MINUTES
TOWN COUNCIL
JOINT TOWN COUNCIL/BOARD OF EDUCATION
SPECIAL MEETING
June 13, 2024
7:00 PM - Town Hall - Scitico Room
https://youtube.com/live/at6EHVm8Zoo

1. Roll Call

Present: Gina Cekala, Robert Cressotti, Douglas Finger, Bob Hendrickson, Michael Ludwick, Cynthia Mangini, Jim Nasuta, Ken Nelson Jr., Marie Pyznar, John Santanella, Lori Unghire

Absent: None

Also Present were Town Manager, Christopher Bromson; Assistant Town Manager, Steve Bielenda; Interim Town Attorney, Tom Tyler; Assistant Town Attorney, Mark Cerrato; Town Clerk, Sheila Bailey; BOE Attorney, Christine Chinni; BOE Business Manager, Lorena Cisneros; Interim Superintendent, Andrew Longey; BOE Chair, Charlotte Riley; and BOE members, Peter Jonaitis, Scott Ryder, Gerald Calnen, Tina LeBlanc, Philip Kober, Jean Acree and Amanda Pickett.

2. Discussion of Town of Enfield MOU and Board of Education MOU

Board of Education Chairperson Charlotte Riley thanked the Council for agreeing to meet with the Board of Education (BOE) to discuss the Memorandum of Understanding (MOU). She hoped that by the time the meeting was over, both boards would be in agreement as to how to move forward.

Ms. Riley stated that the town sent the BOE the MOU and their attorney reviewed it and made a few suggestions. The BOE unanimously voted last Thursday to approve the BOE's MOU, which includes a payback schedule of an additional $1.7M above the original $3.9M shortfall the Council had agreed to appropriate. Ms. Riley asked the Council to take all the BOE's requests into consideration.

Mayor Nelson stated that he was concerned that originally the Council was led to believe that $3.9M would cover the BOE's FY23/24 deficit and allow for a small amount of contingency funds. Later, the BOE informed the Council that they were still short $1.8M and asked the Council to appropriate an additional $1.7M with re-payment terms. The re-payment dollars were not part of the BOE budget, but he spoke with the BOE Chair and the Interim Superintendent, who stated that the state had reduced the cost of CREC schools by approximately $300K, which would free up some funds for FY24/25. Interim Superintendent Longey clarified that he had misspoke and the repayment was not part of the adopted FY24/25 budget, and so repayment terms would begin in the next fiscal year. Mr. Nelson stated that the original MOU for $3.9M that the Council had agreed to cover no longer exists, as that amount would not make the BOE whole and there would still be a $1.7M deficit. Mr. Nelson stated that in his opinion, the Council either needs to fund all of it or none of it, as just funding part of it will not resolve the issue. Mr. Nelson stated that the Council wanted accountability from the BOE and wanted a BOE plan to ensure that this never happens again.

Mr. Nelson stated that if the Town Council had approved the Town Manager's recommended FY24/25 Budget, which included an 8.6% increase to the BOE, and were to cover the deficit in the BOE's FY23/24 budget, it would raise the mill rate to 35.87, which represents an additional $1,460 of taxes a year on a house value of $275K. Mr. Longey and Ms. Riley clarified that the $3.9M figure was never a solid figure because the board knew the figure was fluid and it had not been finalized. The $3.9M figure was a reimbursement line item in the budget. The amount the BOE is short is $5.6M. Mr. Longey stated that with the estimated $2.35M cost of SPED, the state reduced their reimbursement, which resulted in a loss of approximately $500K. Mr. Longey further clarified that the reason he had to cut $9.5M was that the BOE budgeted this year's actual state reimbursement and actual costs for the FY24/25 budget. Even if the state had funded that alliance district the full amount, and even if the state had reimbursed excess costs fully, the BOE would still have been short this year due to increases in SPED and support services.

