

BOARD OF FINANCE
BUDGET MEETING - APRIL 6, 2016
WILTON TOWN HALL MEETING ROOM B
7:30 P.M.

PRESENT

Board of Finance: Warren Serenbetz, Jeff Rutishauser, Richard Creeth, Peter Balderston, John Kalamarides, Walter Kress

Board of Selectmen: Lynne Vanderslice, Michael Kaelin, Lori Bufano, David Clune, Dick Dubow

Board of Education: Bruce Likly, Laura Schwemm

Others: Anne Kelly-Lenz, CFO; members of the public and press

Chairman Jeff Rutishauser called the meeting to order at 7:30 p.m. He welcomed all present and reviewed the process leading up to this specific meeting, saying there is a \$2.6 million shortfall and the goal is to close that shortfall.

Prior to budget deliberations, setting the mil rate and resolutions, Jeff announced that each member of the Board would give an opening statement. A brief summary follows.

Peter Balderston: Stated that he could not support the requested \$1.02 million increase in the BOE's budget. He believes holding the budget flat is appropriate. His detailed explanation cited the 2.28% annual school budget increase during the last seven years and the decline in enrollment, which will continue for at least another 4-5 years. He stressed the importance of a strong grand list and talked about the property tax increases over the last 10 years that have averaged 3.27%, or almost two times the rate of inflation. Lastly, he said the BOE must develop a strategic multi-year plan of how it intends to manage down while we begin to deal with a very difficult problem and must be balanced in our approach to any real estate tax increases going forward.

John Kalamarides: Recommended keeping the BOE budget at a 1.1% increase as per the guidance given them last fall. He also recommended keeping the BOS budget at a 0% increase and to move the ending estimated fund balance from 11.2% to 10%, which would result in a 1.49% increase vs. 2.27%. He felt the BOF should tell the BOE that this year's increase would be approved but that they must come in with a flat budget next year; i.e., approve a 2-year increase now. John said the BOF should not ask for any more cuts from the BOS budget. He concluded by stating that taxes are not the whole argument; the schools and the AAA rating are great draws to come to Wilton. He reminded the Board that at the Public Hearing voters spoke up in great numbers in favor of the budgets as presented.

Walter Kress: Believes that a cut in the BOE budget will not result in a degradation of education. He is convinced that focused leadership can determine appropriate reductions of inefficiencies and stressed the need to commit to build an effective 3-year plan. He would like to see all three Boards adopt 3-year plans. He recommended finding alternatives to cutting classroom teachers, saying other job postings for the schools need to be looked at to determine their true need. He recommended that the BOE implement best practices as did First Selectman Vanderslice to re-evaluate open positions. He urged the BOE to continue its good work already done and find additional savings to partner with the BOF to control the rate of growth of our mil rate while still providing a great education.

Richard Creeth: This is a challenging year, with guidance issued at 0% and 1.1% for the two budgets. The BOS met their target and the BOE exceeded theirs by .17%. The main drivers of a mil rate increase, other than expenditures, are debt service, reduced draw down from the General Fund and the additional \$500,000 the BOF chose to leave in it. He noted that at the Public Hearing and through other communications, the public supports the budgets as presented. However, he suggests cutting \$137,000

from the BOE Budget, reducing the General Fund balance by \$500,000 (not down to 10%) and no additional cuts to the BOS budget. He stated that next year will be a major challenge, and in light of declining school enrollment, next year's BOE budget needs to be flat or lower than this year's.

Warren Serenbetz: Stated he took the same approach as did Richard, but said that if the BOE were at a zero increase the mil rate would still be at 1.28% because of debt service and the impact of the General Fund. If you normalize the General Fund to be flat that would get the increase down to .77%, the minimum of where we should be because voters voted to incur that debt so it has to be paid for. Even though 1.1% was set, a number of changes since then could now justify going below that. He does not believe cutting to zero but perhaps somewhere midway. Warren said he was very happy with the BOS budget, but if identifiable cuts can be made it would be an opportunity to reduce the tax burden and possibly reduce the increase slightly which he felt would be acceptable to the town.

Jeff Rutishauser: Next year will be difficult, because the more we draw down this year means a much larger draw next year. He complimented the BOS for cutting their budget, but said there is still a \$2.6 million hole. A slide presentation showed the total education budget since the 2000, and spoke about the rapid decline in enrollment. Jeff feels the number one challenge to the BOE is to manage and align resources to the decline. He commented on the generosity of the town in supporting the schools over the years, saying their budget is more than 25% of the Grand List. The need to manage the decline on a per-pupil basis was stressed. Jeff concluded saying every dollar is important and we need to be efficient with that management.

Discussion of the Budgets

BOS: First Selectman Vanderslice commented on the BOS budget. She said cutting capital was not the way to make the budget and that the cuts she was presenting were the most she felt could be cut. She warned the Board about cutting the excess fund balance because of the uncertainty in Hartford, which would create a \$4 million problem next year. This would generate a request for a larger reduction from the BOS budget and also that for the BOE which they can't afford. After she concluded her comments, the BOF agreed that the \$213,000 reduction was acceptable.

BOE: Chairman Bruce Likly asked to speak. He acknowledged the difficult job before the BOF, requesting prior to deliberations that they reflect on some questions he put forward. He stated that the BOE budget was cut to the bone yet there could be small places to find more to cut, but not to the extent to which the BOF wanted. Lengthy discussion followed, with Mr. Likly concluding he was confident the BOE would do everything in its power to make more cuts far from the classrooms if the BOF recommended \$400,000 be cut. The BOF then voted 5-1 to ask the BOE to reduce their FY17 budget by \$400,000.

Ending Fund Balance and Setting of Resolutions: Discussion ensued among the Board members on whether or not to leave it at the discretionary \$1.5 million. The Board then agreed to wait until the next night to set the Mil Rate and all accompanying resolutions.

Motion made by Warren Serenbetz to adjourn, seconded by Richard Creeth, and carried unanimously. The meeting adjourned at 9:29 p.m.

Respectfully submitted,

Kris Fager
(from video recording)