget at a .8 mil increase was defeated, the second at a .53 mil increase was also defeated. The Board of Finance interpreted that to mean voters are against a tax increase, not against the Board of Ed, so they dropped to a zero mil increase which equated to the \$83,000 cut. The Board of Finance didn't drop all the way to a zero increase MBR. The Board of Education did not make any cuts or come forward with any suggestions, so at this point he can't support anything between the \$41,000 and the \$124,000 cut. More than half the increase in voters in this latest referendum were yes votes.

Many of the audience members made suggestions as to how to interpret the votes.

Nick Brown suggested that the Board of Education go back to the zero percent increase budget, and the town should be using the leftover funds from unused land purchase to support the HES budget. He says that Hampton is looking to cut far more than any other town in the state. He will continue to vote no on a budget that has a cut below zero percent.

Dayna Arriola suggested that other towns may not have been able to cut their school budgets without penalty. The situation Hampton has is an anomaly. She said that the Board of Finance can't just ignore the voters. The Board of Education resolved that the \$41,000 decrease budget did not harm the school, so why should we pay more.

Dick Brown stated that everyone, including the school supporters, is a taxpayer.

Mark Becker thought that 5.5% decrease in the school budget will cripple the school. A 5.5% decrease in the household budget would have a significant impact.

Gay Wagner said that we've watched the school get smaller and made many suggestions about reducing the expenditures for specials to match the school census. She said that many in town are frustrated by the fact that the Board of Education ignores the concerns and suggestions made by citizens. The Board of Education should take the suggestions and produce a budget that matches the concerns of the voters and the size of the school population.

First Selectman Al Cahill asserted that town earmarks about \$4 million out of a less than \$6 million total budget for both school systems for a total of about 200 students, pre-K through 12, not including a half million in debt carried by the town to pay for the school roof, snow removal financed by the general government budget, and volunteer effort inside the school. The monies spent on land acquisition recently had been set aside over several decades for land purchase. The over \$2 million spent annually at HES, a significant amount for just over 100 students, represents a commitment to education. When a town dips into the general fund, it's to build out or make purchases not to fund payroll and operating expenses. He would prefer to see taxes increased rather than take from the saved money in the general fund. We'll be in the same situation next year with fewer reserves.

Board of Finance Chair Rheo Brouillard reminded everyone that the land acquisition was approved by the community. Reserves have been tapped into each of last three years. This is not a temporary problem because the town's revenues simply don't match expenses. The situation the Board of Finance is facing is that if the town was not fiscally prudent, the town may have to face a huge mil increase in future years instead of a smaller one now. There are few revenue sources to the town, the grand list increased less than 1%, but budgets increase every year by much more than that. The Board of Finance challenge is to balance needs with affordability and determine from the fiscal point of view the best course to take.

Dick Brown asked why the reserves were used in the last three years, what emergencies were there? Why was it ok to dip into reserves for three years but not ok this year?

Chair Rheo Brouillard responded that the reserves have dropped from a 19% to a 15% surplus; the town can't keep going to savings to balance the budget.

Craig Philips said that the town should fund children or pay for a tax increase; it shouldn't all be on the elementary school.

Chair Rheo Brouillard responded that he didn't disagree, but there are only two budgets that can be voted on, and the elementary school budget is the one that has not yet passed.

Nick Brown asked about the dump sticker, he thought he did not have to pay for a dump sticker anymore.

Chair Rheo Brouillard stated that the Board of Finance had reinstated the \$10,000 in revenue so townspeople still need to pay for dump stickers.

Board of Finance Alternate Dan Meade asserted that the \$173,000 is permanently in the budget for years to come if the town passes a school budget with no decrease.

Kathy Donahue noted, when we talk about taking money from the school, we need to realize that we spend \$21,000 per pupil in Hampton, while the state average is between \$10,000 and \$15,000. When Supt wants to ignore the last three votes of the town there's a problem. HES needs to do the work to look at the budget and not say that it's impossible to cut.

Irene Brown commented that for the last several years with all budgets teetering on increase why are we not taking the money out of general fund on the fourth year. We need to find out why we have declining number of students. This budget should be supported by the reserves only one more time and the town should make a pact not to do it again.

Craig Philips said that Board of Education is scraping the skeleton talking about various cuts such as getting rid of cafeteria and reducing the temp at the school. There's no \$124,000 to cut.

Carrie Boron said that the Board of Education meeting was excruciating for over three and a half hours, discussing various options.

Kathy Donahue has brought forward so many areas where there would be no impact on students, but no motions were ever put on the floor.

First Selectman Al Cahill reminded the assembly that the general government budget took away raises, tripled the ambulance corps allocation, and stripped away the land acquisition account allocation.

