

BOARD OF FINANCE
Minutes
June 9, 2011

CALL TO ORDER

Chairman Elaine Hammers called the Board of Finance meeting to order at 7:06 p.m. at the Town Hall, Trumbull, Connecticut. All those present joined in the Pledge of Allegiance.

Members present and absent were as follows:

PRESENT

Steven C. Lupien
Chairman, Elaine A. Hammers
Cindy Penkoff, Alternate
Perry Molinoff, Alternate
Alex Remson, Alternate
Paul Lavoie

ABSENT

Ken Martin, Jr.
Tom Tesoro
Andrew Palo

Also present: Maria Pires, Director of Finance; Ralph lassogna, Superintendent of Schools; Attorney Floyd Dugas.

PUBLIC COMMENT

There was no public comment.

BOARD OF EDUCATION UNION NEGOTIATIONS

The Chair indicated that the Board of Education Negotiations would be taken out of order. The Chair indicated that the Board would need to recess and go into a non-meeting. Mr. Lupien requested that the presentation be made in the regular meeting until those issues deemed confidential necessitate the Board to recess and go into a non-meeting. The Chair agreed.

Ralph and Floyd Dugas, Esq. gave a broad overview regarding the upcoming certified negotiations. It is mandatory according to Connecticut State Statute for the Boards of Education to come before a financial body, i.e., the Board of Finance in Trumbull, to discuss upcoming certified negotiations that include teachers and administrators. Negotiations are with the Trumbull Administrators Association that includes 23 members. Timelines are mandatory. Negotiations commence on June 14, and if you don't have settlement you are required to enter into mandatory mediation on August 3. From August 3, you have a 25 day window to accomplish mediation, and if by that time you don't have a settlement by the end of that period we are forced into binding interest arbitration. If you do have an agreement, it goes before the Council. If rejected by the Council, it goes directly to interest arbitration, similar to the town side contracts and the non-certified contracts for the BOE. If an arbitration award is issued, the legislative body can reject it by a 2/3 vote and send it back. The Council can reject the contract.

Mr. lassogna indicated that the BOE is here tonight to ask the Board of Finance for input on respective negotiations and to ask if a Board of Finance member would like to serve at the negotiations.

Attorney Dugas provided several handouts; a timeline of negotiations and a summary of the average salaries paid in the area. Based on this survey, our administrators are well paid. He also provided a summary of administrator settlements by year.

Mr. lassogna indicated that most of the 23 members are at the maximum step where there is no incremental increase. They either have been with the Town over 5 years or were hired at higher steps based on experience.

Mr. Molinoff asked how the total dollar amount of this compensation package compares to that of the total paid out by the Board of Education for teachers. Mr. Iassogna responded that the 23 administrators currently earn approximately \$3.1 million; 1% costs 31,000. The total for all teachers is approximately \$35 million. The average salary for administrators is \$130,000 and the average salary for teachers is \$65,000. The administrators work a longer year than teachers do.

Mr. Molinoff then indicated that since there is always give and take in these negotiations, he would like to know what aspects of the compensation package would be used as bargaining tools.

Attorney Dugas indicated that the negotiations are taking place in unprecedented times in recent years. Almost 2/3 of the teacher contracts over the last 2 years have had zeros in them, and we are starting to see similar events occur with non-certified, town, and city contracts. Because of that, he indicated that since they are getting so little in compensation, health insurance is not being hit as hard as in previous years. They are not only trying to keep salaries down but also trying to achieve health savings by different plan designs and asking for more in out-of-pocket contributions.

Mr. Iassogna indicated that salaries and insurance are the most important issues that will be left on the table at the very end of negotiations. He also indicated that management rights are also very important so that administrators can operate their schools and we have not have problems in that area.

Attorney Dugas noted that Mr. Iassogna did not feel that this would be a difficult contract with respect to management rights, etc.

Mr. Molinoff indicated that he has heard of merit-based compensation with teachers. Is this a time to bring it up and introduce it into Trumbull?

