

**WEST HAVEN BOARD OF EDUCATION MINUTES**  
**January 25, 2012**  
**Special Meeting Board as a Whole for Finance - Budget Meeting**  
**Council Chambers**

A Special Meeting of the Board as a whole for Finance – Budget Meeting was held in the Council Chambers of the City Hall, 355 Main Street, West Haven, CT on January 25, 2012. The meeting was called to order by Mark Palmieri, Chairman of the Board of Education at 5:30 p.m. The meeting opened with a pledge to the flag.

**BOARD MEMBERS  
IN ATTENDANCE:**

Mark Palmieri, Chairman  
M. Toni Paine, Vice Chair  
Patricia Libero, Secretary/Treasurer  
Dorinda Borer  
Betsy Davis  
Robert Guthrie  
Eric Murillo

**BOARD MEMBERS ABSENT:** Patrick Egolum  
Cebi Waterfield

**ADMINISTRATORS PRESENT:** Neil Cavallaro, Superintendent of Schools  
Anne Druzolowski, Assistant Superintendent  
David Cappetta, Director of Finance  
Matt Cavallaro, Grant Internal Auditor

**CITY OFFICIALS PRESENT:**

**STUDENT REPRESENTATIVES  
PRESENT:**

Chairman Palmieri welcomed everyone to the January 25, 2012 meeting and stated that thanked everyone for coming to the meeting for the Superintendent's proposed budget for 2012/2013. Chairman Palmieri thanked the Superintendent, Assistant Superintendent and Finance Director Dave Cappetta for the great job and the open communication. They have been meeting with the Mayor and the City's Finance Director. The Mayor, Superintendent Cavallaro and Assistant Superintendent Druzolowski have been to see the Governor. Mrs. Paine, Finance Committee Chairperson and I have been in contact with Chairman Decrescendo and Finance Chair Last to keep this process open over the next three months until this budget is passed. We have sent them this budget to go over and if they have any questions they will be contacting us.

Over the past four years this board has made some drastic cuts, probably more than any other department within the city and I commend everyone on the board and in administration for all their hard work.

Cebi Waterfield asked to have on the record that she commended everyone involved and to make it know that she is for the Superintendent's proposed budget. She mentioned at the last meeting and wants to reiterate that when we come to City Hall she would like to see the Board and the City combine some services. An example mentioned at the last board meeting was the wide lawnmowers, plow and equipment of that nature be shared.

Patrick Egolum also called and is trying to get to the meeting but Rocky Hill is a distance and there is a traffic jam. He too wanted to commend everyone involved and he too is in favor of the proposed Superintendent's budget.

Mark turned the meeting over to Chairman of the Finance Committee, Toni Paine. Toni thanked everyone who has come to tonight's meeting and said this is the single most important task for the Board, the Superintendent, the City and the taxpayers and that is why it is done as a collaborative process and by working with the city to develop this request.

Three segments that markedly impact the proposed budget are: recent contract negotiations, the rising cost of benefits and Special Education Tuition costs, and of these three the rising benefit costs and Special Ed. Tuition are variables which, although we can identify them as variables, we cannot put an exact operative number on as they are two portions of the budget that we do not have control over. Special Ed tuition is impacted by the daily changes in student population, and Seigal, the agent of record, was chosen through a bid process, but the process is done by the city and we are not involved in that process selection nor can we chose whom we purchase benefits from.

We, as a Board, passed a Capital Budget Plan at our last meeting, making a statement for long term planning. Reacting to emergencies is costly and by identifying imminent liabilities a long term plan can be put in place without having to make a costly decision under dire circumstances.

The City and the Board believe that Governor Malloy will be developing a plan for funding the 30 neediest cities in Connecticut. Some of these funds will be earmarked and some will not. We understand that these funds are for enhancement and creation of educational programs but we have an essential need for funds for the operation of facilities. If the entire amount is received, we can continue to fund all educational initiatives. We have money in Title I for Professional Development that has not been affected and we should be able to move forward with a plan to gradually replace our reading series. This could change if we are not given adequate funding.

We are working closely with the city to look for more ways to be efficient. We are looking at things like combining our park maintenance and school facilities. We would like the opportunity to take on more recreational programs to involve all of West Haven which will recognize all of our assets, talents and progress and allow us to generate revenue that could be put back into the facilities.

During normal and reasonable financial times a proposed budget is thought of as a “Wish List” but it is 2012 and budgets these days must be realistic and fair to all. A goal needs to be attainable and our goal is to give the very best to all of our children.

During the Power Point presentation please take note of the actual reduction of employees over the last three years. We don’t believe any other department or City has “tightened its belt” as much as we have.

