

MINUTES
SPECIAL MEETING OF THE BOARD OF DIRECTORS
NOVEMBER 6, 2008 – 7:00 P.M.
LINCOLN CENTER HEARING ROOM

PRESENT: Mayor Spadaccini, Deputy Mayor Peak, Secretary Pelletier, Directors Tweedie, Beckman, Zingler, O'Neill, Kissmann and Farina

ALSO: General Manager Shanley

MEETING CALLED TO ORDER:

The meeting was called to order at 7:00 p.m. All in attendance participated in the Pledge of Allegiance to the Flag, led by Mayor Spadaccini.

1. Finance/future service planning.
 - a. Presentation by General Manager

Mayor Spadaccini said he thought it would be a good time to discuss some of the things that the Board of Directors has already done to control spending. The Board passed a budget in May that contained a 3.8% increase, which included debt service. This was a challenge because bond referendums increased debt service by over 33%. Excluding debt service, the adopted General Fund budget increased only 2.3%. Efforts to control spending were heavily criticized at the time. Other measures taken to control spending include an energy audit, freezing non-essential positions, scaling back overtime, and banning out of state travel. The Board of Directors will be revising the technology policy to eliminate reimbursement for Town Directors' internet access and banning out of state travel for Directors. Mayor Spadaccini suggested foregoing renewal of memberships to some organizations and investigating the possibility of local property tax amnesty. He believes the next two to three fiscal years will be challenging and they need to be met in a calm, rational, and fiscally responsible manner. Mayor Spadaccini supports the Manager's suggestion to have a series of meetings to address the fiscal downturn. He thinks it is essential to include the Board of Education in this process as well.

General Manager Shanley is of the opinion that the Town can manage for this year, but the Board needs to spend time and thought on upcoming fiscal years, taking a hard look at all services provided by the Town. One cost saving step the Town took was to change its health insurance benefits administrator from Anthem to Cigna, saving \$800,000 annually. The transition was relatively graceful and employees did a good job advocating for what they needed. Mr. Shanley explained that the 900 retirees were not switched at the same time as active employees, but the intention is to change the benefits administrator for retirees as well. Mr. Shanley emphasized that there will be absolutely no change in benefit. Changing the retirees' health insurance administrator will result in a savings of approximately \$200,000 per year. He will implement the change for the last quarter of this fiscal year, which will result in a savings of \$50,000.

Mr. Shanley suggested freezing three unfilled patrol positions. There are currently 119 filled positions. Manchester has a policy of reviewing every vacancy and asking numerous questions such as whether it is a necessary position, can we combine it with another position, can we rewrite the job description. Vacancies are open for a couple months at a time and this alone produces some savings. So far this year, \$100,000 has been saved by keeping vacancies open longer.

Mr. Shanley explained that the Board of Directors had set aside \$40,000 for the Bennet Leisure Center for workout equipment. The equipment was subsequently purchased through the Bennet Project. Those funds can be redirected to the General Fund for savings.

The Spring Street Bridge design and analysis process is currently underway. Currently cost requirements for improving, repairing, and bringing the current bridge out of the "poor" category are being gathered. Conceptual planning is currently being undertaken for a replacement bridge to facilitate accurate public discussion. Mr. Shanley recommends suspending the project after the conceptual plan is complete and saving the balance of the funds designated for this project.

Mr. Shanley has also suspended out of state travel and training but stated that this is not a sustainable savings. He believes this is not a downturn we can manage ourselves out of. Manchester has been operating in a continuous state of scarcity since the last downturn. He thinks it is important to recognize the need to train employees so they can be as knowledgeable as possible in their fields.

Mr. Shanley concluded by stating the savings he has suggested calculates to over \$400,000. He is confident the Town's share of the shortfall can be managed for this fiscal year, but would like to spend some time looking at the next several fiscal years.

b. Discussion of concepts/exchange of ideas

Deputy Mayor Peak asked what happens to money not expended during the fiscal year.

Mr. Shanley explained that the funds remain in the line item of the budget until the end of the fiscal year. At the end of the fiscal year, the money becomes either designated or undesignated reserve. He thinks it is important that the people in the position to spend or save the money are not discouraged from saving money.

Deputy Mayor Peak wondered if the economic downturn would create more competition for management of the self insurance fund.

Mr. Shanley said that is something that can be discussed. He had not considered it for this fiscal year. Consideration of this option will require a lengthy discussion and a time should be set aside for it in a future meeting.

Deputy Mayor Peak supports having conversations with the Board of Education regarding sharing of services to reduce costs. If cooperation can result in savings to the taxpayers without affecting education it is a win for everyone.

