

Correspondence for 10/18 BOF Meeting

From: Robert Tarlov

Sent: Tuesday, October 10, 2017 8:41 AM

To: deee bouchard

Cc: Board of Finance Members; Art Shilosky; Ronald Goldstein; Brad Bernier

Subject: Other Towns

Thank you for the information. I had already seen this information before except for the EH Town Manager's memo, which I saw yesterday when I downloaded their agenda for tonight's meeting.

In your e-mail of October 5, you represented the Town Manager's answer to a question posted earlier that day under the "Rumor Buster" section of the East Hampton web site as "the attached document is from the Office of the Town Manager of East Hampton - Michael Maniscalco. . . . outlining East Hampton's response to the State Budget crisis".

This statement was not a document and unless you knew where the reply to the question was located, it would have been almost impossible to have come across. I found it only because I went looking for the source of it after receiving a copy from you on Friday. In addition it did not outline anything.

When I saw the East Hampton Minutes from 9/12 and subsequent memo to the Town Council about the 10/10 meeting, I added their meeting to my calendar and will attend tonight. My interest was peaked by these minutes stating that "Town Manager Maniscalco heard this afternoon that East Hampton is looking at a reduction of about 1.6 million dollars. There are a number of different sources that can help offset a revenue loss of up to 3.7 million" If their reduction is 1.6M, I was wondering why they have a plan for 3.7M?

I could not find any official statement regarding a plan, and the actual numbers you show below were not posted until Friday, October 6, as part of their 10/10 meeting agenda package. When I look at these numbers in their plan, part of it is the 495,000 revenue reduction (used as an appropriation) already assumed in their budget. We assumed a similar reduction in ours. Over half the balance of their cuts (1.7 million) is a suspension in capital, which is not a cut, but a deferral of these costs to future years. Also, a tax sale (750K) does not create additional income, it accelerates the collection of delinquent taxes that would be collected in the future anyway. I also do not see any reference to their BOE budget in this plan.

We have already done a couple of these things in our adopted budget and most of the others have already been discussed at meetings over the last 6 months and likely will be part of our Tri-Board discussion on October 18.

Last Wednesday night, you cited Marlborough as an example of a town that was taking action. Since passing their budget at Town Meeting in June, I can see no public discussion or statements regarding their budget. I did note at some recent meetings that some citizens criticized their Board for inaction as they said "other towns were taking severe action".

I had already seen the Tolland information you sent, and more.

They put their budget vote on hold when their Town Manager's research found that the Supreme Court had ruled at some point that there was no specific deadline for a town to put a budget in place. Not sure we would have done anything differently, but the information we had directed towns to present their budgets for a vote in time for supplemental bills to go out on time.

I have been following Tolland, as they are a town very similar to Colchester, including also being one of the towns hit hardest by the revenue reductions under both the Governor's and Democrats' budget proposals. Not sure I would use their process as one we should be following. They have continued to move forward after holding up their initial process, presenting new budgets without any new information to base those budgets on.

They are wrestling with the same issues as we are, but they have been two months behind us in their process. We have an adopted budget, they do not. They will have to go through their 2 month budget process, regardless of the final State numbers. They reached a point where they decided they could no longer wait for the State numbers to get an adopted budget, and why they called their initial budget presented in August a "Hope and Prayer" budget. A passed budget on 10/31 will put them where we have been since June. In our assumptions, we both may be too low, too high, one of us may be about right and one of us may be too high and the other too low. We will only know when the State finally approves a budget.

For Colchester, when the base budget already passed and the Democrats' budget are within the parameters of our adopted budget and current budget freezes, I do not feel, without more definitive numbers that we have the same urgency to put a budget in place as they do. Mitigation plans assuming different revenue levels should have been developed although I am sure there will be disagreement as to what levels those plans should be at.

Tolland went through their budget process in August, when the town manager presented that "Hope and Prayer" budget that then went to town meeting and where a referendum date was set. Based on new information they said they received in September, showing they overestimated the reductions, they cancelled their referendum, rescinded all previous motions and began their process again.

Now moving forward again, still with no definitive numbers, I look at their assumptions in their new budget and I am puzzled, but neither I nor anyone in the public can possibly have the same information they have, or have complete knowledge of all the discussions and plans that they have had, to have absolute ability to judge these assumptions. I saw in their budget presentation, they are assuming a pension invoice of 436K while the amount shown in the State reports is nearly 4.5 times that. They are assuming a loss in revenue higher than any of the 3 State budgets proposed. Tolland is a well run town, and I am sure there is a reason behind these numbers but as an outsider looking in, it's hard to see it.

In Colchester, we are taking a prudent approach of continuing to gather as much information as possible and weighing that information in our decisions on how to move forward. We are looking at alternatives and taking action as most towns are, in some cases we have done more, some less, but not every town is in the same position, so comparing any two towns that might have different circumstances is a mistake.

You brought up East Hampton, that had not issued a public document or publicly outlined a plan until Friday when the Town Manager included a memo to the Town Council about his plan in the Town Council meeting agenda package. This was the same date we announced a Tri-Board Meeting. I am attending their meeting tonight to learn more, but with acceleration of revenue collection and deferral of expenditures, I see a lack of sustainability in what the Town Manager is proposing, plus looks like the town side is absorbing the ECS reductions.

At the BOF meeting, you brought up Marlborough as a town that was taking action, however they appear to have taken no action to put forward a plan to the public and have had less public discussion on the budget than Colchester.

