

Board of Finance
June 25, 2009

The Board of Finance held a regular meeting on Thursday, June 25, 2009 in the meeting room at Town Hall South, 3 Main Street, Newtown, CT. Chairman John Kortze called the meeting to order at 7:35 p.m.

PRESENT: John Kortze, James Gaston, Joseph Kearney, Michael Portnoy, Martin Gersten and Harry Waterbury.

ALSO PRESENT: First Selectman Joseph Borst, Finance Director Robert Tait and one member of the press.

VOTER PARTICIPATION: none

Mr. Kortze noted that he is glad that all the members of the Board of Finance will be running for re-election. The Board enjoys working together and try to effort what is best for the Town.

COMMUNICATIONS: Mr. Kortze submitted a letter (Att. A) and the Board of Education Adjustments to the Budget (Att. B). He articulated what was asked for, what was received, what the Board was told and what eventually transpired. This is an attempt to focus on what happens at budget times. The letter covered student population and reductions of staff, electricity, benefits, stimulus finds, communicating information during budget time, enrollment and the town pension.

Mr. Kearney stated that Dr. Robinson had said that the stimulus may not be able to supplant.

Mr. Gersten thinks there enormous opportunity to remarry the relationship between the Board of Finance and the School Board and to make the budget process more credible to the Board and the Town.

Mr. Kortze said that there is a huge discrepancy between what gets portrayed and what actually happens.

Mr. Kearney asked if there is a gross number for the salary and benefit increases for the Board of Education. Mr. Kortze replied that the net increase was approximately \$30,000 and the annuities and the stipends were approximately \$58,000 for the administration. The fundamental issue is that the administration got raises, stipends and annuities after setting the standard and accepting a freeze during the worst budget process. It sets an awful precedent going into negotiations with the largest union. Mr. Gertsten stated the numbers have no integrity.

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Mr. Portnoy asked if there was any recourse to the Board of Educations actions. The Board of Finance can bring it to the forefront, to the public. Mr. Kortze stated this is a leadership issue; the Board of Selectmen and the Board of Finance should've been contacted. Mr. Portnoy suggested a Legislative change that takes away the power of the Boards of Education in the towns. They have 70% of the towns budget and not everybody has a say in what they do. There is too much power in that Board. Mr. Kortze submitted a letter from Elaine McClure (Att. C) stating that only one representative from the Board of Finance and the Legislative Council should be present during the negotiations. Mr. Kortze called CABA (Connecticut Association of Boards of Education) and was told there is no requirement as to how many people can be there; it depends on what both sides agree to and whether or not the discussion is public or private. A second letter (Att. D) stated the Board of Education would like to have a joint meeting with the Legislative Council and the Board of Finance regarding the teacher negotiations.

ACCEPTANCE OF MINUTES: Upon motion by Mr. Gersten the minutes of the meeting of June 8, 2009 were unanimously approved.

FIRST SELECTMAN REPORT: First Selectman Borst reported there have been requests, on the behalf of specific employees, for a salary adjustment. He said it cannot be done now and it has not been addressed by the Board of Selectmen. The town is going to initiate a cease and desist order against the Housatonic Railroad. The Board of Finances questions have been forward to the pension committee. Mr. Kortze said there is a letter, from Mr. Leonard, dated April 22, 2009 regarding the \$444,000 additional obligation to the pension fund. The Board of Selectman received a letter from Tom Murtha saying everything is status quo and they are relying on the recommendation of the actuary and they would be willing to consider putting more money into the pension fund if it is the desire of the trustees. Mr. Kortze addressed question #8 on conflict checks. The question was framed in the manner of whether or not the fiduciaries had a system to check for conflicts in place, not if anybody had a conflict. The question was well intended. What management fee does the firm get and what other expenses are included? The town pays that. The Board of Finance will wait for a response from the Board of Selectmen.

FINANCE DIRECTOR REPORT: The town will borrow \$12,000,000 short term starting July 1, 2009, due Feb. 24, 2010 where we will bond. \$10,000,000 for the school, under

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\$1,000,000 for the portables, and \$1,000,000 for open space. The Legislative Update from CCM (Att. E) was discussed. 14%, or \$600,000 of the towns allocation may possibly go directly to the Board of Education instead of to the towns general fund revenues. Mr. Gaston moved, by resolution, to accept the intent of Section 19 of House Bill 6901 should it be signed by the Governor that we reduce the budget appropriation of the Board of Education by the amount up to the limit of funds received directly by such board from the State Fiscal Stabilization Fund given the fact that they were failed to be accounted for in the original budget such that there is a wash between what's subtracted from what the town receives and what is received by the Board of Education and welcome a joint conversation with the Legislative Council as to the reasons therein. Mr. Gersten seconded. All in favor.

UNFINISHED BUSINESS:

Discussion and possible action on:

- 1. Legislative Council Ad Hoc Maintenance Committee:** Mr. Gaston reported that the committee met with Maria DeMarco and Bob Geckle to go over a monthly accounting of Fairfield Hills. The Board of Selectmen must direct Fairfield Hills Authority to give the Board of Finance information on the monthly accounting, per the ordinance. He reported that everything is gravitating toward technology. There is a lot of shared work but it is not possible to tell if the town is saving money because there is not cost accounting. The new technology will provide that accounting. There are questions as to whether it is beneficial to having a purchasing manager. The committee may go to other towns with a purchasing agents to see how efficient it is.
- 2. Upcoming Teacher Negotiations:** Mr. Portnoy reported he had spoken with Elaine McClure about the upcoming teacher negotiations. She is anxious to hear what the Legislative Council and the Board of Finance have to say about the upcoming teacher negotiations.

NEW BUSINESS:

Discussion and possible action:

- 1. Transfers:** Mr. Gaston moved the transfer from Payroll, 01500-1003 the amount of \$10,000 to Regular Overtime, 01500-1004. Mr. Gaston seconded. All in favor.

Mr. Gaston moved the transfer from TS Contractual, 10515-4025 in the amount of \$1,000.00 to TS Overtime, 01515-1003. Mr. Waterbury seconded. 5 YES, 1 NO (Portnoy).

Mr. Gaston moved the transfer from Line Painting, 01500-5080 in the amount of \$4,000 to Street Electric, 01500-2018. Seconded by Mr. Gersten. All in favor.

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Mr. Gaston moved the transfer from Capital Equipment, 01500-5080 in the amount of \$3,300 to Repairs, 01500-3050. Mr. Gersten seconded. All in favor.

Mr. Gersten moved the transfer from Civilian Personnel, 01310-1006 in the amount of \$1,000 to Sworn Personnel, 01310-1003. Seconded by Mr. Kearney. All in favor.

Mr. Gaston moved the transfer from Police OT Grant, 01310-1006 in the amount of \$7,000 to Sworn Personnel, 01310-1003. Seconded by Mr. Gersten. All in favor.

Executive Session: Mr. Portnoy moved to enter executive session for purposes of discussing upcoming teacher negotiations. Mr. Gaston seconded. All in favor. Executive session was entered into at 9:05pm and returned to regular session at 9:20pm with no motion taken.

ANNOUNCEMENTS: none

ADJOURNMENT: Having no further business, the meeting was adjourned at 9:20 p.m.

Susan Marcinek, Clerk

Att. A: memo from John Kortze
Att. B: Board of Education budget adjustments
Att.C: Teacher negotiation letter from E. McClure
Att D: Joint meeting letter from Dr. Robinson
Att. E: Legislative Update