I’ll turn this over to Mr. Cavallaro for the presentation. Please make notes for questions you may have and wait for the presentation to conclude. There is a strong possibility that your questions may already have been answered when he is through and it avoids confusion and distraction for Marylou when taking the minutes. Thank you.

Neil thanked Toni for that speech and stated she has been a part of the process being the Finance Chairman and we have included you in some of the preliminary discussions as well as the city administration. We wanted them to understand we are not submitting a budget that contains a lot of fluff or things that we know realistically we are not going to be given the funds for. There are circumstances that can change between now and May that could affect our funding; some for the better some for the worse.

We mentioned at our last meeting we would have a representative from Seigal Company that is our Agent of Record and assists us with contract negotiations and helping us explain our benefit package and what we can offer and what we can afford. Terry DeMattie has agreed to be here tonight. Benefits is a big part of our budget; it represents 17 million of the roughly 85 million dollars that we are requesting. Terry can answer any questions about the increase, what we have done to try and possibly keep costs down, and about her role in some of the negotiations. Neil turned the meeting over to Terry DeMattie.

Terry said she is from Seigal the Consulting Company that has been working with the City and the Board of Education since early 2008. Since all the contracts have come up we have been negotiating medical benefits. The cost of medical benefits is in the claims. It is not about premiums or administrative aid. It is about the claims and utilization. Some plan design changes have been negotiated that are a win for the board and for the unions. There is still direct access to physicians with just a co-pay. Some of the higher cost items require a deductible and co-insurance but they won't put anybody broke; there is still an out of pocket max on that stuff. The Board will realize a significant savings going forward. We were able to project those savings into our budget for 2013 and that projection has come down a little bit.

Seigal is projecting that the national medical trend number for 2012 is 10% for the type of plan we have which is an open access network plan. A lot of things go into medical trend that is why it is not 2% or 3%. It is cost of services, utilization of services, and demographics. The biggest increase is cost of services nationally not utilization. Hospitals and doctors are looking for more money from the carriers; they are getting less from Medicare. For demographics as people get older they are using more and more services and that is the difference in medical trend and CPI or something like that.

Ten percent is lower than it was last year. It was 10.7 percent last year and it was eleven and change the year before and that is the good news. We would like to get a handle on it and we think we have this year with the BOE. The increase will be in single digits.

#### Questions

Neil asked if that number could be adjusted between now and May when we adopt and operating budget. Sure this was just quickly updated in the past couple of days because our budget really isn't due until mid February. We will look at it again in March or April and we will have more claims experience with the plan changes that were made.

Dorinda asked if we had the Century Preferred Network. Yes. We went out to bid a couple of years ago right. Yes, the last time you went out to bid was in 2007 or early 2008 before Seigal came on board. Dorinda thinks it would be a good idea to go out to bid we need to keep them on their toes. We agree and have set the process for the end of this year for July of 2013 because it is a long process. Terry stressed it is all about the claims and how do we get a reduction in claims; by benefit design and network discounts. So when we go out to bid we will look for carriers who have better network discounts than Anthem; if there are any. They are all very, very close and that variable changes all the time depending on contract. The fees are a very small piece of your health insurance plan. We want to look for carriers that have negotiated very good discounts with providers and still have a large enough network where their discounts mean something because you will only get the discount if people stay in network. Terry said we will go out to bid and carriers have to match the current benefit design and put it in writing. A further discussion continued.

Dorinda asked if Anthem was doing everything they should be doing. Are they doing ER diversion programs? Are they aggressively looking at things? Terry said they are doing what they can do and on wellness the employees and members need to be engaged. There is a lot of online stuff. They are reaching out to diabetic members and members with asthma and are making the phone calls and have a pro-active care management program. People have to answer the phone and be engaged with them. A further discussion continued. A company that Terry mentioned was called Interactive Health Solutions that actually do biometric testing. They take blood and put it through 26 panels. We might think people are using their preventive benefits because there is no cost but many are not. They are finding things that are unbelievable. They are finding cancers and you can extend that throughout the year. The city of Middletown is giving gift cards just to get the tests done; they did the program but haven't extended it yet. Meriden also did the program and they are basing their premium cost shares on it. The program costs \$175.00 per member per test and you can run that through your claims.

Mark agrees with Mrs. Borer and his question is do we have any type of incentives for people to go to the gym? Anthem has a discount program. Mark previously worked for two companies and they did this. He believes it really and truly works and people focus in and by having an older population it is important. Both places he worked gave incentives for this and Mark truly believes we should be bringing in three or four different companies. You mean wellness companies; yes sure absolutely. Mark said to offer people the incentive to quit smoking and to go to a gym will cut down on claims. Terry said every carrier has incentives like this. Mark asked if she knew if people were taking advantage of this. We have to ask Anthem and the last time she did there was not a lot of engagement but we can get the numbers again. Mark thanked her.