Councilor Cekala stated that she believed listening to Mr. Longey the BOE had budgeted to prevent some of these shortages in the next fiscal year. The Council cannot say that giving the BOE $5.6M this year will create a deficit for each year to come. Mr. Longey stated that the $5.6M would make them clean for next year, and if the budget line items hold true, they should be able to begin to build their contingency fund. Councilor Santanella asked what would happen if the Council did not fund the $5.6M. Mr. Longey responded that after next week's year-end payroll, they would have to stop paying their bills. Mr. Santanella asked the Town Attorney what the ramifications were if the BOE stopped paying their bills to the town. Interim Town Attorney Tom Tyler responded that he was unsure without completing research as this was uncharted territory for the town. However, he would imagine that if the town is owed a debt and that debtor doesn't pay, the town would have a claim against the debtor. Councilor Mangini stated that she would like the Council to cover this shortage so that the town can move forward. Councilor Ludwick asked what the town's fund balance would be if the Town Council covered this shortage, along with the amount of fund balance that was appropriated for the FY23/24 and FY24/25 budgets. Finance Director John Wilcox responded approximately $19M minus the amount for FY23/24, which should not be the full amount that was budgeted. Mr. Ludwick stated that both boards needed to meet monthly with supporting documentation so that numbers were understood and concise.

Deputy Mayor Pyznar stated that this issue has developed over the past couple of years and did not happen overnight. Ms. Pyznar stated that in FY20/21 the BOE had 774.1 staff members and in FY23/24, the BOE had 926.8 staff members with fewer students enrolled. Councilor Hendrickson asked if an MOU was legally binding, and Attorney Tyler responded that the MOU did not contain a remedy. Attorney Chimi stated that legally the BOE cannot expend more than has been appropriated by state law. They would simply have to stop paying their bills, and creditors, including the town, may take legal action.

Board member Amanda Pickett stated that the BOE cannot carry debt over. Ms. Pickett further stated that the board had previously explained how they got into this position and believed that Mr. Longey has created a budget and a plan to move the board forward. Board member Philip Kober explained that in the May 14, 2024, BOE Finance Subcommittee meeting, they reviewed their approved budget and the expected shortfall. At that time, the figure was $3.9M. Ms. Riley stated that in retrospect, the BOE should have made sure the town was apprised each time revenue was shorted, be it alliance funds or ECS funds, instead of looking at other possible funding. They could not control the seventy-eight new SPED students that were mostly out-placements. They are changing their procedures in the BOE finance office, budgeting realistically instead of optimistically, providing quarterly reports to the Town Council, and developing standards that would trigger alarms when unforeseen circumstances occur.

Councilor Cressotti supported the stipulations listed in the MOU and the resulting increased communications between the Town Council and the BOE. Mr. Ludwick asked if, after cutting $9M from next year's BOE budget, are their contingencies built in. Mr. Longey responded that it does not, however, the BOE is whole for next year. Mr. Ludwick stated that the town needs to be aware that if we support the BOE and make them whole, there are possible repercussions if something major happens to the town's infrastructure. Mr. Longey asked if the surplus in the insurance fund could be applied to the amount the BOE owes for health insurance payments to the town. Mr. Wilcox stated that the Health Insurance Reserve Fund could cover some of the costs, but not all of it.

Town Manager Christopher Bromson cautioned the Council from taking funds from the health insurance reserve. He also stated that the Council needs to understand that if there is a major pump station failure, the town is dangerously close to going below the minimum fund balance needed to maintain our bond rating. The Council had not made any decisions or a plan during the meeting. They should be determining how much they are willing to spend to cover the shortfall, what stipulations should be included in the MOU, and where they are going to take the funds from. The Council needs to make tough decisions. Ms. Cekala verified with Mr. Wilcox that the $3.9M appropriated from the fund balance for next fiscal year's budget does not come out of the fund balance immediately. She further asked if the fund balance would gain revenue throughout the year and Mr. Wilcox confirmed that it will. She stated that due to the timing of fund balance withdrawals and credits, the fund balance could maintain a slightly higher cushion than has been discussed. Mr. Wilcox explained that if everything happened according to the budget, it would be $3.9M. However, he budgets conservatively to protect the town.

There was consensus among the Council to prepare an MOU for $5.6M in funds appropriated from the fund balance with a reimbursement clause of $1.7M under the terms the BOE stipulated, a full forensic audit of the BOE, a line-by-line BOE budget, and quarterly BOE financial updates to the Council for Monday evening's agenda.

3. Adjournment

MOTION by: Michael Ludwick, seconded: Gina Cekala to adjourn. Upon a **SHOW-OF-HANDS** vote being taken, the Chair declared **MOTION** adopted unanimously, and the meeting stood adjourned at 9:08 pm.

Respectfully submitted,

Sheila M. Bailey, Town Clerk
Clerk of the Council