

The Regional School District 13 Board of Education Finance Committee met in regular session on Wednesday, January 11, 2023 at 5:00 PM in the library at CRHS.

Committee members present: Mr. Armstrong, Ms. Benson, Mr. Faiella, Ms. Opalacz and Mr. Stone (arrived late via phone)

Administration present: Mrs. Neubig, Director of Finance, and Dr. Schuch, Superintendent of Schools
Committee members absent: Mr. Neidhardt

Board members present: Mrs. Dahlheimer (arrived late), Mr. Mennone and Mrs. Petrella

Invited guest: Mr. Martinelli

Mrs. Petrella called the meeting to order at 5:04 PM.

Pledge of Allegiance

The Pledge of Allegiance was recited.

Public Comment

None.

Approval of Agenda

Mr. Faiella made a motion, seconded by Mr. Mennone, approve the agenda, as presented.

In favor of approving the agenda, as presented: Mr. Armstrong, Ms. Benson, Mr. Faiella, Ms. Opalacz and Mr. Stone. Motion carried.

Approval of Minutes - December 14, 2022

No amendments or corrections were made to the minutes of December 14, 2022. According to Robert's Rules, the minutes are deemed approved, if not amended or corrected.

Financial reports from Durham and Middlefield Boards of Finance

Mr. Martinelli prefaced his update with noting that he has always been very optimistic, but feels that the taxpayers of both towns deserve a mill decrease. He believes that this will be a very challenging year and he will be very disappointed if they end up with the same mill rate.

Mr. Martinelli explained that they have \$2.643 million debt that the town is managing which is associated with the culverts and road projects. They have several significant projects in the planning phase as well as in the Capital Plan. The current RSD13 allocation is \$23,500,777 which is 75 percent of Durham's total expenditure budget or 77 percent of the net to be raised by taxes. This is obviously a major impact for the Town of Durham. The current district budget is offset by ECS revenues in the amount of \$3,174,000 but the 2023-2024 values have yet to be announced. Early projections do not indicate a significant change. Due to student enrollment, Durham's allocation will increase this year by .15. That represents a \$31,000 increase in Durham's budget.

Durham's Grand List grew by 3.6 percent; however, the bulk was due to the older model motor vehicle values that enabled them to lower the mill rate last year. Mr. Martinelli wasn't sure they can count on that this year.

Durham's Capital Plan includes items such as fire trucks, public works vehicles, building maintenance as well as annual road improvements and guard rails. They have set aside \$736,000 in revenues in the 2023 budget, planning for a \$238,000 capital outlay. Korn School is a capital expenditure for Durham and, to date, the project is being funded 100 percent from the \$1 million Building Reserve account, but they have not had to touch that fund yet. Operating expenses for Korn School, once it is opened, are speculated to be about \$100,000 a year. The State Police, Recreation Department and Senior Board will all be going into the building.

Culverts and roads projects are major expenses for the town. Upcoming projects include Guire Road at \$1.6 million with 50 percent reimbursement and Stewart Road. As of now, the town has not identified the funding source for the Guire Road project. Public Safety plans include improving the plumbing, drainage and bathrooms at the firehouse. Those were estimated at \$175,000, but it has been exceeded by \$125,000 to date. General contractors are all coming back, wanting more money. The town just approved another \$55,000 last night for the Library expansion because the general contractor wanted that to do the job.

The Firehouse project is now being rebid for the third time and eventually the septic system will have to be replaced. It currently drains into the Durham Fair Association's property. Plans to expand the firehouse were put on hold. The Resident State Trooper's office is being relocated to Korn School and they are currently working out of their cars. Engineering studies are being performed to relocate the ambulance and the emergency operations center into Korn as well. Plans to use the buildings on the north and south sides of the firehouse are in early discussion. A town meeting was held about blight and, although it was tabled for two months, Mr. Martinelli believes that the vast majority of the people in Durham want some type of an ordinance. That will be another major expense to hire an enforcement officer and possible litigation.

Mrs. Dahlheimer felt that the enforcement officer would be the current enforcement officer for the Zoning Board of Appeals. Mr. Martinelli explained that they will have to pay him more money for extra hours, if he even wants the job.