Betsy said she had to join a wellness program and pay \$100.00 through her work and if she didn't join it then her premiums would be higher. Is that something we could look at? Yes. Betsy said you have to go to the doctor every year and take your medication; right. If you don't do that then you pay higher premiums so it is forcing you to be healthier.

Eric asked if this has to go through the union. Terry replied yes.

The board thanked Terry. Neil thanked her and said he learned a lot and has been through a lot of negotiations and since they have come on board he has gained a lot of knowledge as to what it actually costs us and in ways that we can save money.

Toni asked Neil if he would start with the power point now. Yes. Toni again asked for all questions to be held until the power point is over as there is a strong possibility your questions may be answered.

Neil thanked David and Matt and in attendance tonight there are people present who helped put together their various department budgets. We have four budgets that have to be looked at and voted on separately. Joe Falzone from AFB is here and is our day to day Director of Maintenance and Al Barbarotta from AFB who you all know. Alan Belchak

is from our Food Service Department. Chris Everone is the Manager of the Rink, Pool and Stadium Complex. Jon Capone assists him and oversees the management of the facilities in addition to being our Athletic Director. Joe Lucibello is also here from our Pupil Personnel Department

Neil then presented the proposed 2012 – 2013 Budget and the complete presentation has been put on the website. Following the presentation Neil asked if there were any questions.

## **Questions**

Bob Guthrie would like a pie chart showing monies provided by the city and by grants so that when the public looks at the total number there is a full understanding of where that money is coming from. The bottom line is it is still taxpayer dollars but it is not all locally generated. Neil said we can get that. Of the \$80,000,000.00 we receive about half of that amount comes in the form of ECS Funding which is given to us directly from the State. We are not worried about it for next year's budget but that number has been talked about changing and adjusting. With the current formula West Haven does very well. About 50% of the money comes back from state aid. Bob asked if we could back it out five or 10 years in a graph showing what comes from the city and ECS so people have an understanding of it.

How far did the Enrollment Study by Dr. Prota go out? About 20 years and a copy will be emailed to the board.

Bob said Living Word is no longer a school? No they closed except for the Pre-school. Do we still provide busses for that? No. It is still listed on page 10 – 6 busses to Living Word. The narrative part just didn't get updated. Neil said we are not providing services to them.

Bob would expect a correlating memo with the drop in the number of employees with the drop in Comp under Worker's Comp and he thinks we will be able to get a better handle on this collectively. Dave said a lot of that money is for people who started through claims back in 2006 and 2007 and are just starting to settle. This is not like a person who just recently slipped and fell yesterday and went to the doctor. Bob stated so this is for past experience not any spike in current numbers then. Correct.

Bob asked for the numbers with financial breakdown for consultant services and the service contracts. Yes they will be sent to the board. Bob asked for a ballpark number for the new books and programs. Anne is projecting for grades one through five 1.5 million. Different programs vary but we would also be looking at easing it in if necessary because it is very difficult to come up with 1.5 million. Neil said financing is available but we try to pay for it as we go. Bob asked the current age of the text books; there are no shortages? Anne said we replace them when there are shortages and 12 years was the answer for the reading series.

Bob sees the stadium did well with the advertising but the rink didn't quite make it there. Chris Everone said he doesn't know how accurate those numbers were in the past but this year they have been doing quite well this year with advertising. They have close to 2,500 already with more in the works.

Bob said capital projects have to be considered at least 20 to 25 years old correct? Neil said that is what you would like because that is the bonding life. What is the current age of the turf? Three years is the age of the turf. Bob said the life expectancy is ten years? It is warranted for eight but you can get anywhere from eight to fifteen years. For budget purposes it was discussed to budget approximately \$50,000 per year to budget that over time instead of year eight or ten trying to come up with a million dollars to replace the turf. Neil said that discussion goes back about 25 years when the original turf was put in and they never did that. Neil said we replaced the turf for about \$400,000 so it is more competitive and the price seems to be dropping but we should consider putting some money away. Neil said we would really like to increase our revenues to be able to do things like this. We never bought a Zamboni for example but with a little bit of money that we will run in the black this year we will be able to purchase one for the rink.

Toni Paine said that is an excellent point and believes when Eric Murillo was in charge of IT didn't we put a certain amount of money away. Bob said it was \$200,000 for hardware. Toni said and it worked out really well.

