

The Special Meeting of the Regional School District 14 Board of Education was held March 25, 2019 at Woodbury Middle School, 67 Washington Avenue, Woodbury, Connecticut.

Present: Board members: Michael Devine, John Chapman, David Lampart, Carol Ann Brown, George Bauer, Maryanne Van Aken, Janet Morgan, Pam Zmek, Superintendent Dr. Olzacki, Wayne McAllister, Mike Rafferty, Kim Culkin, Donna Marcinek, Jodie Roden, Pam Sordi, Julie Luby, Suzi Greene, Alyce Misuraca, Bill Nemec, and BOE clerk, Natascha Schwartz. Also in attendance were the Towns of Woodbury & Bethlehem Selectmen & Finance committee members, approximately 4 members of the community and reporter Steve Pendergast from CT Voices newspaper.

1. Call to Order

Ms. Morgan called the meeting to order at 7:00 pm with a pledge to the flag.

2. Presentation of the Superintendent's Proposed 2018-19 Budget

Dr. Olzacki showed the video of the Superintendent's budget presentation to the Boards of Selectmen & Finance from the towns of Woodbury and Bethlehem along with a printout of the recommended budget.

3. Discussion of Superintendent's Proposed 2018-19 Budget

Q: Bill Monti, Woodbury Board of Finance member had a question on page 13 of the handouts as to what the other purchased services for \$144, 707 are for.

A: [Dr. O asked Mr. Monti to continue on with his other questions and they would get back to him on the answer.](#)

Comment: Mr. Monti wanted some clarification on page 6 regarding the ECS grant which is listed as Special Education funding being included, which he stated is incorrect as it's been included every year and is a boiler plate and isn't accurate.

A: [Mr. McAllister advised that the issue is not a financial one. The issue will be addressed by more clearly defining the title.](#)

Comment: Mr. Monti commented that it looks as though last year's ECS grant was moved into this year's budget and he is hoping the Region's information is inaccurate. Advised that if this is the case, it would have significant impact on their town's budget for the net cost of the town.

Q Mr. Monti advised that on page 6 it appears that there was a \$343K revenue shortfall this year – looks like expenditures were cut of that same amount. In conjunction with this, it appeared to him that on page 18, certified staff took a major hit of approximately \$279K. He stated that projections for staff are down \$279K, and assumes that it will be the actual cost for year but it appears that staffing is up \$379K from the budget. His question is why isn't the number closer to last year's budget amount.

A: [Mr. McAllister advised that the State gave Region14 an additional sum of funds for the Agriscience grant and by State statute, any Board of Education receiving additional funds from a previous year, is required to use those funds to supplement the Agriscience program. What was done for the 2018-19 budget was that it was used as revenue to supplant the existing expenses, which ended up needing to be reduced in this year's budget.](#)

Q: Mr. Monti went on to state that it looks to him that on page 18 the Region is projecting \$9.96M for staff on we are getting along with \$9.96M this year in terms of staffing but we are requesting \$379K more than that. He wanted to know why the Region can't get along with the \$9.96M plus the 0.4 for the ASL position and 0.2 for Music and what else is being added to come up with that total

A: [Mr. McAllister advised that there are additional contractual increases for the teacher's contract of 2.4% which are included in the \\$379K.](#)

Q: Len Assard, Bethlehem First Selectman mentioned that it seems that the Region is using the same ECS amounts as last year, and the numbers the towns received from CCM are different from the region's numbers. He wanted to know if the region has better information than the towns do.

A: Mr. McAllister advised that the region does not have better information but given the past several years where we have had swings from the last sessions of the legislature where we were expecting \$400K more than was actually received, his thought was to leave it alone until the final numbers are in.

Q: Mr. Assard asked if CAFE has given any indication regards to what is going to happen with the request for teachers' contributions to pensions.

A: Mr. McAllister advised that it is stepped up each year but they don't think it will pass but that's left to be seen.

Q: Mr. Assard asked what number is the region using for fuel oil in Bethlehem.

A: Mr. McAllister recalls it to be \$1.63/gallon.

