

THESE MINUTES ARE SUBJECT TO APPROVAL BY THE BOARD OF FINANCE

The Board of Finance held their regular meeting on Monday, March 2, 2015 in the Council Chambers at the Municipal Center, 3 Primrose Street, Newtown, CT. Chairman John Kortze called the meeting to order at 7:30pm.

Present: John Kortze, Harry Waterbury, John Godin, Mike Portnoy, James Filan, Joe Kearney
Also Present: First Selectman Pat Llodra, Director of Finance Bob Tait, Keith Alexander, Dr. Erardi, Michele Embree Ku, Bob Merola, Laura Roche, Tanja Gouveia, Ron Bienkowski, Kathy Hamilton, Kinga Walsh, Paul Lundquist and two members of the press

VOTER COMMENTS: NONE

COMMUNICATIONS: The BOF received a response to a serious of questions that they asked of the BOE from their presentation (Attachment A) as well as questioned asked this evening (Attachment B).

FIRST SELECTMANS REPORT – None

FINANCE DIRECTOR REPORT – None

UNFINISHED BUSINESS

Board of Selectman 2015-2016 proposed budget – Not discussed

Board of Education 2015-2016 proposed budget – Dr. Erardi went over the Q&A that the BOE provided to the BOF to answers their questions from the presentation (Attachment A). Answers to question #3; The projection that they hold onto is that 20 veteran educators will retired at the end of the school year. There are 11 that have taken the early retirement plan. In addition to that, they are aware of a handful that plan to retire but not have formally announced their resignation or retirement note. The base of #3 is the amount of \$332,972. What that indicates is that their initial place holder was approximately \$35,000 to the good times 20 equaling \$700,000 as a reduction. They have realized up to the \$322,972 that they have yet to recover from those have yet to indicate. It is a place holder and will go down as they receive the additional retirements and resignations from veteran staff.

Question 9 – Dr. Erardi is confident that all of the entities will continue to partner in the best interest of students and the town in regards to facilities.

Question 11 – ultimately it is a place holder number for the state of CT knowing that the 100% threshold will never be met.

Question 6 – Attachment C is a document that Mr. Bienkowski and Ms. Gouveia put together to illustrate in greater detail the reductions that they were able to realize through good management and the costs that were contractual for the 15/16 school year.

Mr. Filan asked why the fuel quantity remained the same with a reduction of a bus. Mr. Bienkowski explained that they agreed to purchase a total quantity of fuel for the year of 110,000 gallons. If they arbitrarily reduce the amount of fuel that they contract for as they did last year they have to pay for it. They need be able to make these reductions in advance of the contract being arranged with the supplier. Last year they had to purchase about 4000 gallons they didn't use. They can be efficient but they still need to satisfy the contractual requirement with the provider.

Mr. Filan also asked how they came to the decision of only reducing by one bus. At a BOE meeting, a motion was made to reduce it by two. Dr. Erardi explained that they have been in constant contact with All Star management. The data in front of the board is corrected updated data as far as ridership goes (Attachment D). The issue of declining enrollment and the number of busses is exacerbated by proximity. What they are trying to do is to stay true to the length of time acceptable for a student to stay on the bus and stay true to negotiating as hard as they can. They were able to reduce one bus going forward. There is a second bus they are having continued conversations for the new school year. There are some complexity because of students with special needs.

The district has an obligation to purchase 110,000 gallons of diesel fuel by contract. The All Star contract specifies 81,400 gallons that the district is obligated to purchase. The contracted gallons of fuel is larger than the All Star contract because it includes field trips, sports trips and others that are not part of the All Star contract (Attachment E & F). The basic school to home and back allows for 2200 gallons per vehicles which comes to 96,800 gallons based on the 44 vehicles that they have. They also have special education vehicles that are using gasoline.

