

TOWN OF GROTON
CHARTER REVISION COMMISSION
REGULAR MEETING MINUTES
JULY 25, 2016
TOWN HALL ANNEX – COMMUNITY ROOM 2

Town Clerk Betsy Moukawsher called the meeting to order at 6:36 p.m.

I. ROLL CALL

Members Present: Commissioners Kathy Chase, Jane Dauphinais, Robert Frink, Patrice Granatosky, Rosanne Kotowski, Brandon Marley, Daniel Mello, Darcy Peruzzotti,
Members Absent: Chairperson Dee Hauber, Commissioners Scott Aument and Jennifer L. White.

Commissioner Frink nominated Commissioner Dauphinais as Chair Pro Tem, seconded by Commissioner Granatosky. The nomination carried unanimously 8-0-0.

Chair Pro Tem Dauphinais recognized Finance Director Cindy Landry.

Finance Director Landry gave a brief overview of her position with the Town of Groton. Director Landry distributed and reviewed handouts related to the budgetary process and calendar, government structure, and budgetary control for the Town of Groton (handouts received for record).

Commissioner Jennifer L. White arrived at 6:42pm.

In response to Commissioner Granatosky, Finance Director Landry stated that the budget dates are specified by the Town Charter. She noted that the State determines the uniform fiscal year.

In response to Chair Pro Tem Dauphinais, Finance Director Landry stated that she is under the impression that every municipality in Connecticut has its calendar based on the uniform fiscal year for the State of Connecticut. She noted that the Town Charter is very specific about specific budget dates as they relate to the Town of Groton.

Commissioner Granatosky confirmed that the Town Charter states that the fiscal year runs July 01-June 30 unless changed by General Statutes.

In response to Commissioner Frink, Director Landry stated that Department Heads begin to receive budget guidance in November. She stated that budget worksheets are provided to Department Heads in October so that they may begin to prepare budget estimates. She stated that the Town Manager meets with Department Heads in November and provides budget guidance. She noted that as information is received, and as the schedule progresses, the Finance Department meets with departments and reviews each each department's budget. She noted that the Finance Director, Human Resources Director, and Town Manager ask Department Heads questions about their budgets. She noted that the Town Manager makes cuts to individual budgets based upon the meetings with Department Heads. She noted that the Board of Education and the political subdivisions appear in the budget as they are presented from those entities, as specified by Town Charter.

In response to Commissioner Frink, Director Landry stated that she does not know if the Town Manager has a conversation with the Superintendent of Schools regarding the Board of Educations' budget.

In response to Commissioner Granatosky, Director Landry stated that the State calculates the minimum budget requirement for education. She noted that the calculated number affords the Town of Groton to reduce its education budget to the minimum budget requirement. She noted that this year's budget was reduced to that acceptable minimum.

In response to Commissioner Mello, Director Landry stated that she does not know what is included in the formula when determining the minimum budget requirement.

Chair Pro Tem Dauphinais noted that she was under the understanding that until recently the State did not allow the Town to cut the education budget despite declining enrollment.

Town Clerk Moukawsher noted that the in the past, the understanding was that the Town could not go below a previous year's education budget. She noted the entire process was designed so the State would pay for education.

Commissioner Granatosky stated that the Town would run the risk of losing State funding if it went below the minimum State requirement.

Commissioner Peruzzotti stated that the State has the final say on how much money the Town of Groton will receive.

Director Landry noted that the Town of Groton is still waiting to receive the final cut for the education budget FYE 2017.

Commissioner Granatosky noted that education cost sharing has shifted from the State tax dollar to the individual property owner.

Director Landry clarified that when the Statute for the minimum budget requirement was written, it was never envisioned that the education cost sharing would be cut as drastically as it was during the last budget session. Director Landry continued to review the timeline for the budget.

Town Clerk Moukawsher stated that a temporary mill rate is adopted in the event the RTM does not finish budget deliberations on time.

In response to Commissioner Peruzzotti, Director Landry stated that the cost of the budget process (man hours, presentations, facilities, printing cost) was reduced this year.

Commissioner Peruzzotti questioned how much money the Town is spending on the budget process.

Commissioner White stated that if she was presented with a budget that exceeded a budget directive, she would send it back. She questioned why the RTM is tasked with finding budget reductions when the proposed budget exceeds directives from the Town Council.