General Manager Shanley listed several areas in which the Town of Manchester and the Board of Education are already combining efforts. The areas included electricity, fuel, the health insurance fund, Information Technology, and Facilities Maintenance.

Director Kissmann suggested getting employees involved in process improvement teams to find places to streamline their jobs to help cover shortfalls.

Director Tweedie expressed concern with freezing some unfilled patrol positions and asked if some members of the Police Department will be eligible for retirement soon. He also pointed out that if two positions are frozen, less money will be available for overtime.

Mr. Shanley explained that he would be freezing positions that are not and have never been filled. If this action were to drop the number of officers below the historic strength, he would agree with Mr. Tweedie's concerns; however, these positions have never been filled. Even with retirements, strength will not drop below historic strength. Mr. Shanley explained that the single largest expenditure in the General Fund is for the Police Department. We have frozen positions in every other operation and do not have a lot of places left to go. This action will not impact staffing and strength this year.

Director O'Neill thinks there is a fine line between maintaining services and keeping finances in check. She thinks the Board needs to embrace what the General Manager and Mr. Kissmann have said about soliciting ideas from employees and Department Heads. She thinks we all need to take a step back and analyze. Ms. O'Neill would like to see employees looking at ways to do their jobs differently.

General Manager Shanley stated that he has been through this cycle a number of times. There is value in this exercise. The Board can get good insight through the process of taking a step back and he is hoping that is what will be accomplished in this series of meetings. Mr. Shanley provided a hypothetical budget with some assumed scenarios. The Board will need to revisit services and look at what should continue to be provided.

Secretary Pelletier thanked Mr. Shanley for his report and stated that he is on top of the issues. She is hoping the State legislature allows for tax amnesty. There has been talk about sharing expenses and using State purchasing power to lower costs. Healthcare is one of the top driving forces in budget increases and should definitely be looked at. Ms. Pelletier suggested an employee focus group involving retirees and bargaining unit employees that can sit down and talk about insurance issues. Mr. Shanley explained that there will be absolutely no change in insurance coverage.

Ms. Pelletier noted the projected \$400,000 in overtime expenses for the Police Department and asked what impact the removal of patrol officers will have on overtime costs.

General Manager Shanley answered that there will be no impact because we will not be removing any positions we ever had before.

Ms. Pelletier wondered if three more positions would reduce overtime. She knows, in theory, overtime should be reduced if the Police Department were fully staffed. In looking at drivers for overtime, she noticed the earned leave time and suggested that this is an area that needs to be looked at. She asked if there is any benefit in reviewing ordinances and bargaining unit agreements to explore what can be done to mitigate overtime expenses. Mr. Shanley said there would be a benefit to having that kind of review.

Ms. Pelletier suggested incentivizing savings by giving a percentage of money saved to the department with the savings to increase training opportunities. Mr. Shanley understands and appreciates the idea but expressed his concerns that not all departments have equal opportunity for savings. He is more concerned with not disincentivizing savings.

Ms. Pelletier sees value in Town staff receiving training in order to learn cutting edge things. Employees often get value out of training. She suggested following another Town's example and putting a suggestion box on the Town's website. Manchester citizens may be able to provide ideas for savings. She acknowledged that Board members do not want to cut services. The suggestion box may also be a way of getting a handle on citizen's thoughts. Ms. Pelletier suggested appointing people with expertise in money management to the Pension Board.

Director Farina thinks the Departments Heads have done a wonderful job and made great progress in a short amount of time. The key to saving money is consolidating redundant operations of the Board of Education and the Town. He is open to suggestions on how to consolidate and whether it is the best interest to do so. Mr. Farina would rather have a Superintendent dedicated solely to educating children.

Mr. Shanley thinks combining services is a good idea, but explained that there is an underlying fear that departments will be required to provide services for both entities but without the necessary resources.

Director Zingler asked for a report on actions taken as a result of the efficiency study performed in 2004. He would like to know what has been implemented, what has not, and what is still being considered. Mr. Zingler suggested, in addition to a suggestion box on the website, taking a survey of citizens to find out what they would like their Town to look like five years from now and prioritize services based on that feedback. He knows it will cost some money, but thinks the Board needs to invest money to find out what the community is thinking.

Secretary Pelletier is not in favor of mailing out a survey because of the staff time involved in calculating responses. She is willing to look at priorities, but reminded the Board that willingness and ability to pay doesn't always match wants and desire. She noted that the Board of Education gets 75% of the Town's budget and thinks we do need to look at consolidating efforts. There has been a drop in Town employees at the same time there has been a rise in

Board of Education employees. It would be great to have their equipment, which is newer and better, to use in Public Works. She is all for consolidating, but we may run up against the Connecticut General Statutes. She welcomes any ideas the General Manager and professional staff may have.