Mark Palmieri said there is another field which doesn't get taken care of and our field is in excellent shape. There are so many companies out there and the price has come down and the quality has gotten better. Didn't they say it would last 15 years instead of 10? It depends on how much use it gets and how well it is maintained and installed. Do we have to worry about the other two fields? Chris does a great job. Are you allowed to wear cleats? Yes.

Dorinda said with the 44 employees that are going she would think the health benefits would go down more. Dave said that although teachers may go but still sub and stay on our medical. Dorinda asked about the custodial positions. Neil said the agreement with the union is that there is going to be an opening now and once we finish our posting we will be able to bring in two part time workers. We can bring in up to 14 but every third job until we bring in the 14 has to be replaced by our bargaining unit but the number of employees will go down over the next two or three years even more.

Dorinda said benefits are one of the largest items in our budget and it hasn't gone out to bid in a long time and we are fiscally responsible for the board of education's funding and thinks we have to hold the financial side of the city a little more accountable if we can't separate out and piggyback off of them I think we need to put a little more pressure on. Neil said it was stated they are going to put it out to bid at the end of the year and is something to look forward to and this is certainly a valid point.

Dorinda said we dropped custodial \$200,000 because of fewer positions but maintenance went up. Neil said the number of employees in the maintenance department is not

dropping; we are pretty short there now. Part of the agreement is that number won't be reduced where we can reduce the number of custodial so that number will not go down. Dorinda asked why we still have a Rink Manager. Dave said that is Chris and he used to come out of the stadium budget but he spends more time at the rink and it can support his salary more than the stadium. Neil said his salary is paid for by generated revenue. Dorinda asked if Steve's salary comes out of maintenance. Neil said yes that is the way it has always been done. Dorinda said the rink rental money is going down from 350,000 to 300,000. In the previous year there was some uncollected money so now the money is collected. Neil said two years ago we kept the rink open longer and we collected more money but our expenses went up dramatically because to operate that rink in May and June cost us a lot more money. Whenever the Youth Hockey try outs end in April we will close the rink and reopen again in September. Dorinda asked if we went up on our rink rentals at all. Yes. Jon Capone stated that Amity and Notre Dame were paying \$280 hourly now are paying \$340 an hour. That is a pretty good increase. We went in with \$340 and didn't back down.

Dorinda asked what the Student Activity Advisor do for \$100,000? Neil said that is not one it is all the advisors. If you have a copy of the teacher's contract it would give you a general idea; yearbook advisors, class advisors, drama and all the various clubs mostly at the high school. Dave said this may be 30 people getting \$250.

Dorinda said the Mayor submits the recommended budget to the City Council no later than March 17<sup>th</sup>. Typically we don't see the council changing the board of education amount that is given to us. After he submits his number can we start to look at where you know ..... Toni said we really can't until we get the final number. Dorinda said then we have such a short period of time to really look at it. Toni said we certainly can look at it. Neil said the key is constant communication and we are not opposed to that. Two years ago when we had dramatic changes we had public hearings and allowed people to speak and we are open to that.

Mark Palmieri said he and Toni have been in contact with the Chairman of the Finance Mike Last and with Chairman of the Council Stephen DeCrescenzo so they are talking to the Council and to us and we are staying in contact with everyone here. They said they will keep up communications with us so we will continue to do this on a weekly or monthly basis once the ball gets moving. If this moves forward tonight and we present it to them they will stay in contact with us.

Dorinda said the Year To Date figures are just not up to date. She knows this isn't our finance department and she knows the revenues are posted 60 to 90 days late. This is no longer acceptable. For two years she has heard that the city inputs slowly and the Munis system is antiquated. She thinks we need to have the Finance Director come here and explain to us why they can not post information timely. We are an 85 million dollar operation and 65% of their budget. How are we supposed to make critical decisions on high dollar amounts when we don't know what we are spending this year.

Dave said our numbers are up to date they are Friday's numbers. Neil said those are the numbers we received as of Friday. Dorinda said there is no reason we have to keep manual records. We have to be as a board a little more aggressive with the city and hold them accountable for their record keeping. We need to have the City Finance Director here and explain exactly what the problem is.

Neil said Special Ed tuition is accurate but we just haven't received the bills yet.

Eric asked the date we have to adopt a budget. Toni said it is actually prior to the new school year. Neil said the fiscal year starts in July and we have contracts and obligations that start new as of July 1<sup>st</sup>. Neil said by June 30<sup>th</sup> but we would like to do it by mid June. Eric said for the past six years on the board we always submit a budget to the city and we know we never receive what we want. He understands this budget and thinks we can really hammer this down and thinks it is good information. We as a board have to look into this information so when we do sit down to go through the budget after we find out how much the city is going to give us we have a good start. Toni said it is a good starting point.