You also brought up Tolland who is behind us in their budget process and is moving forward to catch up, with no real numbers, with what they have described as a Hope and Prayer budget. If their budget passes on October 31, they will have caught up to us in the process. Only time will tell which town was closest in their estimates used in their budget. I wonder if Tolland receives numbers from the state before 10/31 that are different than in their proposed budget, whether they will still go to referendum with that budget?

As stated, we have scheduled a Tri-Board Meeting for 10/18, because we now have reason to believe that the State needs to take action by October 13 and that we will have more definitive numbers to base a meeting discussion on.

Have a safe trip. I saw where you went to Texas, too. Thank you for your service with the Red Cross.

Rob

Rob Tarlov, Chairman, Board of Finance
860-608-4293

From: deee bouchard <deeedeee1963@yahoo.com>

Sent: Tuesday, October 10, 2017 1:28 AM

To: Robert Tarlov

Subject: Tolland Joint Town Council/BOE

FYI:

SPECIAL MEETING MINUTES
TOWN COUNCIL/BOARD OF EDUCATION
JOINT MEETING
HICKS MEMORIAL MUNICIPAL CENTER
6TH FLOOR COUNCIL CHAMBERS
SEPTEMBER 19, 2017 - 7:00 P.M.

MEMBERS PRESENT: Rick Field, Chair; William Eccles, Vice-Chair; Robert Green; Paul Krasusky; Kristen Morgan; Joe Sce and David Skoczulek

MEMBERS ABSENT: None.

BOARD OF EDUCATION MEMBERS PRESENT: Colleen Yudichak, Vice-Chair; Michelle Harrold; Karen Moran and Jeff Schroeder

BOARD OF EDUCATION MEMBERS ABSENT: Sam Adlerstein, Chairman; Kathy Gorsky; Robert Pagoni; Susan Seaver and Cliff Vachon

OTHERS PRESENT: Steven Werbner, Town Manager; Walter Willett, Superintendent; Lisa Hancock, Director of Finance and Records; Mike Wilkinson, Director of Administrative Services

1. **Call to Order:** Rick Field called the meeting to order at 7:00 p.m.

2. **Budget Discussion:**

Mr. Werbner advised that the Governor came out with a third budget, which was a compromised budget. The Council called off the September 19th Referendum scheduled for Tolland. At that time, Mr. Werbner recommended that the new compromised budget be the new floor in terms of revenue estimates for Tolland, because he didn't believe whatever came out would be worse than what he had recommended. Since that time, things have continued to change on a daily basis. That compromised budget is no longer very good in its entirety. The Republican budget was adopted and is before the Governor for a possible veto sometime between now and nine days from now. He has given every indication that he is going to veto it, and he will try to get another compromised budget out. This time, he will involve the Republicans, the Democrats, and his administration. Regardless of what happens Tolland needs to move forward. Some key legislature will be gone for the rest of the month, so there may not be a budget until sometime in October.

Mr. Werbner prepared different scenarios prior to the meeting and reviewed same:

BUDGET SCENARIOS

1. **Assumptions**

- Used Governor's compromise budget figures (ECS reduced to \$8,810,173 in FY 17/18 and to \$7,398,969 in FY 18/19)
- BOE assessed cost of Teacher Pensions (\$435,915) in FY 17/18
- BOE budget reduced by \$993,340 in FY 17/18

- Town budget reduced by \$343,291 in FY 17/18
- For FY 18/19, BOE FY 17/18 expenditure level reduced by \$464,250 (increased cost of Teacher Pensions in Year Two)
- For FY 18/19 Town expenditures at 17/18 levels
- Fund Balance contribution is \$750,000 in each fiscal year
- No cap on car taxes

FY 17/18	FY 18/19
Mill rate increase – .10 mills	Mill rate increase – 1.33 mills
Percentage increase – .292%	Percentage increase – 3.879%
Two Year Average – 2.08% increase	

2. Assumptions

- Same as #1 except Teacher Pension Cost assigned as an increase to the mill rate rather than to BOE

FY 17/18	FY 18/19
Mill rate increase – .45 mills	Mill rate increase – 1.69 mills
Percentage increase – 1.316%	Percentage increase – 4.879%
Two Year Average – 3.09% increase	

3. Assumptions

- Same as #1 above except full cost of Teacher Pension (\$900,165) be phased in as a BOE expense over five years with the remainder assessed as a mill rate increase
- BOE Budget is reduced by \$1,173,373 in FY 17/18 for a total of \$38,160,575

FY 17/18	FY 18/19
Mill rate increase – .30 mills	Mill rate increase – 1.55 mills
Percentage increase – .877%	Percentage increase – 4.49%
Two Year Average – 2.68% increase	

- For FY 18/19 BOE FY 17/18 expenditure level reduced by \$180,033 for second year of phased in Teacher Pension cost for a total of \$37,980,542

4. Assumptions

- An analysis based off the Republican budget
- They break out an additional Special Education Grant from ECS (no details on the grant itself other than amount)
- Assumed expenditures for Town and BOE would be equal to amount in 16/17 for both FY 17/18 and FY 18/19
- In FY 17/18 BOE budget would be reduced by the increased amount of the Special Education Grant or \$2,286,897 for an amount of \$37,047,051
- ECS is reduced from \$10,784,974 to \$8,412,280
- I am told by CCM that in terms of the Special Education Grant, BOE would be reimbursed on the total cost of Special Education from the previous year

