

MINUTES
Board of Finance
and
Town Council Finance Committee
Board of Education Budget Hearing
February 23, 2015

CALL TO ORDER

Chairman Elaine Hammers called the Budget Hearing to order at 7:05 p.m. at the Town Hall, Trumbull, Connecticut. All those present joined in the Pledge of Allegiance.

PUBLIC COMMENT

There was no public comment.

PRESENT

Elaine Hammers, Chairman
Paul Lavoie, Vice Chairman
Thomas Kelly
Andrew Palo
Lainie McHugh
Bill Haberlin, Alternate
Karen Egri, Alternate (entered at 7:50)
Vincent DeGennaro, Alternate

ABSENT

Roy Molgard

The Town Council Finance Committee did not have a quorum with only two members present.

PRESENT

Cindy Penkoff
Vicki Tesoro
Mary Beth Thornton

ABSENT

Mark LeClair, Chairman
Lori Rosasco Schwartz
Bethany Llodra Gilman, Alternate
Daniel Marconi, Alternate

Also present: Maria Pires, Director of Finance; Dr. Gary Cialfi, Superintendent of Schools; Sean O'Keefe, Business Manager; Debra Herbst, Chairman, Board of Education; Dr. Michael McGrath, Assistant Superintendent; Mark Demming

Dr. Cialfi introduced Mr. Demming who was going to discuss performance based contracting. Performance based contracting is the process whereby the vendor funds the cost of renovation or replacement equipment which is paid back through the energy savings. Mr. Demming.

He assessed the current conditions of the schools and the average of the heating plants is 55.28 years old; based upon the cost to replace it seemed more reasonable to do it this way rather than bond for it. The schools included the following: Madison, Middlebrook, Jane Ryan, Hillcrest, Booth Hill, Daniels Farm and Tashua. These systems are not automated and use oil; they are not energy efficient.

Once automated, they can be reset from off site. In addition, new interior and exterior LED lighting will be put in; there will be improved air exchange and better air conditioning and increased generator capacity. We will remove the in ground oil tanks.

Using this method of financing will create positive cash flow; return on investment vs life cycle – our payback on these 30 year boilers will be 10 years with no additional tax dollars needed. The loans are repaid with existing utility funding.

The current cost at Hillcrest School is \$278,000 a year. Anticipated savings of 50% or more, with a 10 year contract investment of \$1.3 million dollars, will pay off the debt in less than 10 years. By doing it this way we can do the upgrades and achieve the energy conservation with these fiscal funds with no additional cost to the town. He has done this successfully twice before.

Mr. Demming indicated that he would need to bundle the projects and not be able to do them piecemeal. They would like to start with Hillcrest and will be doing one at a time. The reduction of the annual operating expense will pay off the debt with the private investor – Bank of America – it basically becomes a lease purchase. The Town is responsible for the funding; however, the energy company is in charge of the project. We will not see an energy savings in the budget because we are paying for the upgrades with the savings.

If one of the schools needs to be closed due to reduced enrollment, we would either sell it or rent the property or possibly repurpose it; the Board of Education is not ready to project a closing this far in advance.

The Esco we will be using is Earthcore. Equipment will be procured through the Esco, which is an acronym for energy service company. The Esco is paid a straight 12.5 points on the project; no shared savings and the warranties on the equipment are transferrable. Whether or not the building is occupied, the building needs to be heated. We will also be removing asbestos, etc.

According to Seigel Consulting, we would only save \$72,000 if we could get all the bargaining units to agree to the coalition. Mr. O'Keefe was working with Mr. Rinaldi. At 10% the Board of Ed would be negatively impacted and the unions would not agree, not to mention the cost of pursuing. What is not in the \$72,000 is the potential cost impact that could be realized if we were able to carve the pharmacy piece out of anthem and go with the coalition which could yield anywhere from 0 to \$240,000 so we are looking at anywhere from \$72,000 to (-\$240,000). The most important factor is the opening of the contracts which is not going to happen. Moving to an HSA; Anthem does not offer one if the pharmacy is carved out.

The job description information regarding the facilities manager was provided. There were 2 unfilled positions used to create this position; therefore, it was a wash.

THS requires an hvac mechanic to schedule each piece of equipment needed. Should have been set up where it is either occupied or unoccupied. Currently trying to retrofit to automate it; will recognize a cost savings and the custodians can set it. We need to simplify the process that they will be using to run the building for the week.

It was discussed that the Board of Education reduction of \$573,000 consists of two factors: \$420,000 savings to be realized by moving the BOE to a pharmacy coalition, which at best will result in a \$72,000 savings, as we just discussed. The other portion is a reduction of \$153,000 that had been proposed at a January 6, 2015 meeting that included textbooks, special education transportation, and substitutes. No other potential savings have been found; at the Board level it was decided not to reduce the budget request by \$153,000, since the funds could be used for other purposes, such as bus monitors. The Board has not had sufficient time to formulate the specifics of how they will cut their budget by 2.34%; however, it will affect staffing and programming so it will have some direct impact on the students.

Originally, the pay to participate fees were to be gradually eliminated over a two year period with no fees in the third year. With the budget reductions, we may not be as aggressive on this as we had originally thought.

At the next Board of Education meeting, they will discuss where to reduce their budget. The direct impact that will be felt by the students will not just be an academic one; it will encompass the entire experience and include pay to play, mental health, along with after school clubs and activities. It is still too premature to discuss the effect on pay to participate. The cuts still need to be discussed with the BOE.

It was mentioned that the budget recommended by the first selectman is higher than last year's budget, and maintains what we have; nothing that we currently do is being taken away; however, the reduction does impact the \$495,000 of new things we wanted to do. In addition, it was also mentioned that not all towns use the same criteria in calculating the per pupil cost; therefore, you cannot compare us to other towns using the DIRG.

It was brought to the attention of the Board of Education that many of their fees and expenses are not in their budget but fall on the Town to pay, such as pension costs, worker's compensation; liability insurance; vehicles; liability claims; special education claims, etc.

The meeting was adjourned by unanimous consent at 8:25 p.m.

Respectfully submitted,

Phyllis C. Collier
Board of Finance Clerk