Pat Libero asked who would be taking over the pool and rink for recreation. Who would manage this. Would this go under Chris Everone. Neil said we would do it under our current structure with Jon being Chris' direct supervisor and Chris is more than capable of securing people who can operate and run those programs.

Pat said if we could spend \$20,000 or whatever the number was yearly to put away for the rink for the turf she would like to see that amount of money put away toward books; the library. It is really sad when you look at what little money is spent for periodicals and new books. She thinks sports are important too but it is too bad we don't have those kinds of discretionary funds to put away for those kinds of things with the kids. The kids really utilize this and if they don't learn how to utilize it when in school then they will not be life long learners later on in life.

Neil said that is a great point. Bob Guthrie several years ago through CAFE tried to lobby to change the law. Unfortunately we can't carry the money over. Bob said it would also be more convenient if we could change the way we do the fiscal year so the state, city and board are better aligned.

Eric said when we come back after we get our final budget that is when we have to sit down and find out what is important to everyone of us and what is important to the district in order to succeed with the budget that we get.

Neil thinks the board should keep stressing that 5 Year Capital Plan and what our needs are long term. Unfortunately there has not been a 5 Year Capital Plan and it is important for us to keep saying this is going to break or we are going to need this. Those are statements that were made when you passed that plan as a board.

Pat Libero thanked Toni for doing the budget. She remembers being part of the budget and it is a lot of work. Pat thanked Dave and Matt for doing a nice job on the presentation and getting us the information ahead of time.

Toni Paine said they make it easy for you.

Toni Paine said she has a question and a comment if there are no other questions. On the special education tuition what a lot of people don't realize what goes into that is that the student population changes on a daily basis. Three or four years ago we had a child that was incarcerated and when released we paid from transportation to and from Massachusetts on a daily basis. Another student in a foster home and then switched to a different foster home which is no longer in our city. This person is now in Northford or out that way and DCF gives the child the right to make the decision as to where they want to go to school so we are paying for this child's transportation to and from Northford every day. There are so many instances like this and we don't have any control over this. We owe it to the child as the best interest of the child is up to us and it is our responsibility. These are things that people are unaware of and are quite costly. The student we are paying the transportation on takes a cab to and from school everyday from Northford.

Toni asked with the clerical opening at the high school is this the year that we have the option to change that position? Neil said part of the agreement we signed off on in June is that we can reduce the number of custodial, maintenance stayed the same and clerical we can actually reduce by five. There are no current openings right now. At the last retirement we eliminated a position at the administration building and moved that position over to the high school reducing the number of clerical staff by one. Toni said so we did reduce it by one. Yes. Toni thanked Neil and asked if there were any other questions. There were no more questions. Toni then turned the meeting over to the chairman.

Mark Palmieri asked for a motion to approve the Superintendent's proposed budget for the Board of Education

Dorinda made the motion to approve the Budget

Eric Murillo seconded the motion

Discussion: None

All board members present were in favor

No one was opposed

No one abstained

Motion passes

Board of Education's Budget is approved

Mark Palmieri asked for a motion to approve the Food Service Budget

Bob Guthrie made the motion to approve the Budget

Dorinda seconded the motion

Discussion: None

All board members present were in favor

No one was opposed

No one abstained  
Motion passes  
Food Service Budget is approved

Mark Palmieri asked for a motion to approve the Budget for the Rink  
Toni Paine made the motion to approve the Budget  
Bob Guthrie seconded the motion  
Discussion: None  
All board members present were in favor  
No one was opposed  
No one abstained  
Motion passes  
Budget for the Rink is approved

Mark Palmieri asked for a motion to approve the Budget for the Stadium  
Dorinda Borer made the motion to approve the Budget  
Bob Guthrie seconded the motion  
Discussion: Bob Guthrie said earlier we started off by saying the board members that were absent let you know how they wanted to vote. Bob didn't know if policy allows them to proxy vote if they are listed as absent. Mark said no they just wanted to make the comment that they were in favor of it and were sorry they couldn't attend this evening due to work situations. They both had a project going on. Bob said he understands.

All board members present were in favor  
No one was opposed  
No one abstained  
Motion passes  
Budget for the Stadium is approved

Mark asked for a motion to adjourn.  
Betsy Davis made the motion  
Pat Libero seconded the motion  
Discussion: Neil said we will get you the information requested tonight as soon as possible and if you have any other question you can send us an email.  
Mark thanked everyone for their time it was a great job.  
All board members were in favor  
The meeting adjourned at 7:10 PM

Respectfully submitted,

Marylou Amendola  
Board Secretary