FY 17/18
Mill rate increase – .23 mills
Percentage increase – .673%

- In FY 18/19 the Special Education Grant is reduced to \$1,263,597 but the ECS Grant remains flat. Based on the fact that the Governor indicated he will veto this budget, I am not showing a FY 18/19 impact

On-Going Concerns related to the Budget, and why Mr. Werbner believes the Referendum should move forward on October 30, 2017:

- Impact of reduced expenditures on Town and BOE programs
- If no budget by October 1st, first quarterly payment of ECS will be off the drastically reduced ECS amount
- Unknown as to what happens if a subsequent budget is approved with higher ECS amounts. Will we ever get reimbursed?
- Cash flow remains a concern – Tax payments are significantly below where they were a year ago at this time due to the half year bills sent out in July
- We need to send out a tax bill for January 1st payments and to print bills and need a mill rate no later than December 1st
- Growth of Grand List is stagnate and impacted by loss of revenue due to crumbling foundations
- Economic Development if it is to occur will be a multi-year project not impacting the fiscal years in question
- Real Estate market for upper end homes in Tolland is slow
- We need to plan our budget for at least two fiscal years
- The State may not have a budget at this point until at least mid-October

Discussion commenced:

Mr. Eccles said they have two big challenges: 1) making sure they have a budget that will pass, and 2) they need something that the BOE can support. The BOE's input is important. He is uncomfortable with Assumption #4, because there are too many unknowns.

Mr. Field asked Dr. Willett if he wanted to make some comments. Dr. Willett said he has made a lot of comments prior regarding the impact on the Board. Each of the scenarios shows a reduction from the Hope & a Prayer ("H&P") budget. He thinks the discussion needs to be what impact the town will choose for their BOE. Ideally, they would be looking to recover items. The H&P Budget is what they used to do their planning. Anything other than that would have a further effect. Further reductions will push this organization to lose some real talent, which they already have.

Mr. Sce asked Dr. Willett how other towns are making up for their losses. Dr. Willett said that he has spoken to other Superintendents and they don't seem to be in the same situation he is in. There are some districts that were deeply affected like Tolland, and there are other towns that do not have the same level of concern that he has. He can't tell the Council what to do in this situation. As a Council and a BOE, they need to look at all the different areas of impact, and decide what combination of those things they are going to consider to move the town forward.

Mr. Skoczulek confirmed with Mr. Werbner that Assumption #2 would essentially be the H&P Budget. Dr. Willett said he doesn't know how they could keep the services that everyone would like, if there were further reductions.

Karen Moran commented on Scientific Research Based Intervention ("SRBI"). It is not an opinion, it is fact, and it is scientific. It is something that they need in the schools for the children. She keeps hearing, 'don't plan on State funds to help us in the future. We need to take care of ourselves.' SRBI does that, but they need the staff to support it. She thinks we can help ourselves in the future by investing in it. If the budget is reduced even more, they can't do that. She added that Dr. Willett is our Superintendent, our Curriculum Director, the webmaster, and he has taken on additional teacher evaluations. They can't ask him to do anymore.

Mr. Eccles commented that Assumption #2 keeps them at \$38,340 for year one. Assumption #3 gives them some time to accommodate the increase of teacher pension costs spread out over five (5) years, but it brings them below the \$38,340 on year one. He would be willing to keep them at \$38,340 for year, but then phase in the additional teacher pension costs over the next few years. It is not going to go away, but there is no way they can absorb it over two (2) years. The town and the BOE are going to have to start sharing resources with other towns, although there is no time to do that right now. He would like to start now, but they can't. He understands the importance of the programs needed for preventative measures, and he gets the importance of having a more workable town garage, but some things may need to be scaled back and held off. It is very difficult to go out for steak when all you can afford is hamburger.

Mr. Werbner said one of the reasons why we are different from some of the other municipalities, is because we are already the 15th school district in terms of per pupil spending. With regard to what we spend, we don't even compare to what other towns our size spend on municipal services. So, when we look to adjust and reduce, we are cutting off basic services. We are starting on a different base. We are scaling back from being scaled back. We were within the top 10 towns in terms of dollars lost for ECS. We've been able to cut back and still provide the services people expect, but it may be time for expectations to change.

Discussion occurred about the four (4) different Assumptions.

The Council members were concerned with the increases in the mill rate and percentage increase for FY 18/19. The first year's numbers are low, but the second years increase. It was suggested that the numbers be equaled out more.

Mr. Werbner confirmed that the scenario they will try to create is as follows: For FY 17/18, they would use Assumption #2. The cost of \$430,000 for the increase pension in year one will be picked up as part of the mill rate, and they will look at different levels of Fund Balance to get the mill rate increase somewhere in the 2's. For year 2, they will use Assumption #3 (FY 18/19), when they will start to phase in the costs of the pensions at \$180,000 over five years. They will try to come out with a two year average somewhere close to the high two's, and they will try to balance it with the use of Fund Balance.

Colleen Yudichak asked for clarification on the numbers for the teacher pension phase in. She was glad they had this joint meeting.

Michelle Harrold said any reduction in our budget, even in the coming years, is going to be difficult and painful. These numbers are big numbers to absorb. It's like they are planning to reduce their budget.

Mr. Werbner said the decision is not final regarding the transfer of the teacher's pensions from the State to the municipalities. So, he suggested getting out cards and letters to the State.