Before answering more questions, Mr. McAllister wanted to draw attention to page 10 and 11 of the handouts. He wanted to include this information for educational purposes to all since it is such a large factor in what the region as a whole will be facing over the next couple of years. You saw what the budget impact of the \$12M general obligation bond is going to be for the 2019-20 budget, but that is just the beginning of the process. Mr. McAllister has asked for the bond advisory company to come up with 2 different scenarios with the project expected to close out at the end of the next school year. He went on to state that the region has \$18M outstanding in a BAN (Bond Anticipation Note) which is due to mature at the end of this year. They started talking about what direction to take and how to address the existing debt and what's coming forward. They also talked about a lesser BAN for the difference to finish the project where state holds back 11% of their reimbursement rate to the region until the audit is complete. It could be up to a year after completion that final reimbursement would be settled and he wanted to bring it to everyone's attention now. Lastly, he stated that the finance committee will be meeting with the bond advisory company in April and would also like to invite both towns to the meeting to have a roundtable discussion.

Q: Alex deSorbo, Town of Woodbury finance committee member stated if he looks at the schedules that Barry Bernabe prepared for them, that he doesn't see anything factored in for next year except for the \$12M principal and interest on that amount about the General Obligation Bond and wanted to know why there is nothing else in this budget.

A: Mr. McAllister answered that the complete debt service schedule is on pages 10 and 11 and that they will be discussing it during the April finance meeting.

Comment: Mr. deSorbo commented that now that the region has \$300K in the actuals to make up for the revenue shortfall and need to find another \$500K to pay next year's interest. He mentioned that there is a swing of \$800K.

A: Mr. McAllister mentioned that if you look at this year's budget there is an amount of \$537K set aside for the high school project and it's possible that it can be utilized to pay off the BAN.

Comment: Mr. deSorbo stated then is Mr. McAllister assuming if the region refinances those notes in July of FY20, there will be no additional principal or interest to pay.

A: Mr. McAllister confirmed his statement, adding that the region borrowed the funds July 2018 and payment is due July 1, 2019 so he plans to pay it off one day earlier, being June 30, 2019. He mentioned that the plan will be the same pen for the July 2020 payment for an BAN borrowed in July 2019. Also he stated that if you look at the debt service schedule it drops \$300K at year two and that should smooth things out.

Q: Mr. deSorbo voiced his disappointment stating that there should be a pro forma schedule and that the towns need to know what they're looking at in the ongoing years and that it's not helpful to have to plan every 6 months.

A: Mr. McAllister stated that everyone saw it originally in 2013 when it was presented at the public hearing. It did not work out and delayed everything by 4 years before construction was able to start. That original plan was for 3 increments of \$12M. The interest rates are also a now bit higher than 2013 and we lost a lot on inflation over the 4-year period. The pro forma statements on 10 & 11 include all debt service payment. He also stated that this will be discussed at the April finance meeting.

He also stated that this meeting would have already been held, had they not had to cancel the finance meeting due to snow cancellation.

Comment: Mr. deSorbo advised that he wants to see something in writing on what the BOE is planning.

A: Mr. McAllister said that he wants the towns to be involved in the process to work as a team.

Q: Dave Butkus gave his perspective on how he saw things. He commented that as he recalls, 4 or 5 years ago when the last BAN dropped we added \$673K into NHS renovation so we wouldn't spike down and wait until the BAN's would come up and spike to a higher level. His perception is that the money from the \$500K is being spent on the \$600k. It seems that if we take out the \$513K, two thirds of the increases are in everything but the new BAN coming in and the district is looking at over \$900K of increases everywhere else and only \$400K increase in the new BAN payments from last year. If we're taking the \$513K from capital outlay spending it on the BAN and taking it away this year/if it stayed in from last year, we're actually looking at the increases are coming into other projects. He went on to state that when you read the handouts, he believes that the region is selling it as a \$1.5M increase because of the new debt service.

A: Mr. McAllister responded that back in 2014 when the BOE 1st proposed the \$673,500 in the budget, as a set aside to help alleviate swings. We were brought before towns attorneys and said that it was illegal to do that and someone brought in an opinion in on a different case from the attorney general. It was agreed between the towns and region, to not set aside the \$673K to alleviate the debt, thus incorporating the amount in those budget years to set aside for current expenses for the project and so that the overall amount would be reduced. Mr. McAllister mentioned that on page 9, State project budget #'s 214-0093 & 0096, the revenue of \$673,500 in those years was used to offset ongoing expenses. The intent initially in 2014-15 was to offset; we thought that in consideration of the court case, it would be over in a year, but it dragged on. That so happened to build up the \$673K those monies have since been paid instead of borrowing an additional \$1.3M which reduced the expense. On page 8, expenditures surplus for those years and that statutory allowance of the 1% surplus to be used for capital projects was put in for 2015-16. The long term plan was to set aside those funds as well for the project. Last year, when the budget was put together, instead of spending money on capital projects in the operating budget, they zeroed that out and took money which had been set aside for the expenditures surplus transfer into the capital reserve fund balance and was used for capital projects in the 2018-19 budget. They took the funds from the capital reserve balance to do that which reduced the uncommitted funds to \$199K and we still haven't touched the \$512K yet and it'll be determined by the finance committee on how those funds should be used.

