

BOARD OF FINANCE

**Town of Essex
29 West Avenue
Essex, CT 06426
Conference Room A – Via Zoom Online Audio**

March 24, 2020 – 7:00 p.m.

MINUTES

In attendance via Zoom: Keith Crehan, Chairman, W. Campbell Hudson, Vice Chair, Mary-Louise Polo and Ethan Goller and Vin Pacileo III, and Ed Tedeschi

Others in attendance via Zoom: Norman Needleman, First Selectman
James Francis, Treasurer
Kelly Sterner, Finance Director

Region 4 Board of Education & Essex Elementary School Board of Education:
Brian J. White, Superintendent
Richard Huot, Interim Business Manager
Lon Seidman, Chair, Essex BOE
D.G. Fitton, Vice-Chair, Essex BOE
Loretta McClusky, Essex BOE
Jennifer Tousignant, Principal, EES

Meeting called to order at 7:00 p.m. by Keith Crehan, Chairman, BOF. Keith indicated tonight's meeting will be a discussion and potential motion to submit the Selectmen's budget and Essex Elementary School BOE Budget to the public hearing.

Brian White, Superintendent Reg 4, introduced himself and discussed his experience in putting together this proposed budget. He indicated they used a rigorous zero-based budget approach based on feedback and guidance they received.

Lon discussed a couple of slides in his presentation specifically referring to this budget being one of the larger increased budgets coming in at 3.28% or \$244,456. They have been looking at reductions in full-time classrooms given our population has declined significantly. Essex hasn't hit rock bottom but leveling out. Increase in overhead is now more visible. Region 4 as a result due to ADM shifts and declining enrollment, shows that our allocation of the Region 4 is for

next fiscal year be negative .29% versus the current fiscal year, so the net educational increase of these two budgets is at 1.41% for Essex.

Brian said it has been a learning curve for him with 5 different budgets and looking proportionality at the issues. Because of our size system wide, it doesn't take a change in too many students per district to result in a significant ADM shift change. The Supervision budget had a reduction of .5 FTE's and R4 had several retirements and did not post for those replacements.

School population has had a significant decline since 2010 but is now leveling. We saw an uptick in Kindergarten enrollment last year that was unexpected. It will be more uncertain this year as tonight was Kindergarten enrollment which has been cancelled. Vin Pacileo asked Lon where in the 2020 distribution does he see a pressure point to add to staff. Lon sees a pressure point if/when we see an increase in Kindergarten. Campbell Hudson asked if it is possible in the next several days when they have a chance to give us more details of the 2020-21 breakdown by class. The breakdown is shown and located on page 16 of Lon's presentation. Jennifer Tousignant reviewed the recommended class sizes and this chart in detail.

Lon indicated this is where this can get difficult. Last year we budgeted for a reduction in force which resulted in an increased budget for unemployment compensation. With the larger kindergarten, it was necessary to add back a teacher and use those funds to help cover the cost.

Page 9 – Salaries – Lon indicated with regards to the cafeteria and food service salaries, we are trying to get a better handle on the actual costs as they were not presented in the past. Rich Huot, Interim Business Manager, indicated this looks like an increase, however, it is attempting to be more transparent and properly fund the salary costs related to the Cafeteria workers. Central office is preparing profit & loss statements for the café funds and will make them available.

Page 10 – Employee Benefits – Lon indicated that we have been dealing with healthcare issues with our self-insurance fund. Health insurance will be going up quite a bit compared to prior years. Additionally, we're funding a reserve fund which was pretty much decimated due to high claims. Next year should appear much better. Brian pulled together a financial task force along with our Insurance carrier to review the claims experience and the reserves were much lower than anticipated. The task force took a deep dive into the insurance fund to understand it better and to come up with recommendations for better oversight by developing a policy adopted by Reg4. The task force and Town officials agreed to have a \$240k appropriation be put in place in this budget to cover all the entities to establish that reserve level.