Mr. Field thanked Mr. Werbner, Ms. Hancock and their whole team for their hard work and dedication. Ms. Moran said ditto for Dr. Willett and his Business Manager. Everyone agreed.

3. Public Participation

Tammy Nuccio of 71 Webber Road - She wanted confirmation of the numbers discussed. She asked if they are pushing the Unions more, or are they just waiting to see what we pass and then deciding.

Dr. Willett said Tolland has had a couple of freezes over the years, and that makes it very difficult to hire new people. The Tolland teachers are not paid at the highest or the lowest ends of the scale. He advised that he has mentioned this to the bargaining units. They have not given him an answer.

Ms. Nuccio said she hopes those conversations continue. She knows the salaries are always brought up. When you look at other town's budgets, we may pay less in salaries, but we do offer more in benefits. So, a fully loaded salary is something to consider rather than throwing out the one number. Even if they gave partial concessions and not the full amount, it would offset the \$435,000. We are in a time of turmoil, so anything they can give back would be helpful.

Bob Rubino of 296 Weigold Road – He has heard that they are considering a hybrid of Assumption #2. He is happy to hear the discussion about being creative with the use of the Fund Balance. We are lucky that we have good fiscal stewards represented by our Town Manager and Superintendent, but all stewards need time to absorb a lot of these changes. The question is how do you communicate this to the public? He suggests they outline what they have done as fiscal stewards in terms of reducing expenditures. This would inform the residents that the fault doesn't lie with the Council and the BOE, the fault lies 25 miles down the road. They are responding to the reduction they are receiving.

Jackie Kolb of 34 Susan Drive – The town has been handed a problem from the State that needs to be dealt with over the next few years. Educating the public and letting them know is important. She suggested that a write up be put into the Patch explaining all this to the residents. Mr. Eccles had done this in a previous year, and it was very helpful. They need to ask themselves what level of services they want to maintain and preserve for this town and its variables. We are all expected to do more with less. We need to utilize the fund balance to give the town and the school the ability to come up with revenue generators.

Brenda Falusi of 4 Laurel Ridge – She agreed with the last two speakers. She thanked them for crunching the numbers and taking time away from their families to work on the budget. We need to start preserving. She is looking forward to planning ahead and the ideas to do so. She looks forward to how this budget is focusing on cost savings. She believes the hybrid scenario will preserve our town, and will help keep us vibrant. She is committed to the town and knows that the Council and Board are too, along with the people sitting in the audience.

Jane Pasini of 11 Cortland Drive - She asked if the town could vote on a two year budget, since the State is doing that. She asked that they think of that for the future.

Mr. Field thanked everyone for working together. The Council, along with the Board, will put the word out as much as they can. Somehow, they need to get the community involved.

4. Adjournment: Mr. Eccles moved to adjourn the meeting at 8:36 p.m.; Seconded by Robert Green. All in favor. None opposed.

Steven R. Werbner, Town Manager

Michelle A. Finnegan
Town Council Clerk

From: deee bouchard <deeedeee1963@yahoo.com>

Sent: Tuesday, October 10, 2017 1:20 AM

To: Robert Tarlov

Subject: Tolland Town Council Proposed Budget

FYI



Office of the TOWN MANAGER
MICHAEL MANISCALCO, MPA
mmaniscalco@easthamptonct.gov

MEMO

TO: Town Council

FROM: Michael Maniscalco, Town Manager

CC: Jeff Jylkka, Finance Director

DATE: 10/2/17

SUBJECT: Revenue Deficit mitigation plan

TOWN COUNCIL
Patience Anderson
Chairperson
Ted Hintz, Jr.
Vice Chairman
Peter Brown
Melissa Engel
Mark Philhower
Josh Piteo
Kevin Reich

With the continued lack of a State Budget the following plan has been developed to help offset whatever type of cut to municipal aid that may occur. The following option are only that and any combination and/or variation of them could be acceptable based on the results of the State of CT budget process.

- Est. 2017 surplus: \$318,000
 - Add. Tax Revenue: \$495,000
(BOF+.44mills to current budget)
 - Add. Revenue from Tax Sale: \$750,000
 - Suspend non-critical Capital: \$1,700,000
 - Town Hiring Freeze: \$150,000
 - Park & Rec Spec Rev.: \$50,000
 - PD Special Rev.: \$16,000
 - Additional Fund Balance: \$250,000
(Amount will have minimal impact on credit rating)
- | | |
|---------------|--------------------|
| Total: | \$3,729,000 |
|---------------|--------------------|

From: deee bouchard <deeedeee1963@yahoo.com>
Sent: Tuesday, October 10, 2017 12:51 AM
To: Robert Tarlov
Subject: Re: EAST HAMPTON Budget Communication

Rob,

I just read your email and want to thank you for your comprehensive response.

I do not have time to respond thoroughly as I am preparing to deploy to California tomorrow with the American Red Cross, as a Disaster Responder to help with the wildfires.

I am however sharing with you the Town of East Hampton's Revenue Deficit Mitigation Plan. This plan is scheduled to be presented and discussed at the Town Council meeting tomorrow night.

If I have the time, I will continue to research what other towns are doing and share the information with you.

Dee

From: Robert Tarlov

Sent: Monday, October 9, 2017 7:08 AM

To: deee bouchard

Cc: Brad Bernier; Art Shilosky; Board of Finance Members; Ronald Goldstein

Subject: Re: EAST HAMPTON Budget Communication

Deanna,

Thank you for the correction on Brad Bernier's statement.