Attorney Dugas noted he just did a presentation on this. He indicated that 5-10 years ago people were talking about it and there have been numerous studies done that seem to indicate that it is not the way to go and the shift is now towards outcome, i.e., test scores. The focus is really on the outcome of both the students and the administrators. Mr. Iassogna indicated that previous experience has shown that at 0 and 1% salary increases you will not see this.

Mr. Iassogna indicated that Trumbull had one of the first merit plans in the country and definitely in the state of Connecticut. It was semi-effective in the beginning and then it was dropped because it did not serve its intent to enhance someone's skills and ability. It was very difficult to structure and was stopped.

Ms. Hammers asked if we do formal staff evaluations. Mr. Iassogna indicated yes, for all employees. Attorney Dugas went on to add that the general assembly passed legislation last year requiring school districts to begin incorporating student performance into evaluations.

Ms. Penkoff indicated that, just for the record, "I am completely against that (outcome-based compensation) because I already have a problem with the fact that we teach to CMTs and things of that nature. I think that it takes a whole lot of time away from the process of what these kids should actually be learning. So if that's what they are talking about for outcome-based compensation, it may help in negotiations and it may help in contracts and things of that nature but I don't think it does what we want it to do and that is help the students."

The Chair called for a recess at 7:30. The meeting resumed at 7:50 p.m. at which time the Chair indicated Ms. Penkoff is sitting in for Mr. Palo, Ms. Remson is sitting in for Mr. Martin and Mr. Molinoff sitting in for Mr. Tesoro.

INTERNAL AUDITOR'S REPORT

Mr. Henderson presented the Insurance Audit indicating that he would have the town side of the report at the next meeting. He spoke with Dave Mathieu and he will be able to give him the final statistics regarding individuals that can come off the Plan in July.

The follow-up letters went out and if there was no response, they will be removed effective July 1. They are missing 14-15 responses; some have one dependent and some have multiple. Ms. Hammers asked that she be supplied the numbers so we can calculate the percentage.

Mr. Mathieu indicated that the Board of Education letter went out all employees. Mr. Lassogna indicated that the information provided to Anthem last year was requested from them this year. Mr. Mathieu thinks this information is sufficient and we only need to look at the ones that have come on since July of 2010. We caught those who did not go to Anthem from Health Net last year. There is no cost for the audit; however, the broker will be paid. Mr. Lassogna indicated that he would forward a copy of the e-mail received from Mr. Mathieu.

Ms. Hammers indicated that there is no way to check if someone's status has changed from last year, for example, if they are divorced. Mr. Lupien then indicated that it would also be very difficult to find an ineligible dependent child because of the Federal law that increased the age to 26.

Mr. Lassogna left the meeting at 8:07 p.m.

Mr. Henderson addressed the Leaf Pick-Up Audit. He indicated the following inefficiencies:

- Vacuum truck picks up leaves; fills up quickly and must be taken to dump; it is labor intensive and hard on the equipment; labor and maintenance costs are high; is not an efficient process; manpower can be used elsewhere
- Use of temporary employees from an agency; expensive; we get hit with unemployment wages

The Chair indicated that hiring temporary employees should not be allowed to continue. They work just long enough to be eligible for unemployment. Ms. Hammers feels that the cost associated with using a temporary agency cannot equal the cost of hiring part time employee and then laying them off and paying unemployment especially if unemployment continues.

Mr. Molinoff asked what we would save if we did not offer this service. What is the lost opportunity cost; the cost that we would save if we put them on another job or what jobs are not getting done during the leaf pick up.

Mr. Henderson indicated a survey was conducted with other towns and it appears that everyone seem to bag or compost their leaves. We seem to be the only Town with leaf pick-up.

Mr. Lupien indicated that the question be put to the First Selectmen. Is there a recommendation since we have been discussing this for the last 3 or so meetings.

Ms. Penkoff asked Mr. Henderson what he feels the town should do from a cost saving standpoint. He indicated that the leaves should be bagged and then compressed; we have more compost that we can ever use. We would need a compaction vehicle and possibly sell it. Ms. Penkoff indicated that she does not think getting rid of it completely is feasible.