Rich indicated that as of this morning we're mid-way through March and not all expenses nor revenues are in however, we've been averaging over \$500k per month in claims and our revenue expected between now and of year will be averaging just \$500k. As of this morning, our revenues ahead of claims which is at approximately \$350k which is not huge. Lon expects that we should be in a better position next year. Norman Needleman hopes that with the next

contract negotiations that the BOE decides to go with the State Plan. The current carrier has proposed at 18% increase being on the conservative end and we budgeted for that. If we have a more positive experience next year, there might be some surplus that we could also contribute at that time. The current balance reserve is at approximately \$353k. Mary-Louise Polo asked about the individual population in the plan and it is at 350 units, and we also must offer the plan to retirees. They are required to pay full premium – this is a statutory requirement. We encourage them to get off the plan when they turn 65 and go onto Medicare.

Reductions in employee benefits of item #5290 Other Employee Benefits of \$21k. Municipal Employees Retiree system went up 2% points from the current year for Supervision. The increase is dictated by State of CT being a state plan. We've reduced the cost based on our level of Paraprofessionals, Cafeteria Workers, Custodians and Admin. Assistants.

Page 11 – Purchased Property Services – Lon discussed the Capital Reserve Fund and we will still fund it at the full \$60k, we underfunded 2 years ago. We made it back up last year and continued funding. Now we are caught up we are taking it back out. It has now been put into its own line under “general repairs”. Campbell Hudson believes it should be in its own sinking fund. Keith Crehan agrees with Campbell it belongs back down in the Capital Reserve Fund. Lon agrees they need to go back and look at this line item again. Lon asked Kelly to confirm this process for using the Capital Reserve Fund and that the Town maintains these funds. The total in the sinking fund now is \$311k.

Page 12 – Other Purchased Services – Lon indicated we anticipate covering the unexpected outplacement costs this year. We will require for out of district transportation \$41k and out of district tuition of \$22k.

Page 13 – Supplies – nothing noticeably standing out. Of note, standardized testing has been cancelled for this year.

Page 14 – Instruction Materials – Lon will develop some talking points with regards to this line item.

Mary-Louise Polo asked about rooms at the school with regards to the lower enrollment are all the rooms being used. Jennifer Tousignant indicated we are making very good use of building. No more sharing rooms. Reading Consultants have their own rooms as well as Speech Pathologists. Chorus and Band each have their own rooms etc. We continue to have Pre-school rooms for the collaborative supervision effort at no cost to the partnering Towns.

These minutes have not yet been approved

2020-21- Helicopter Notes/Capital Reserve Fund (see below). This is not part of the budget these are “proposals” for the upcoming year:

Listed In Priority	Object #	Description	Cost
1	5430	Replace 3” backflow on domestic water line	\$5,095.00
2	5430	Replace outside water fountain (primary playscape)	\$1,270.00
3	5430	Replace furniture – grade 3	\$16,500.00
4	5430	Continue Upgrade security camera system	\$5,000.00
5	5430	Repair Driveway (bus loop- repair asphalt, crack seal & sealant)	\$17,500.00
6	5430	Replace Playground walkway-black top area (kindergarten)	\$12,300.00
7	5430	Replace Sidewalk (bus loop)	\$3,450.00
8	5730	Hitch Spreader and Sander	\$4,017.00
9	5430	Replace Front Walkway	\$30,000.00
		Total	\$95,332.00

These minutes have not yet been approved

Campbell Hudson asked about the above items and are these “priorities” or “wish lists”? Lon and Jennifer would like to possibly get these items done this year. The sooner they know, the sooner they can schedule these projects. Keith Crehan asked Lon to come to the meeting next month to re-discuss. Kelly will add to agenda for April.

Keith Crehan made a motion to submit for review and discussion at the Public Hearing the 2020-2021 Board of Selectmen’s Budget in the amount \$8,632,452 and the Essex Board of Education 2020-2021 budget of \$7,708,432, seconded by Campbell Hudson, Passed unanimously. Motion carried.

ADJOURNMENT:

Vin Pacileo moved to adjourn the meeting at 8:27 p.m., seconded by Ethan Goller. Passed unanimously. Motion carried.

Respectfully submitted,

Yvonne Roziak
Recording Secretary