The Board of Finance has maintained public discussion on the budget by having had an ongoing agenda item for updates on the 2017-2018 Budget. Although we assumed no State revenue in the Town budget, the First Selectman has reported what the Town is doing at each meeting to adjust spending in the face of the uncertainty in State revenue. On the town side, we have not filled some vacant positions and we have not implemented items approved in the adopted budget, such as Opengov.com software, the part time Planning Department clerk, capital projects. I believe he has also reported the same at Board of Selectman meetings.

On the schools, 10 positions have been reduced and other expenditures have been deferred. I saw a public announcement made at the beginning of the school year and Karen Goodwin was quoted in several newspaper articles over the last 6 weeks as to what school administration has done and is doing.

September 1, 2017 - *Colchester Braces for Cuts Colchester, which stands to lose almost \$10 million in education cost sharing funds if the legislature takes the governor's suggestion, has instituted a "hard freeze" on spending and will not be replacing ten open positions: six teachers, three paraeducators and a newly-added Information Technology technician position.*

Interim Superintendent of Schools Karen Loiselle Goodwin said Wednesday the high school has been hardest hit by the staffing reductions. That means larger classes and less flexibility for students to get into all the classes they were hoping for.

She said administrators don't anticipate filling the empty positions this school year, but added that the Board of Education and administration can revisit the idea if the cuts to state aid are less extensive than anticipated.

If a cut like the one Malloy has proposed ends up coming through, she said the district would have to make further reductions that would increase class sizes "dramatically."

She declined to specify how many teaching positions might be eliminated, but said former Superintendent of Schools Jeff Mathieu developed a plan that will guide the district if necessary. Goodwin said the revenue side of the local budget, which was approved in June on the first try, assumed several state grants on the general government side of the budget would be completely eliminated.

She said she hopes a school board committee charged with exploring the consolidation of school services will help bolster the district against reduced funding in the future. Pointing to a new program to increase enrollment by accepting students from Norwich, she said the district "has some great programs for students that may be of interest to nearby districts." She acknowledged the effort is not a fast solution. "We're looking long-range," she said.

August 25, 2017 - *The superintendent furthered that with uncertainty surrounding the state budget, "one of the first things we did" at the start of the school year on July 1 was institute a spending freeze on 2017-18 budget funds.*

"We're only purchasing what is absolutely necessary to support teaching and learning," she said. "We're asking teachers to go into their inventories, share with other teachers. They've been great about that."

Loiselle Goodwin added, however, that Bacon could see the biggest impact of potential state funding cuts, as they've decided at this point not to replace the seven district-wide staff members who have resigned unless they are mandated positions, such as a school nurse, and to reassign teachers with similar credentials and certifications.

"What that's going to look like in some cases, particularly in the high school ... is increased class size in some areas, such as world language and science, [while] in some areas, like family consumer science, we may only be able to run courses with the largest enrollment," she said. "It's a disappointing outcome, but it's an understandable outcome due to the magnitude of the situation."

Although Brad Bernier has reported at each meeting that administration has worked on mitigation plans, he has been, as several board members pointed out, vague in his responses. He did point out that any plan would involve positions as the majority (79%) of the budget is payroll and benefits. As you heard the other day, the Board of Finance wants the schools to publicly state that they have mitigation plans at different levels of reductions and how long they estimate it would take to implement plans at each level. In addition, we requested a closer estimate of the dollars for the actions that have already been taken.

Town officials have been in ongoing contact with our legislators and we have been monitoring the dollar amounts in 3 proposed budgets, including the Governor's September 8 compromise budget, as well as the Executive Order that the State is currently operating under. We have continued to watch what is happening and only the Governor's proposed reductions are higher than our implemented reductions.

The Republican budget, which was passed and after the veto is the base plan that the negotiations are building from, has little impact on the Town in the first year.

The Democrats previously proposed budget reduces the Town by \$884,983 over what we assumed.

The Governor's 9/8 compromise budget proposal reduces us by \$3,899,656 beyond what we assumed. This includes a \$2,042,189 teachers' pension invoice,

The Governor's current Executive Order reduces us by \$8,976,766 which I do not believe includes the pension invoice. I have seen no towns planning toward this number and from what I hear, the legislature does not support pension invoicing and it is not included in any of their proposals.

As close to 50% of the legislature supported a plan that would impact Colchester by \$884,983, and more than 50% supported a plan that would have little impact on us in the current year, I have to believe that the legislature can find a plan that 2/3 of the legislature can support that is closer to these numbers than the 3,899,656, which includes the 2M pension invoice in the Governor's proposed budget. For Colchester to create a plan assuming 9.5 million in reductions would be imprudent.

I follow other towns throughout the budget seasons, even more so this year than in the past. I have followed the TC/BOS/BOF/BOE minutes, news articles, proposed and adopted budgets, including the assumptions used for revenue and the teachers' pension. On some towns, I am on their e-mail lists. You mentioned towns this past week that were taking action: East Hampton, Marlborough, Tolland. These are three of the towns that I too have been following. Although it is difficult to find all of the communications that any town releases, my research both before and after Wednesday's meeting does not support your statements about what they have done or are doing.

With such a divergence between the numbers in the legislature's plans and the Governor's, towns throughout the state are struggling with how to move forward. Most have taken steps that freeze spending on some items and have taken steps to reduce or defer other commitments. Towns, like Tolland, who do not have an adopted budget have pared back estimates on revenue reductions from their previously proposed budgets. Many towns, like Colchester, who have adopted budgets are waiting for less disparate numbers before releasing specific plans.