Director Landry stated that there are unforeseen circumstances that result in changes to the budget, such as equipment services. She noted that there are State-mandated items that cannot be cut because of labor and time. She noted that Department Heads try to maintain services.

Commissioner Kotowski stated that level services always mean an increase. She questioned what happens if a directive is given and not followed.

Commissioner White noted that if the Council gives a directive, and if the guidance is followed, then the RTM would not need to find significant reductions.

Director Landry stated that there are cases where it is not possible to arrive at a zero increase, such as the EOC's maintenance agreements in the 9-11 Center.

Commissioner Frink stated that discussing budget goals and objectives with the RTM and Council did not occur when he was on the Council.

Commissioners Dauphinais and Marley stated that budget input related to setting a limit occurred before the beginning of the year.

Commissioner Granatosky stated that there was an item on the RTM's agenda that was for ongoing budget discussions, and it was used for budget concerns.

Commissioner Frink stated that budget discussions have related to the budget schedule.

Chair Pro Tem Dauphinais stated that the Town Manager is allowed discretion to recognize budget needs by department.

Commissioner White questioned if the Town Manager transfers funds between departments before Council approval if one department's budget exceeds budget directives.

Director Landry stated that all departments would be evaluated to see where the transfer could occur.

Commissioner Granatosky stated that if something unexpected comes up then money can be moved from one account to another, but it must go through the Council or RTM before transfers are made. She noted that there is a dollar limit on the transfer, and if it tops the limit, then the Council, Committee of the Whole, Town Council, RTM Committee, and the full RTM vote before it happens. She noted that at the end of every year there are fourth-quarter transfers that need to be approved.

In response to Commissioner Peruzzotti, Director Landry stated that the Superintendent oversees the Board of Education's budget.

In response to Commissioner Mello, Director Landry states that an increase in BOE funding that is not found within the budget would need to return to the Town with a supplemental appropriation. She noted that all unexpended funds from BOE are returned to the Town of Groton.

In response to Chair Pro Tem Dauphinais, Director Landry stated that the RTM and Council appropriate a single dollar amount for the Board of Education.

Commissioner Marley stated that it was his understanding that the RTM and Town Council can reduce the Board of Education's budget below the minimum budget requirement with penalties.

Chair Pro Tem Dauphinais stated that there are members of the Town Council and RTM that have gone through the Board of Education's budget with a fine tooth comb and have submitted suggestions on where cuts could be made. She noted that the RTM and Town Council cannot make sure that cuts are made from the areas they suggest. She noted that cuts have been made by the Board of Education that have been objectionable to the public, such as middle school sports, and then the outcry against the cuts is used to put pressure on the RTM to increase the allocation.

Commissioner Granatosky stated that she feels the Town budget is almost the same as the Education budget in that the Town Manager decides where to make cuts in the budget. She noted that the Town Council can use performance reviews to slap the hand of the Town Manager where the RTM cannot.

Director Landry noted that the legal level of control in the budget is the function level, or department level, which is adopted by the Council and RTM. She noted that the budget is not adopted by line items.

In response to Chair Pro Tem Dauphinais' recommendation, Director Landry stated that the subdivision budgets (the Board of Education, the City of Groton, and Groton Long Point) are presented to the Town Manager and he includes them in the budget without having the authority to make changes to them. She noted that the arbitration for the City Highway department is ongoing (FYE 2016), and she hopes that once the issue is settled there will be guidance so there will not be arbitration every year. She stated that the Police budgets have been included and funded.

In response to Chair Pro Tem Dauphinais, Director Landry stated that benefits are not included in the salary lines in each department, but they are budgeted in contributions and non-departmental insurance and claims in the general fund (retirement, healthcare, life insurance, workers comp, and heart-hypertension).

The Commissioners discussed the differences of having benefits information under employee salary lines versus one general account.

Commissioner Frink stated that he thought that it is a good idea to break out benefit information separately. He noted that salary and wages account for 53.4 percent of the Town operations budget and employee benefits account for 26.4 percent. He noted that personnel services account for approximately 80 percent of the Town's operations budget.

Finance Director Landry reviewed pie charts and various graphs depicting the distribution of revenues and taxes versus expenditures for the Town of Groton. She noted that the bulk of revenues are raised by property taxes (68 percent).