Carrie Boron stated that the school principal said that all staff are doing double duty. The principal is also serving as special education director.

Lynn Burdick said that she was disgusted with some of the conversation, lack of knowledge of how the town functions and refusal to accept the voters' will. Selectmen have had no increases for a number of years. We have made sacrifices. Taxpayers are not comfortable with the school budget. Budgets have grown while student census is dropping. We're spending \$4 million on the schools, that's the real issue, not the \$83,000 cuts.

Dick Brown noted that RD11 budget was defeated by Hampton voters.

Marty Mlyniec stated that Board of Education tried to cut, to come up with a consensus, but couldn't.

Chair Rheo Brouillard stated that, based upon previous discussions and the results of all three votes, the Board of Finance will not support a budget that doesn't have some cut between the \$41000 and the \$124000. It's up to the Board of Education to come up with a budget that voters will support. Board of Education Chair John Burnham thinks it's a mistake to assume that new votes were split evenly between yes and no. The Boards of Finance and Education have different missions. The Board of Education is the only Board in town that is more accountable to the State than to the town. The State says that we must provide an adequate education. Board of Education is doing their job, which is to advocate for their budget. The Board of Education made an additional \$2,400 in cuts for \$43,509 below zero percent increase. A larger district would have much more administration. People don't understand how the education system works. We have good people who are paid fairly. A proposal to cut \$70000 from specials without affecting students is ludicrous, it would be a model where people had students parading past them. The Board of Education has been assured by administrators that schedules are not loaded with free time. The Board of Education had \$20,000 unexpended funds from previous year's budget; an option to consider would be to put it into general fund instead of Capital /Non-Recurring fund. If the Board of Education budget is reduced more than \$43,509, the Board of Education will produce a budget before the next referendum. The Board of Education did not produce a budget with \$83,000 in cuts because the members felt they couldn't, felt it would have been scare tactics. Board of Finance Chair Rheo Brouillard stated that the Board of Finance is trying to respond fiscally to the last votes. Given the present information, the Board of Finance has to discuss and decide what the next step should be. He suggested a joint meeting of the Board of Finance and Board of Education. Board of Finance member Margaret Haraghey noted that the First Selectman is responsible for the whole town, over 1700 residents, and does not just work on Tuesdays & Thursdays when town hall is open, but look at the salary disparity between the First Selectman and the Superintendent, who is responsible for a total of 150, including students and staff.

Approval of Minutes: Margaret **moved and Penny seconded to approve the minutes of the 8/20/13 meeting; motion passed unanimously.**

Reports/Action:

- First Selectman: The Board of Selectmen approved report of school utilization study; he participated in a tour of Parish Hill showing improvements made and what are needed; he was impressed with in-house maintenance; looking at \$300,000-400,000 in additional costs for a new roof and boiler in the next few years.
- Tax Collector:
The monthly Tax Collector's reports had been distributed previously to members via email. There were no questions.
- Treasurer:
The monthly Treasurer's reported had been distributed previously to members via email. There were no questions. Ellen reported that the auditors will be coming in October; there is \$3,558 left in the C/NR garage fund which the town could vote to move to another fund to close this one out. Morgan Stanley called with an offer to for long term investments. The shortfall for last year will be less than the anticipated \$93,000, not including any funds from the Board of Education previous year's budget.
 - Transfer request: Margaret **moved and Penny seconded to authorize the following transfer for the current fiscal year: \$68 from line # 7000 Contingency to line # 7606 Dog Fund State Fees; motion passed unanimously.**
- Board of Education:
The monthly Board of Education reports had been distributed previously to members via email.

- There were no questions on the reports.
- Board of Finance Committees
 - HR Committee: The Committee has not met since the last Board of Finance meeting; the members are waiting to receive job descriptions from two more entities: Board of Assessment Appeals and Planning & Zoning Commission; no action yet on salary scales until job descriptions are complete.
 - Other: None.

Correspondence: None.

Old Business:

- 2013-14 budget: No action.
- Proposed ordinance change: Is the town attorney's minor change worth going to town meeting to revise the ordinance? Margaret suggested changing "salaried" to "paid" because some people are paid hourly, not salaried. Stan said that it's covered in state statutes even if not included in the ordinance.

New Business:

- Conflict of interest/Code of ethics: no action.

Citizen Comments:

Michael Ford stated that he voted against HES budget because it was too low, and thought that a town that puts buying land ahead of funding schools is making a big mistake.

Marty Mlyniec said that the Board of Finance was only guessing at what voters want with no questions on ballot or exit poll, and suggested that additional questions need to be put on the ballot.

Chair Rheo Brouillard said that he would check with the town attorney to see if questions can be added to the ballot.