As stated in my previous e-mail, believing that there is a high probability of receiving new pertinent information after October 13, we have scheduled a Tri-Board Meeting for October 18.

You appear to have done a lot of research on other towns. Knowing what other towns are doing, that is different than what we are doing, provides us with additional ideas to consider that we may not have previously considered. If you have discovered hard copies of what other towns are doing, sharing those would help us in our process.

Rob

From: deee bouchard <deeedeeee1963@yahoo.com>
Sent: Friday, October 6, 2017 10:22 AM
To: Robert Tarlov
Subject: Re: EAST HAMPTON Budget Communication

Rob,

Thank you for your timely response.

I had a conversation with BOE VC Brad Bernier while waiting for the BOF meeting to begin during which time he did make the statement I quoted. In fact, the conversation lasted approximately 8 minutes during which time he repeated that statement. Reviewing my record, I realized that I have mistakenly attributed the quote to his statement made to the entire BOF, which while similar in nature, was not the exact quote. Thank you for the clarification.

The point of my original email was to address Colchester's Elected Officials lack of a "official statement" or any public response in regards to the impact of State Budget Crisis on Colchester. Despite Elected Officials being asked repeatedly by citizens for transparency on what planning is taken place to mitigate reductions in revenue from that State, no Elected Official has made a public statement.

Citizens are worried, and want to know what Town Officials are doing.

When asked at the BOF meeting Brad Bernier was very vague in his answers, as pointed out by several BOF members.

The Bottom line is...

Citizens have a right to transparent government and elected officials should address the questions posed by citizens in a formal response.

Sincerely,

Deanna Bouchard

From: Robert Tarlov
Sent: Friday, October 6, 2017 8:26 AM
To: deee bouchard
Cc: Art Shilosky; Ronald Goldstein; Brad Bernier; Board of Finance Members
Subject: Re: EAST HAMPTON Budget Communication

I went back and listened to the tape to be sure, as I believe you misquoted Brad Bernier.

What you have forwarded below was the East Hampton's town manager's response to a question posted yesterday on the Rumor Buster section of their website where town citizens can post questions and review past questions.

The question asked how the town was going to deal with the 6 million dollar cut, and the reply states that their staff has been working on a plan to mitigate 3.7 million and that the plan will be presented to the Town Council at their next meeting. It would appear that this planning has been taking place at the staff level and has not been presented to any board as of yesterday.

He also states that their cuts under the Democrats' and Republicans' plans could be as high as 400K and that their Board of Finance budget included a 495K item to offset a revenue reduction of the same. Under the Democrats' plan, their ECS money is increasing by 7,144 and their town revenue is decreasing by 354,100. As the biggest difference in impact on towns between Dem and Rep plans is in the ECS, I assume they have a much smaller difference between the two plans for their town than Colchester does.

On the town budget we assumed we were losing all funding, but we're dealing with total state revenue in the 2016-2017 budget that was a small percentage of the total budget than on the school side.

In May, our Board of Finance discussed assuming revenue reductions of amounts up to 4,000,000 as well as delaying a budget vote. After Board discussion and talking with the town's attorney, we decided that the best option for the town was to have a budget vote in time to send out tax bills on July 1 and without having a real revenue number, or even something to estimate from, taxpayers would have the most control if we assumed no change in ECS.

Under the passed Republican plan we would likely could move forward with only minor changes needed in budget management for the current year. This plan is currently the base which the legislators are negotiating from.

Under the Democrat's plan, we would lose 1,124,857 in ECS and 155,910 in town funding. Because we assumed a reduction on the town side of 395,783, our net change to the town under this plan would be -884,984. As I stated on Wednesday, my personal belief is since the Governor was involved in the creation of the Democrats' plan, and that the base plan that they are negotiating from is the Republican plan, that our impact will be somewhere in between the Republicans' and Democrats' plan, rather than between the Governor's Executive order and the Democrats' plan, close to the current budget freeze.

I believe I saw, as Brad stated, that the Board of Education had previously released information to the public on actions that have already been implemented. As he stated, 10 budgeted positions have not been filled and other expenses have been deferred. Although Brad estimated on Wednesday night that this was about 1,000,000 in budgeted expenses, we asked for a more specific calculation of this amount.

Although I have no specifics, I have been assured that as in East Hampton, Colchester's staff has been working on plans at different levels of reductions. Although the elected Board of Education is not specifically working on alternative plans, Board of Education staff is. I was told that each administrator

has been working on alternatives for their area of responsibility, and the Central Office is using this input to create system plans at different levels.

The Superintendent was scheduled to address the BOF in September but was out sick that week, and this week I had to remove it from the agenda as a result of her not being in Town on Wednesday and the CFO being on vacation.

Town staff, Ron and myself have been in ongoing contact with our legislators. Stan Soby has been at the State Capital all week. After discussions yesterday, we learned that for a number of different reasons, there is a high probability that we will have more concrete numbers after October 13, and as a result of this new information, a Tri-Board meeting has been planned for October 18 at 7:00, with the BOF meeting to follow.