In the past 4 to 6 years, there are 300 to 500 less students in the district. Mr. Kortze questioned the fact that there is a similar amount of buses in the old contract and now the buses have larger capacity. Rider ship is sensitive toward the time of the year. In between sport season rider ship is high and during sports season it is low.

The actual ridership was provided in attachment D, which is as of the last two weeks. The district had gotten in the fall and mid winter since Dr. Erardi came on board. The problem with the data is that is sensitive toward the time of year. Mr. Kortze if 5 years ago the load would be the same, sports, no sports. Mr. Bienkowski articulated that what was different 5 years ago was that they had a different contractual arrangement, they had the owner operators that mirror All Star but they also had MTM that provided a number of other vehicles that weren't necessarily as evident in providing the transportation as what we currently see now. They had vehicles used for both Special Ed purposes and to pick up overloads and long distance roots. There were more vehicles run back then than are currently.

When the specifications were put together they wanted to maximize the seating capacity. In a contractors standpoint the difference from a 66 to 77 passenger is very small incremental cost.

In the contract it requires All Star to provide a series of information, some was standard and some was at request of the district. One that was standard was a pupil load on a quarterly basis. Mr. Kortze questioned if the BOE had this information when they deliberated on this topic. Dr.

Erardi articulated that the subcommittee of the school board meet with All Star ownership prior to that meeting. The information that came from that meeting spurred this document (Attachment D). The timing of this document was on or before March 1st. All Star met their timeline with this document. Dr. Erardi expressed concern if the intent is to overload buses thinking that we can project or predict who is not going to be on a bus. The worst case scenario is on a very cold morning, there is no seat for a student waiting at the bus stop. Mr. Kortze articulated that the BOF is not in a position to recommend how they run the buses. These are questions that are natural with the decline in enrollment. If the contractor had provided the quarterly reports, over two years there would be 8 data points.

It is the assumption that every child in the school system is a potential bus rider. According to law they have to provide transportation to all children (Attachment G). Mr. Kearney suggested that a survey asking parents if they would like to opt out of transportation would give the district a better understanding of ridership.

Mr. Filan articulated that there seems to be a lot of wiggle room. Maybe if they pushed All Star to be more efficient we might be able to do something that would save some money. The data point on page 3 of attachment D represents a time of the year were hundreds of youngsters are not on the bus because of other activities. There are empty seats on our buses and there are a lot of parents that drive daily.

Tier one drives all three tiers. Mr. Kortze pointed out that looking at capacity, according to All Star reports, there are 2620 kids which comes from the 14/15 transportation outline. If you look at the buses, tier one has 2004 seats vs 2708 assigned. They are looking at overloaded capacity based on the numbers provided.

All Star does the routing of the buses. When the original bids were received and evaluated, the routing aspect was not considered at all because they had their own transportation office with dispatcher and router. In April of that year All Star agreed to do the routing and that is when it was determined that they didn't need the transportation department any longer and laid off the staff in that office. Mr. Kortze questioned if they had already began reducing staff in that office in anticipation that this would be all encompassed with All Star or whoever the provider would be. Mr. Bienkowski said that they did reduce a staff member the year before even before the bid was out. The desire was that that the new company would supply this service.

In the addendum to the contract, transportation to magnet schools will be provided at no cost. In the budget there is a \$49,500 in the transportation line under magnet school. Mr. Beinkowski explained that the reason that is budgeted separately is so they are eligible to receive a magnet school grant of \$1300 per youngster from the state.

Mr. Godin questioned under curriculum technology on page 199 in the BOE budget book relative to page 29. Changes in certified salaries there is about \$87,000 and in curriculum in technology there is nothing coming as far as the net addition to the staff here. It seems higher than the typical contractual obligation. Mr. Bienkowski explained that there is a stipend salary for the NICE program of \$10,000 that does not get reflected as a salary account. There is an

addition of a .5 world language kindergarten teacher that is included, and a program expansion of NICE (Attachment H & I). In the technology portion there is one additional staff added.