HES Superintendent Paul Graseck stated that many towns put questions on the ballot. He felt it was fairer to put questions on the ballot rather than rely on an exit poll.

Selectman Bob Grindle thought that several years ago RD11 budget had a question on the vote. Two years ago when Chaplin had a significant increase at RD11 was funded from their general fund.

Board of Finance member Stan Crawford said that he was disappointed that the budget didn't pass, and suggested that if the budget was presented as a Board of Education budget endorsed by the Board of Finance it may have passed.

Kathy Donahue questioned the propriety of the Board of Finance endorsing a budget. She wondered where the Board of Finance goes from here and what's the process.

Board of Finance Chair Rheo Brouillard once again suggested a joint meeting of the Boards.

Lynn Burdick inquired if such a meeting would be public; the response was affirmative.

Board of Finance member Luci Norton questioned the benefit of a joint meeting since the same arguments keep coming forth from both sides, unless at that meeting some real ideas and real numbers are presented.

Board of Education Chair John Burnham said that the Board of Education is accused of ignoring public comment and doesn't listen, and stated that just because the Board of Education doesn't do what the citizens want doesn't mean that they are ignored. He doesn't know what would be gained by a joint meeting and would prefer the \$43,509 budget sent to voters because he feels the numbers on the votes are telling him they want the budget higher.

Board of Finance Chair Rheo Brouillard disagreed with the previous comment and interprets the vote differently. Voters want the budget lower when they defeat even a half mil increase budget. He is hoping for a compromise that the voters will approve.

Board of Finance member Luci Norton feared that the voters at the far end of each side would hold fast and efforts to find a compromise would fail.

Board of Education Chair John Burnham felt that the Board of Education has already compromised via the \$41,000 cut and giving back \$20,000 from the last budget.

Board of Finance Luci Norton reiterated that it's the town that actually votes on the budget.

Board of Finance Penny Newbury said that the two boards have never had a joint meeting.

Board of Education Chair John Burnham said that new legislation would have a joint meeting be part of the beginning of the budget process.

Lynn Burdick expressed disappointment with the conversation. This is not the beginning of the process. The town voted no on a budget with \$0 increase, with a \$41,000 cut, and with a \$124,000 cut; she wants a deeper cut and is upset that a further cut is not being considered. She feels that three no votes means the town wants more cut. She feels that a so-called compromise is smoke and mirrors and that the increase in the number of voters sent a different message.

Board of Finance alternate Jeff Clermont feels that it was clear that a different message was sent on the third vote than the previous two.

Jackie Freeman said that the school administration wears so many hats, how is determined what is necessary or not? The response was that it is the responsibility of the Board of Education, not the Board of Finance.

Board of Finance Chair Rheo Brouillard said that he hoped a joint meeting would result in a compromise budget somewhere between the \$41,000 cut and the \$124,000, with questions of the voters providing more direction should the budget fail again.

Elizabeth Lindorff said that all the dialogue was reactive about pinching the HES budget and suggested just taking the extra funds from the reserve to offset the RD11 increase rather than from the HES budget.

Chair Rheo Brouillard stated that it was the interpretation of the Board of Finance that the votes thus far mean that voters want no tax increase, and it was the collective opinion of the Board that the town can't cover extra expenses out of reserves for another year.

Gay Wagner said that Chaplin created a special fund to cover overages in the RD11 budget, used to modulate variations in student count, and suggested that Hampton look into doing the same.

Chair Rheo Brouillard opined that having a special fund is just calling reserves by another name.

Kathy Donahue stated that there are major expenses coming down the pike for RD11 already.

Chair Rheo Brouillard reminded everyone that revaluation is coming this year. Property values have fallen over the last five or six years, and our valuations could be lower which would cause the tax rate to go up to compensate. The reality is that the Board of Finance must consider all factors, including resetting the MBR. No one likes this falling on the elementary school. He affirmed that the Board of Finance challenge is different than that of the Board of Education, and that challenge includes being fiscally responsible for years to come.

Chair Rheo Brouillard then reviewed the latest Board of Education proposal with a drop of an additional \$2,400 in cuts, beyond the \$41,109, which would reduce the MBR by a total of \$43,509, or about 2%; he then asked if any member would make a motion to approve such a budget; no motion was forthcoming. The next step will be an attempt to schedule a joint meeting between the two boards to discuss the 2013-14 budget.

Suggestions for Agenda of next monthly meeting:

Conflict of interest/code of ethics

Set the Date, Time and Place of next meeting: Tuesday, October 8th at 7pm at the town hall.

Adjourn: Meeting was adjourned at 8:52pm.

Respectfully submitted,
Kathi Newcombe,
Board of Finance Recording Clerk