Rob Tarlov, Chairman, Board of Finance
[860-608-4293](tel:860-608-4293)

From: deee bouchard <deeedeeee1963@yahoo.com>

Sent: Thursday, October 5, 2017 11:24 PM

To: Robert Tarlov; Roberta Lepore; Andreas Bisbikos; Andrea Migliaccio; Donald Peters; Thomas Kane

Subject: EAST HAMPTON Budget Communication

Dear Chairman Tarlov,

The attached document is from the Office of the Town Manager of East Hampton - Michael Maniscalco.

This document, outlining East Hampton's response to the State Budget crisis, contradicts the statements made by BOE Vice Chairman, Brad Bernier at BOF meeting on 10/4, where he stated, "No other towns have addressed the Governor's Executive Order or the impact to ECS funding because they don't know what they are dealing with."

Colchester's citizens deserve information and transparency in how the Town, BOF and BOE plans on addressing the State Budget Crisis.

The BOF should work to increase transparency with Colchester citizens by following the lead of East Hampton and answering the following question:

Is the Town of Colchester going to get cut \$9.4 million from the State? If so what is the town going to do to deal with it?

Sincerely,
Deanna Bouchard



Office of the TOWN MANAGER
MICHAEL MANISCALCO, MPA
mmaniscalco@easthamptonct.gov

Question:

Is the town going to get cut \$6 million from the State? If so what is the town going to do to deal with it?

Answer:

The Governor's executive order took effect on October 1, 2017 and reduces the Education Cost Sharing Grant for East Hampton by approximately \$6million. It is important to note, that at any point, the State Legislature could pass a budget and the executive order will no longer be in effect. Both the Democratic budget and Republican budget that have been proposed only reduce Town funding by as much as \$400,000.

The Board of Finance this year included an additional \$495,000 in the budget in order to deal with a reduction in State funding. In the unlikely event that it is larger, Town Staff have put together a revenue mitigation plan that allows the Town to offset \$3.7 million dollars in lost revenue without issuing an additional supplemental bill to residents. This plan will formally be released to the Town Council at their October 10, 2017 meeting. Once the Council has received that document it will be posted here for the public.

From: Robert Tarlov
Sent: Monday, October 16, 2017 5:17 AM
To: Linda.Orange@cga.ct.gov
Cc: Art Shilosky; Brad Bernier; Ronald Goldstein; Board of Finance Members
Subject: Re: State Budget

Hi Linda,

Although I hear the legislature is close on an agreement, looks like any hope of quick resolution for the towns has been pushed out another couple of weeks.

Although these items may have already been resolved, I am responding as you had asked for any suggestions to the previously passed budget regarding your concerns for cuts to higher education and the John Dempsey Medical Center.

In looking at at the top salaries in CT government, it appears that the top ones are at the state universities, UCMC faculty and the Board of Regents. Added to those lucrative salaries are terrific pensions and health benefits. Excluding all other costs, the payroll/benefits alone for Board of Regents, UCONN Medical Center Faculty, UCONN is 2 billion dollars with 1000 people over 200,000 and nearly 3500 over 150,000. I don't believe these numbers include the cost of their future pensions.

I have heard many legislators talk about towns needing to share in the sacrifice. Perhaps the high paid, pension rich, benefit rich higher education professors and administrators should share in the sacrifice that lower paid, benefit poor local taxpayers are being asked to do.

Yes, we should be concerned with higher education, but not at the expense of educating younger students in the town school systems. The salaries for these state faculty positions are many times what local teachers make, and on much lighter work schedules. It seems that shared sacrifice and better fiscal management in higher education should absorb the proposed expense reductions.

As for John Dempsey, perhaps they should compete on equal footing with the other hospitals in the state. That hospital may serve your constituents, but I wonder how many Colchester and Lebanon taxpayers care more about a hospital, nearly 50 miles from our homes, than the quality and affordability of our towns.

The town governments which continue to manage under the stress of previously created legislative mandates, should not now be asked to solve the financial problems created by a fiscally irresponsible State government. A reduction in town aid is nothing more than a veiled tax increase for CT taxpayers. As a Colchester taxpayer, I am already sharing in the sacrifice whether through my state income and sales taxes and many other fees attached to my business and consumer products and services that I buy. In addition, the investment in the education of our local children in one town should not be used to temporarily bandaid to bail out fiscally irresponsible cities. As taxpayers and businesses continue to flee CT, can the state be far behind these nearly bankrupt cities?

Fortunately for Colchester, our boards have worked hard to build fiscal responsibility and the Town's taxpayers have already sacrificed to care for our infrastructure, reduce debt and create a rainy day fund to get us through unexpected events. Unlike the towns that haven't done so, and therefore do not have adequate reserves, Colchester is not forced on the short term to make rash decisions to offset the inaction of the State. There are many towns with higher reserves and more affluent taxpayers than Colchester, but we will reach a point when even the financially healthiest towns will run out of time.

We appreciate the many things you have done for Colchester and realize that this crisis is a totally different quandary, and that you are dealing with many challenges in signing on to a budget that can work for all of your constituents. As with town governance, the answers often seem easier to those not directly involved with solving the problem.

Rob

Rob Tarlov, Chairman, Board of Finance
860-608-4293

From: Robert Tarlov
Sent: Monday, October 9, 2017 8:33 AM
To: Linda.Orange@cga.ct.gov
Cc: Art Shilosky; Brad Bernier; Ronald Goldstein; Board of Finance Members
Subject: State Budget

Hi Linda,

Thanks for your reply.

Any budget that creates immediate resolution for the current year and provides an opportunity for Colchester and many other towns to adjust to a new state direction, is needed.