In response to Chair Pro Tem Dauphinais, Director Landry noted that the Town has not been getting reliable information regarding Federal Impact Aide. She noted that recently impact aide has been reduced because of a loss of students. She noted that the Federal Government can be two to three years behind in funding Impact Aide. She noted that the Board of Education keeps in contact with officials in Washington in order to get the best information as quickly as possible. She noted that there was an audit that disallowed a large number of housing because of the address was the military base.

This changed the calculation and reduced the grant. She noted that the BOE fought the finding of the audit, and she noted that some student addresses were added back.

Commissioner Frink noted that there are civilian families living in military housing.

Chair Pro Tem Dauphinais noted that since the military housing was built, there has been a decline in military families. They could not fill it with Navy personnel.

Director Landry noted that Groton is severely impacted by the lack of impact aide, and this year's estimate is down to 3 or 3.5 million dollars.

Commissioner Granatosky stated that she thought the Superintendent of Schools worked on the Balfour Beatty Housing issue and got money back.

Director Landry noted that Groton gets the aide because of the military population (children in the school system).

Commissioner Granatosky noted that the Town is limited in the amount it can control.

Director Landry noted that the revenue for the Town is shrinking. She stated that the economy is not turning around as quickly as they thought. She noted that State revenues are still unknown.

Chair Pro Tem Dauphinais stated that she wanted to explore the idea of changing the fiscal year because the budget is created with unknown State revenues. She noted that legislation would need to change the fiscal year and after gaining permission from the legislature, the Charter would need to change.

Commissioner Granatosky stated that the goal of changing the fiscal year would be to have more accurate numbers which will fit the budget.

Commissioner White questioned how hard it would be to put benefits back in the cost centers. She noted that putting the benefits information in cost centers would afford the opportunity to get an apple-to-apples view of other towns. She asked the Finance Director what she would recommend for change of the budgetary process.

Director Landry noted that the budget document was streamlined this year to make it easily readable. She noted that she would like to refine the budget document to provide information that answers questions before the budget deliberations of the RTM and Council.

Commissioner Frink stated that the Town spends a significant amount of money on retirement.

Commissioners White and Frink noted that if Personnel is 80 percent of budget, then it is important to look at what can be changed such as defined benefit contributions (medical, retirement).

Commissioner Marley noted that the point of today's exercise is to look at what the Charter Review Commission can make as it relates to the budget process.

Commissioner White stated that she is looking at the way the numbers are presented in the budget.

Commissioner Mello noted that revenue needs to build up for the Town of Groton.

Commissioner Marley stated that 150,000 dollars was approved to re-work the Zoning regulations to make it easier for businesses in Groton.

Finance Director Landry reviewed the Town's structure. She noted that each department is not allowed to overdraw its budget. She stated that the Town uses encumbrance accounting (purchase orders) as a method of control. She stated according to the Purchasing Manual any expense over \$500 requires three quotes, and any expense over \$15,000 requires a bid.

Finance Director Cindy Landry outlined and reviewed the Public Works budget. Her review included:

- Highlights and goals
- Cost center descriptions
- Comparing proposed, adopted, estimates, and changes to budgets.
- FEMA funds as they pertain to storm funds received, etc.
- State grants
- Snow/Ice Control (Fire services for sand, salt, labor in the winter)
- Misc. Funds (insurance payments and other revenue).
- Lease fees
- General Fund to cover the budget from taxes or other revenues

In response to Commissioner Kotowski, Director Landry stated that roads and streets are paved using in-house labor.

In response to Chair Pro Tem Dauphinais, Director Landry stated that Post Closure Maintenance is the cost of maintaining and monitoring the closure of the transfer station for 20 or 30 years.

In response to Commissioner Frink, Director Landry stated that the Vacated Schools Structure expense relates to the closed schools Fitch Middle and Groton Heights.

Commissioner Frink stated that vacant schools may have significant expenses related to them, such as Fitch needing a new roof and boiler.

In response to Commissioner Chase, Director Landry stated that that Department heads are required to present a clear operating vision of their budgets, not including personnel. Operating expenses are detailed by the Department Heads. She noted that the Town Manager will identify areas in which cuts can be made.