Mr. Lupien indicated that he would like to see the Chairman deliver the report to the First Selectman and the Director of Public Works and get back to the Board of Finance with their input. He feels that this is a policy decision. The Chair indicated that the Board of Finance defunded the program during a different administration and the Public Works Department found another way to fund it. We could have residents bag the leaves and then do a pick-up or have the garbage people pick-up and each household has multiple pickup each year.

The Chair thanked Mr. Henderson for a thorough job.

APPROVAL OF MAY 12, 2011 MINUTES

Motion made Mr. Lupien, seconded by Mrs. Penkoff, to approve the minutes of May 12, 2011.

Vote: 4-0-2 (abstained: Lavoie; Remson)

APPROVAL OF MAY 23, 2011 MINUTES

It was agreed to amend the minutes to include a summary where "discussion followed" and present at the next meeting.

APPROVAL OF TOWN TREASURER'S REPORT

Ms. Pires presented the Town Treasurer's Report indicating the following changes made last month:

- We purchased additional bonds with Janney investments
- Moved \$3,065,000 from the TD Bank Investments to Janney investments; yield of 2.5% vs .30% from TD Bank
- End of May, 2011 - \$15, 892 compared to 11 month YTD - \$209,961; forecasting \$225,000; budget interest income \$325,000; we will be short \$100,000 in interest income for the fiscal year

Mr. Molinoff asked if we are being appropriately cautious if we are getting such high rate 2.5%. Ms. Pires indicated that we purchased Fannie Mae and Freddie Mac; we did not do it sooner as we did not know if we could tie up the funds, although the funds are liquid.

FISCAL YEAR 2010-11 SUPPLEMENTALS

Motion made by Mr. Lupien, seconded by Mr. Molinoff to take item number 06-11-01 out of order and to appropriate funds from Unrestricted Fund Balance to Service Contract Account 01 013600-522204.

Ms. Burr Monaco indicated that she needs a supplemental appropriation for document verifications and monthly fees for the COTT service contract. She received 1,000 liens from one company and there are 600 more coming. Income is generated to offset expense when lien fees are collected; but will not be recognized in this account.

Vote: 6/0

JOE FASI - Update on legality of resolutions approved May 12, 2011 - Opinion to follow

The opinion was received and distributed at the meeting; therefore, it was decided to discuss as old business at the meeting next month.

COLLECTION ON SUSPENSE ACCOUNTS - Mary Moran - Update

Ms. Pires gave the update. Last month, a request was made for figures regarding funds collected that were in the suspense account. From July 10---April 30, 2010, we collected \$48,301 on the LY 2009 suspense accounts.

FISCAL YEAR 2010-11 TRANSFERS

No discussion requested for the transfers in 2010-11 Transfers. Ms. Pires indicated that Mr. Marsilio would provide any information needed, if requested.

Motion made by Mr. Lupien, seconded by Mr. Molinoff, to approve item numbers 06-11-02 to 06-11-15 to transfer funds as reported.

The Chair asked if there would be any transfers coming up for July and August. Ms. Pires indicated that she could not comment at this time.

The Chair asked if any department would be short and need a supplemental, other than the one we just did. Ms. Pires indicated that Workman's Comp was running short about \$200,000.

Vote: 6-0

Motion made by Ms. Penkoff, seconded by Ms, Remson, to approve item number 06-11-16 to transfer funds as reported by Mrs. Pires. There was no discussion.

Vote: 6-0

DISCUSSION ITEMS

Budget to Actual Expenditure Report 2010-2011

Page 19, 578805 -- Xtra Item is Snow removal - \$678,236 - Cost to remove snow from Board of Education roofs discussed with the insurance broker; reimbursement for damage caused by snow on the roof will offset the expense; not treated as income. Broker is working with the Board of Ed to determine the possible reimbursement and we should hear within a month.

Fund Balance Report 2010-2011 - not available

ADJOURNMENT

There being no further business to discuss, the Chairman asked for a motion to adjourn. Mr. Lupien moved, seconded by Mr. Molinoff. The Board of Finance adjourned by unanimous consent at 9:10 p.m.

Respectfully submitted

Phyllis Collier