On the town side, we assume we would receive no municipal funding. It is my understanding that most legislators do not support the teachers' pension invoicing, so much of Colchester's concerns are with the reallocation of the ECS money.

I see in the Governor's proposals, towns like Glastonbury, Avon and West Hartford are losing all of their ECS money. The Democrats' proposal has those towns gaining money while towns like Colchester and Lebanon are 2 of the biggest losers. I have to believe there is something other than enrollment, fund balances and wealth ratings at play here.

I have read where several legislators were against the passed budget because it did not solve Hartford's bankruptcy issue. Hartford should not be bailed out on the backs of the towns, and especially not at the expense of the local educational systems. Is there any question that when the receiving towns can spend this money on other than education, that this will result in less dollars invested in the State's children?

I hear towns must share in the sacrifice, however, town residents are State residents and we share no matter what. The State created the current problems with the choices our legislators made in the past, and to push the problems down to the towns to raise taxes or cut educational spending is wrong. The State problems should be solved at the state level.

I understand your concerns on the cuts mentioned below, but if everyone tries to get everything they want, we all get nothing.

We need a solution this week, and we need one that allows towns to plan and adjust to changes over time.

Rob

From: Rep. Orange, Linda [mailto:Linda.Orange@cga.ct.gov]
Sent: Monday, October 2, 2017 4:15 PM
To: Rob Tarlov <ctparagon@comcast.net>
Subject: RE: Governor's Veto

Dear Rob,

Thank you for your input on the severity of the state budget crisis.

I have been diligently working for the citizens of Colchester I recognize our situation and will do all that I can to correct it.

I understand that this budget is preferred by town leaders, such as yourself.

I have huge concerns what this budget will do as written to not only the entire higher education system but for the closure it will create on the John Dempsey Medical Center in Farmington which serves many constituents not only in our district but the entire state. I am open to all and any suggestions you may have moving forward.

Best,

Linda

Andrea Furlow
Legislative Assistant
House Democrats
Legislative Office Building
210 Capitol Avenue, Hartford, CT 06106
Andrea.furlow@cga.ct.gov

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From: Rob Tarlov [mailto:ctparagon@comcast.net]
Sent: Friday, September 29, 2017 6:43 AM
To: Rep. Orange, Linda
Subject: Governor's Veto

Hi Linda,

I realize that you did not vote in favor of the budget passed by the House, but enough is enough!

While the State cannot get their act together on the 2017/2018 State budget, towns are already working on their 2018/2019 budgets.

Colchester cannot survive under the Governor's Executive Order. We do not have a fund balance anywhere close to those cuts, taxpayers cannot afford that type of increase and we will be bonding for the school project next year.

I urge you to vote to override the veto. The passed budget may not be YOUR ideal budget, but it is the best one put forward to date for Colchester taxpayers.

If we were still back in April, I might think differently, but we need to move on. We have a budget passed by the majority of the representatives and senators. Those in the legislature who voted "no" have had enough time to create a budget that could be passed by a majority. So that the towns can move forward, the passed State budget should be put in place and you should start working on what you want to fix in the second year of the biennial budget.

Rob Tarlov
Colchester, CT 06415

From: Robert Tarlov
Sent: Tuesday, October 17, 2017 6:06 AM
To: Linda.Orange@cga.ct.gov; Melissa.Ziobron@cga.ct.gov; Art.Linares@cga.ct.gov
Cc: Robert Tarlov; Brad Bernier; Ronald Goldstein; Art Shilosky
Subject: Moody's Draft Ratings Report for your review

Linda, Art and Melissa,

From our CFO: *"The final report was released this afternoon. This is directly related to the State budget impasse and the impact to Colchester and other municipalities per the Governor's executive order. This decision will be revisited if there is a change in the final numbers and how Colchester is impacted."*

Attached is now proof that the Connecticut's delay in putting a budget in place and passing huge cuts in aid to the towns rather than using State budget cuts and State tax increases to solve the financial crisis created by past legislatures and administrations, will cost Colchester (and other towns) taxpayers a lot more than just what will be created directly by your cuts. Most disappointing is that most of Colchester's cuts do little to help the State budget, but shift educational dollars from towns like Colchester to cities with already low ratings and where the dollars will not be used for education. The goal of many legislators and the Governor to bail out fiscally irresponsible cities with bandaid solutions at the expense of the education of our children and on the backs of other towns' taxpayers is outrageous.

Since 2010 when Moody's downgraded Colchester, strong fiscal management and taxpayer sacrifice has grown our fund balance from 6.10% to 10.76% and significantly reduced our debt. Before this year's disappointing and embarrassing State budget spectacle, we were confident that when we go out to bond for our new school construction in 2018, our rating would be upgraded, saving Colchester taxpayers in interest payments for the next 25 years. With our current bonds now under review for a downgrade it would appear that we would see a downgrade on our new bonding rather than the potential upgrade we anticipated, resulting in much higher debt service for the next 25 years.

Although it appears there is still hope for our town, and others, based on the final resolution of the budget, after listening to State decision makers over the last six months and witnessing agreements with the unions that appear more collusional than consessional, I no longer have faith that the State has enough decision makers with the same goals as their constituents or the long term vision to create plans to return the State to fiscal responsibility. Some do, but unfortunately not enough to overcome the will of a Governor with a different end in mind.

Rob

Rob Tarlov, Chairman, Board of Finance
860-608-4293