Mr. Martinelli went on to report that the town hired a second Resident State Trooper and the salaries are expected to grow every year. The first two phases of the sidewalk project are complete, but the next phase is scheduled for 2023-2024 at an estimated cost of \$750,000. It will hopefully be covered by the grant.

Mrs. Dahlheimer commented that while Mr. Martinelli's goal was to provide an overall picture, some of the projects are grants, some are town responsibility and some are unknown until the budget process.

Mr. Martinelli added that the town received a large grant for the water system project, but they have now found out that they are really only getting 80 percent of the cost. The cost will depend on how many people will want to hook up to the water system to help defray the cost. Ms. Opalacz felt that the town needs to get more businesses in town.

Mr. Martinelli summarized that there's really no good news and cost increases are everywhere. The trustees of the firehouse are the ones doing the bids. Mr. Mennone added that they might want to talk to other people as members of the district's building committee have reached out to the towns.

Mr. Martinelli knows of some taxpayers that are using their savings to live on and Mrs. Dahlheimer noted that there are other families who didn't have the savings to begin with.

Mr. Faiella asked about the town's reserves, including a general reserve and a designated reserve. Mr. Martinelli did not have those figures with him, but thought they were keeping it around 18 percent of the budget. Mr. Faiella felt that it's more than a little bit in reserve. Dr. Schuch felt it was a fair question to ask what constitutes a rainy day and thought it would be hard to justify sitting on a large amount if taxes would otherwise go up significantly.

Mrs. Petrella felt 18 percent was a little on the high side and thought it was more like 10 to 12 percent. Mrs. Dahlheimer thought that was the goal, but didn't feel it was close to 18 percent. She added that she believes Middlefield has more than Durham. Mr. Martinelli explained that 1 mill is equal to \$765,000.

Mrs. Neubig asked how Durham has used their ARPA funds and Mr. Martinelli explained that they have been asking to tap those funds every month, however that may have to be used for the 20 percent shortfall on the water project. There was \$8.9 million in ARPA funds. Mrs. Neubig noted that the district has to spend their ARPA funds by 2024. Mrs. Dahlheimer explained that any project has to be approved by the taxpayers at a town meeting. Mr. Martinelli added that the firehouse project will be funded with ARPA funds. Those funds can be used for infrastructure, parks and recreation as well as other issues caused by COVID. Mrs. Dahlheimer stated that the Durham Fair Association has stated that the septic can drain onto their property for as long as needed, but some people in town would like to see the firehouse have their own fields for that.

Mrs. Petrella explained that Michael Skelps from Middlefield's Board of Finance was not able to attend tonight's meeting, so he sent an email thanking the Board of Ed for soliciting input from the two towns at this early point in the development of the school budget. The Middlefield Board of Finance approaches each budget season with the principles of funding prudent, effective and necessary programs, systems and resources in the town while keeping expenses and taxes as low as possible. Each department in town is challenged to deliver their services as cost effectively as possible with continuous improvement and efficiency in mind. As the school district comprises 74 percent of the town's budget, Mr. Skelps asked the district to aggressively manage and minimize their budget. The Board of Finance supports exploration of opportunities to reduce cost or mitigate increases in a way that still provides a high-quality education and experience for the learners.

A key factor in the defeat of the original school last year was due to the fact that there were no staff reductions, even in the face of declining enrollment. Mr. Skelps encouraged the Board of Ed to continue to seek the most efficient use of personnel, buildings and other resources, including right-sizing staffing levels consistent with enrollment changes. He felt that school budgets that are perceived as excessive face significant opposition at referendum and because the school budget is nearly 3/4 of the town budget, any school budget with substantial increases is virtually to make up within the municipal budget.

Mr. Skelps felt that recent inflationary pressures have made every budget more challenging. Fuel, energy, gas, food, insurance, salaries and labor wages and almost everything else have gone up substantially in

cost. The Board of Finance recognizes that this makes school district budgeting challenging while current economic pressures are placed on the household budgets of families and individuals who are trying their best to get by. Those on limited and fixed incomes are the most affected and can't afford a large increase in taxes due to any school budget that is not developed with maximum efficiency in mind.