Commissioner Granatosky noted that in the past budget highlights included information for department purchases, such as equipment purchases and software contracts.

Director Landry noted that she would like to include large changes, or big ticket items, in the goals and highlights section of the budget.

Commissioner Chase asked if a Department Head makes a case for an item that needs to be purchased in the highlights and goals section of his or her budget, would the Town Manager cut the request or keep it.

Chair Pro Tem Dauphinais stated that the Town Manager may or may not decide to cut it, and he would have the discussion with the Council and RTM.

Commissioner Chase asked how the Town Manager decides what to cut.

Director Landry noted that the Town Manger has a wealth of knowledge of the history of the Town which informs his financial decisions.

In response to Chair Pro Tem Dauphinais, Director Landry stated that labor negotiations for open contracts in past year were included as an anticipated increase in the budget. She noted that in the past three years, funding has been placed in contingency in anticipation for upcoming contract negotiations, settlement, and Council approval. She noted that once the contracts are approved, the funds are approved by Town Council and RTM to be transferred from contingency into the specific functions. She noted that this year the Police and the CLIU contracts settled.

Commissioner Kotowski stated that based upon minutes from the RTM Finance Committee Meeting in 2015, the 2016 contingency fund was increased by \$55,000 for probable raises, and she noted that the \$55,000 dollars was wiped out to pay for snow removal. She stated that she has been trying to find out where the money is coming from for the recently approved retroactive non-union raises. She stated that at the RTM meeting last week, Town Manager Oefinger stated that either the departments have the money for the raises or not. She stated that during the budget process the RTM was told that there was nowhere to reduce anything.

Director Landry stated that the \$550,000 FYE 2016 appropriated and the \$337,000 was for the two labor contracts that were settled this year. She noted that the balance of contingency was used for legal fees and unemployment as fourth-quarter transfer approved in June.

Commissioner Kotowski asked where the money for the non-union raises was coming from.

Director Landry stated that the raises had to be absorbed in the budget. She noted that the budgets adopted for FYE 2016 did not include raises for any town staff, so when the two contracts settled the money came from contingency to cover the increases that were actually paid to the employees.

Chair Pro Tem Dauphinais stated that the two organized groups had money in contingency for the outcome of whatever the negotiations were, but the non-union workers did not.

Commissioner Kotowski asked where the money for the non-union raises came from.

Town Clerk Moukawsher stated that if a person is laid off, or leaves employment, money would be left over in the account.

Director Landry stated that in September 2015 when revenues were down and with rescissions from the State, Town Manager Oefinger met with Department Heads and had set aside \$600,000 that became encumbered.

Commissioner Kotowski noted that the Town Manager's comment at the RTM meeting would lead some people to believe that some people would be getting it and some would not.

Director Landry clarified that the message was the departments had to absorb the raises in their current budgets.

In response to Commissioner Granatosky, Commissioner Kotowski stated that the total for the raises was \$47,000.

Commissioner Granatosky stated that \$47,000 divided across 39 functions equals \$1,000 each cost center.

Chair Pro Tem Dauphinais stated that they found it in the budget.

Commissioner Kotowski stated that if there was money left over and if there was a tax increase proposed, why was the money not put forth to offset the tax increase.

Commissioner Granatosky stated that they did without something else that they had budgeted for in order to afford the raises.

Director Landry noted that the adopted budget for each department is the legal level at which it can operate and not a penny more. She noted that the Public Works director knows his budget well.

In response to Commissioner Marley, Director Landry stated that if Public Works exceeds expenditures for a major storm, then there would be fourth-quarter transfers to cover the deficits.

Commissioner Granatosky noted that there is a process in place to approve spending beyond an adopted budget.

In response to Commissioner Chase, Chair Pro Tem Dauphinais stated that funding comes from somewhere else in the budget when a department needs additional funding.

Chair Pro Tem Dauphinais noted that flexibility in transferring funds from one department to another is important..

In response to Commissioner White, Director Landry stated that the Town Manager anticipates vacancies for the Police and Public Works budgets.

Finance Director Landry reviewed Capital Projects and guidelines for the projects. She noted that the Planning Department works with every department to identify projects they are hoping to accomplish. She reviewed State, LOCIP, sewer use fees, and general fund contributions. She noted that each project goes before the Council and RTM for discussion and approval. She stated that the current fund balance is low, and the Town is trying to build the balance of the account for unforeseen projects or events.