On page 217 there is no change in Technology staff. On page 212 there is a notation one new position less open position at a lower salary – this means the new position will be at a lower rate than the current position which happens to be open. The current budget has been reduced because the position was not filled. Going into next year they will fill the position at the lower rate and that is why there is going to be a \$28,000 increase.

Mr. Godin questioned a spike in Middle Gate School salaries but there is no indication of additional staff. Dr. Erardi explained that Middle Gate has a youthful staff and moving forward in steps.

Mr. Portnoy said that his understanding that the contract for next year was 1.5% flat, no steps. Dr. Erardi said he stands to be corrected. When they have turnover that are low on the salary and have to hire above that which they try not to do but in some cases they have to.

Dr. Erardi explained that it is their goal educating every child in the district. The amount of outplacements from this year to next year has decreased. The problem that exacerbates this is the cost of outplacement which is something they cannot control. It is not uncommon that the cost of a child in an out placement residential setting is \$150,000 to \$250,000 per child. If the pupil expenditure is \$15,000, the town is responsible for the first \$67,500. If the outplace cost was \$167,500, the state of CT would pick up the \$100,000 delta which doesn't happened. They hold a place holder number in the 70% area so the \$100,000 they thought was going to be taken care of is at a 75% reimbursement so the district picks up an additional \$25,000 and that is what is driving Special Ed costs at this time.

Mr. Waterbury questioned the amount in the budget reflecting demands put on the district for the Affordable Health Care Act. It is his understanding that wasn't starting for a few years. Dr. Erardi explained that it has already started and there is a dollar commitment for this year's budget. This is different that the cadillac tax.

Dr. Erardi also explained that there is an additional \$76,445 in the budget for items related to Sandy Hook School that they were not paying for before.

Mr. Portnoy questioned employee benefits on page 228, early retirements at \$84,500 which is a change of \$52,500. Mr. Bienkowski explained that seven people took the cash option, \$7,500 each, and other balance took the medical benefits options.

Mr. Kortze asked if the .5 FTE to support the acquisition of world language of the primary grade level would continue in years to come. Dr. Erardi explained that the intent of the proposal is that this is a pilot program for Kindergarten. This will be brought back to the BOE in ample time to make a decision if the program should go forward. If they do, it will be a Kindergarten and First grade program and the .5 position would duplicate.

Academic officer is a .4 position and is a brand new position. The .4 position would fall in the teachers bargaining group. Partial day would be in the class room and partial day as an Academic Officer. It is really important that they have program and planning and know all students in school. There are students that need more attention for success at the High School. The person could be a direct conduit to a parent and to the teachers. It was worth the investment because of the enrollment in the High School. This is a one year endorsement.

Page 147 – What is the cost for adding the three new sports and staffing?

Page 176 – Director and Supervisors salaries – There are two parts, one is the increase the need for supervision during the summer time with Special Ed. Presently under the SERV grant, they have added a Special Ed supervisor which is key to bringing students back to the district.

Page 233 is building space rental from the Town which is up over 14%. This is based on an estimate from Mr. Hurley. About half the increase is related to electricity and the other half is for maintenance of the municipal building. In the past, they calculate the total cost of the building on a quarterly basis and they pay the actual costs.

How much money over the last years has the BOE has started in an electricity line item and transferred funds out?

Heating fuel was locked in in September at \$2.99 per gallon.

With the staff they have, the last page in the budget book, the saving numbers in early retirement of \$582,500, and look at the hand out which is the reduction in workforce. Which is a reduction of \$1,216,084 . They are requesting an increase of \$908,000, which is a delta of approximately \$2,124,000 in additional spending over last year for 197 less students. Dr. Erardi replied that the school board is coming off a 0% increase from last year. The goal brought forward was to maintain and enhance the Newtown public schools.

ANNOUNCEMENTS – None

Having no further business, the meeting was adjourned at 9:33pm

Respectfully Submitted,
Arlene Miles, Clerk