The Town of Middlefield's finances are currently in reasonably strong shape, however numerous headwinds are anticipated for the fiscal year 2023-2024 budget. The town will be undertaking an unbudgeted project to replace a culvert at Lake Shore Drive which will approach \$1 million. The town did receive a small grant to offset a portion of the cost, but more than 85 percent of the project will fall to the town. To account for the student enrollment, shift in fiscal year 2022-2023, the town's share of the school budget was increased by more than \$1 million. As a result, the reserves have been drawn down by \$800,000. Enrollment has not shifted back substantially, meaning that nearly \$800,000 has to be funded again. With diminished reserves, they will have to seek another funding source, including levying higher taxes.

Middlefield is also facing what is likely to be the single largest project the town has ever endeavored, updating, expanding or building a new firehouse. This overdue and necessary project will result in increased costs for the town. Utility costs are up significantly and the Middlefield Community Center's entire budget for fiscal year '23 has already been expended with six months left in the year. Insurance costs are expected to increase and they are anticipating a double digit increase in the premiums. The capital/nonrecurring costs will increase as long-term capital budget items continue to require funding at increased rates due to inflation. There has been increased trespassing and theft in the community and Mr. Skelps is working with the First Selectman to review some options to provide resources which may require additional funding.

Mr. Skelps pointed out some bright spots in the town's budget. Fiscal year '22 ended with a small surplus of \$78,000. Interest income will exceed budget expectations by more than \$100,000. The town recently received a one-time municipal sharing grant of \$80,000 and there is a healthy unassigned fund balance, consistent with recommendations from Government Finance Officers' Association. The Board of Finance will know more when specifics are presented by the First Selectman in early March. Regardless of economic climate, the Board of Finance asks and expects the Board of Education to deliver as efficient a budget as possible. In a good year, Mr. Skelps would not endorse the Board of Ed to deliver an inefficient budget. Likewise, in a bad year, he would not ask for draconian cuts to the school budget. Mr. Skelps believes that the RSD13 budget should have the same goal year after year, to find creative and cost-effective ways to deliver a quality education to our students.

Mr. Faiella commented that he did not know how much the firehouse is going to cost and they are currently looking at estimates. Mrs. Petrella noted that the firehouse is old and they are thinking of replacing it. Dr. Schuch stated that he has heard that the entry doors are not at the proper height for newer fire trucks. Mrs. Dahlheimer commented that most code issues would only come into play if they replace the building.

Review budget meeting dates

Mrs. Petrella explained that the budget will be presented at the February 8th Board of Ed meeting. There is a budget meeting/work session scheduled for February 22nd at 5:00 PM with another to be held on March 1st at 6:00 PM. There is a budget session scheduled for March 22nd at 5:00 PM. The public hearing on

the budget is scheduled for April 5th at 7:00 PM, district meeting will be on May 1st and the referendum will be on May 2nd.

Mrs. Petrella asked that the committee members come to the Board meeting on February 8th in lieu of their regular meeting to hear the superintendent present his budget. Mrs. Maloney will send invitations to the committee members. Mr. Stone would like to keep the meeting scheduled for March 8th as well.

Invite Boards of Finance to attend the February 8th Board of Education meeting

Ms. Opalacz asked if they see big increases coming in the budget and Dr. Schuch felt that there will be. The district faces the same issues that the towns do, including fuel, electricity and other things. Mrs. Neubig noted that there are contractual obligations for salaries as well and the State Partnership Plan had a rough year for health insurance. She expects to see a double digit increase in insurance premiums.

Public Comment

None.

Adjournment

Mr. Mennone made a motion, seconded by Mr. Stone, to adjourn the meeting.

In favor of adjourning the meeting: Mr. Armstrong, Ms. Benson, Mr. Faiella, Ms. Opalacz and Mr. Stone. Motion carried unanimously.

The meeting was adjourned at 5:40 PM.

Respectfully submitted,

Debi Waz

Debi Waz
Alwaz First