Commissioner Frink noted a lot of the projects are for infrastructure.

Commissioner Granatosky noted that each project and Department Head must go before the Town Manager for approval.

In response to Commissioner Granatosky, Director Landry stated that Groton is number 94 out of 169 towns in terms of debt ratio. Director Landry reviewed the Debt Service information, and she noted that the State establishes how much debt a Town can incur. She noted that the Town Council has set a debt policy to limit the amount of debt allowed under the State's maximum. Director Landry reviewed the Town's debt policy as adopted by the Town Council (the Council allows for 50% of 648 million dollars allowed by the State of Connecticut). She noticed that the Fire Districts and the City is considered underlying debt and is included within the Town's debt.

Commissioner Granatosky clarified the Town's total indebtedness is 62 million dollars.

Director Landry reviewed outstanding debt, issued dates and principle payments.

Commissioner Frink stated that the analysis of the school debt for the referendum is called the Fiscal Impact Report, and it is available online.

Town Clerk Moukawsher reviewed Section 9.10.4 of the Town Charter regarding Council approval before exceeding a budgetary item. She noted that Department Heads should go through this process to expend funds that are not allocated for an alternative specific purpose. The commissioners discussed what the section means and why it is not being followed.

In response to Commissioner Peruzzotti, Director Landry stated that there are towns that have no debt, such as Voluntown.

Chair Pro Tem Dauphinais noted that when a project is bonded (such as the school referendum), it is paid over future years when people are going to use it, and if a check was written for the entire project now, people who are not going to use it would be paying for it.

Commissioner Marley stated that he agrees with the Town Clerk's interpretation of section 9.10.4 of the Charter regarding approval before exceeding budgetary items. He noted that a function of the Charter Revision Commission should possibly be preventing a department from circumventing the process. He stated that this Section may need to be clarified.

Commissioner Peruzzotti stated that the budget has a use it or lose it attitude. She noted that next year, department budgets should reflect money returned to the Town at the end of the previous fiscal year.

Commissioner Marley stated that he agrees with the use it or lose it attitude. He noted that the Charter provision 9.10.4 regarding spending approval is there to address this issue.

Commissioner White stated that there should be more discipline regarding that procedure.

Director Landry stated that she would like to look at the old Charter. She noted that the language in the Charter is fund from one specific purpose to another, and an example of that would be transferring money from Public Works to Town Clerk. She noted that revenues are an issue for the Town of Groton.

Director Landry and Town Clerk Moukawsher stated that there are revenues that are set by the State and have not changed since the 1950's, such as liquor permits.

Chair Pro Tem Dauphinais stated that sometimes to make more money for revenue there needs to be an investment in infrastructure, and that is frequently cut from RTM.

In response to Chair Pro Tem Dauphinais, Director Landry explained that the budget document has been recognized by the Government Finance Offices Association for detail and clarity.

II. Approval of Minutes:

- a. Commissioner Mello made a motion to approve the minutes of the July 11, 2016 meeting, seconded by Commissioner Granatosky.

Commissioner Kotowski amended the minutes to clarify that she does not think staggering terms on the Board of Education works and she would need to learn a lot more about it before she supports it for the Town Council. The amendment was seconded by Commissioner Frink.

Commissioner Frink stated that the minutes were a running list of who said what. He noted that he would like to see a summary of the items discussed.

Commissioner Kotowski stated that liked the format of the minutes. She noted that a summary appeared at the end of the minutes.

Commissioner Granatosky stated that she likes the format of the minutes as they appear.

The minutes were approved as amended by a vote of 9-0-0.

III. New Business

- a. Commissioner Marley referenced a letter from the Town Manager that criticized the minutes of the last meeting. He stated that if the Town Manager would like to make a statement for the record, he should appear before the Commission to make the statement.

IV. Adjournment

Commissioner Granatosky made a motion to adjourn, seconded by Commissioner Mello. The motion carried 9-0-0. Chair Pro Tem Dauphinais adjourned the meeting at 8:34 p.m.

Attest:

Secretary Scott Aument, Sr.

Betsy Moukawsher
Groton Town Clerk

Nathan M. Caron
Office Assistant II