Q: Bill Monti commented that on page 16 apparently those are the requested increases in staffing.

A: Mr. McAllister advised that the administration requested those increases and because of our situation we are only granting them the 0.2 for Music and 0.4 to make the ASL position full time.

Q: Bill Monti commented on page 18 that there seems to be a variance for the Director of Special Services to projected this year and wanted to know why.

A: Mr. McAllister answered that the person who left the position had contractual accumulated time which was paid out.

Q: Bill Monti commented that there is a \$15K increase in library instructional materials on page 21.

A: Dr. Olzacki answered that we are going through NEASC accreditation and the money is for new books and he would rather than do it in parts rather than all at once.

Q: Dave Butkus was curious when the salaries are broken out and then there is the additional \$1.2M, on page 50 section 45 there is the tuition-professional. He asked for an explanation as to what that tuition is and what additional money has to be paid apart for salaries. is and is it for outplaced students and if yes, how many students?

A: Mr. McAllister clarified that the tuition-professionals is increasing by \$1K and the tuition-Special Education in section 44 is the \$1.2M is for outplaced students. Dr. O went on to mention that we are looking for savings by trying to have students share transportation whenever possible.

Q: Dave Butkus also asked how many students were represented in the \$102K.

A: Ms. Marcinek advised that it's one or two students, but would need to verify. She believes it's for two and Mr. McAllister agreed. Ms. Marcinek also confirmed that there are currently 14 outplaced students and Mr. McAllister also added that it is plus the transportation.

Q: Steve Sordi was looking for an update from last year as it related to the State giving the Agriscience program \$1K per student. He asked if those monies can be included as revenue for this year and where does that stand. He heard there is talk that it could amount to more than the \$1K.

A: Mr. Mc Allister confirmed that the monies can be used as revenue for this year. To his second question, he responded that the pull to the State legislature for this year is for the State to pay.

Q: Steve Sordi asked if there are still talks of reducing the sending districts' tuition.

Mr. McAllister commented that the proposal is for the grant to cover the tuition and for the sending towns to have \$0 expense, where the State picks up the expense. His concern is that they will change that so that it would not allow us to use as revenue for the first year which is a huge amount of money for the supplemental revenue in one year.

Q: Lenny Assard commented on page 18 where the salaries are listed, that the amount for Direct of Fiscal Services is inadequate and should be taken into consideration and believes it should be changed.

A: The BOE members and Dr. Olzacki all commented that they agree, but Mr. McAllister said that he is grateful for the job and is just happy to be in Region 14.

Q: Steve Sordi had a question on other purchased services under the district wide heading on page 53. He wanted to know what does the amount include. He stated that there are significant increases in two areas. Section 46 shows an increase to \$435K and program improvement/prof development in section 31 increased 15%. Changes in that group alone is \$210K. What does that include?

A: Mr. McAllister stated that part of that is the \$44K contract with CCSC (Connecticut Center for School Change), to bring professional development services to administrators. Dr. Rafferty gave a brief overview of what CCSC does. Also the \$80K which is included on that line for purchased services is to partner with EdAdvance for HR services, which is part of the \$151K. Dr. O stated that he's looking to do a restructuring of the central office by outsourcing the HR position to EdAdvance. He also mentioned the possibility of having a part time HR clerk, to maintain where we are. The person would do the same work, but would be paid less. He went on to mention that he needs to figure out how to share costs.

4. Adjournment

Ms. Van Aken *moved to adjourn and seconded by Mr. Bauer.* **Motion carried unanimously 8-0-0.**

Meeting was adjourned at 8:27pm.

Respectfully Submitted,



Natascha Z. Schwartz
Regional School District 14 Board Clerk

Recorded and filed subject to Board of Education approval by: Natascha Z. Schwartz, Board Clerk, 3/29/2019