Director Zingler asked for a list of reductions the Board of Directors has made over the last five years. He would like to base priorities on service demand level.

Deputy Mayor Peak noted that later this month the Board will be talking about performance measures and noted that sometimes people lose focus on the mission of their department. He would like to see people thinking back to the mission of each department.

Mayor Spadaccini said that he heard some constructive ideas so far. Sometimes we have to look at the real value of a service and not do it just because that is what staff has been doing for a while. Things become ingrained and may not necessarily be a priority. Mr. Spadaccini stated that several efficiencies have been found over the years. The bottom line is that we all want a more efficient organization. He doesn't mind doing a survey, but would prefer not mailing out cards. He thinks the web based suggestion box is an excellent idea. Mr. Spadaccini thinks it is an excellent idea to put insurance benefits administration out to bid. He asked if any notice has been given of the expected special grant for energy assistance. Mr. Shanley hasn't heard of anything yet but will contact the Board of Education since schools were to be the recipient. Mr. Spadaccini thinks the Board has gotten off to a good start and looks forward to the process.

- c. Schedule future meetings re: service level planning/budget

General Manager Shanley would like to keep meetings focused on service levels and with that focus in mind has developed a list of eight questions to ask about every service. He reviewed the questions with the Board. Using a list of questions will allow for consistency and continuity.

Director Zingler asked if Mr. Shanley has gone through this process with other towns. Mr. Shanley stated that he has done this in other towns where he has worked, although never with the Board of Directors. He explained that Manchester is in a downturn now and never had the chance to recover from the downturn in 2001. He said that points about efficiency are well taken and expressed his concerns about sustainability. He is also concerned that some departments may be doing too much and he feels a need to reconfirm that each department should be doing all of the things they are doing.

Director Beckman asked if the person who spoke to the Board about performance based measures will be coming back. He would be interested in hearing more from him. He read several ideas from a book written by the person who spoke to the Board about performance based measures and will forward them to the General Manager so they can be incorporated into his list of questions.

Director O'Neill asked for projected revenues in the Sanitation, Sewer, and Water Departments. Mr. Shanley suggested looking at the revenue sources but not duplicating the budget process. Ms. O'Neill noted that the number of building permits being issued is down and asked if the person responsible for those can take on another roll that is currently not being filled. She suggested there may be services being performed in one department that may fit another department better.

Director Tweedie thought this was a great meeting and thanked Board members for the great input. He wants to make sure that members of the Town's workforce are respected and recognized in the midst of these discussions and certainly doesn't want any member of the workforce to think he or she is not being recognized.

Secretary Pelletier commented that some questions are politically taboo and gave the example of leaf collection. While a large sum of money can be saved by not offering the service, it is a service that is valued by citizens. She said that some services will not fit into any of the questions on the list offered by the General Manager, but sometimes a moral imperative is involved in offering a service. Ms. Pelletier stated that the Board is not going to be able to do everything and she wants to know what programs people value and use. The General Manager's input is vital and she will greatly rely on input from the Manager and Town staff. Other questions to consider are how bargaining unit contracts affect service delivery.

General Manager Shanley will e-mail some suggested dates for future meetings to be held over the next couple of months.

Director Zingler concurred with Mr. Tweedie's positive assessment of the meeting. He regrets that it was not televised and suggested televising future meetings. This will facilitate more discussion with the public and result in a smoother transition. After a brief discussion among Board members, it was decided that the meetings will be televised.

EXECUTIVE SESSION.

The Board went into Executive Session at 9:15 p.m. for the discussion of Labor Negotiations and returned at 9:50 p.m. Present were Mayor Spadaccini, Deputy Mayor Peak, Secretary Pelletier, Directors Tweedie, Beckman, Zingler, O'Neill, Kissmann, and Farina, General Manager Shanley, Director of Administrative Services Moore, Budget and Research Officer Freund, Chief of Police Berry, and Police Captains Neiswanger, Prawl and Abbie. No votes were taken.

Deputy Mayor Peak moved and Director Beckmann seconded the motion to go into Executive Session.

Nine Voted in Favor

ADJOURNMENT.

The meeting was adjourned until the November 12, 2008 Regular Meeting of the Board of Directors at 7:00 p.m. in the Lincoln Center Hearing Room.

Secretary Pelletier moved and Director Kissmann seconded the motion.

Nine Voted in Favor

Adjournment: 9:50 p.m.

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APPROVED:

ATTEST:

Secretary, Manchester Board of Directors