



CITY OF DANBURY

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MEETING NOTICE

- Who:** City Council – Ad Hoc Committee
- When:** **6:30 P.M. – Thursday, January 18, 2024**
- Where:** 3C, 3rd Floor
City Hall, 155 Deer Hill Avenue
- Purpose:** Danbury Public Schools: Request for Release of Educational Reserve - Meeting #2

**Agenda Item on file in the Legislative Assistant's Office*

Committee Members, Department Representatives & Petitioners:

Joseph Britton, Chair
Holly Robinson, Council
Elmer Palma, Council
Corporation Counsel Representative
Dan Garrick, Finance Director
Kevin Walston, Superintendent of Danbury Public Schools
John Spang, CFO of Danbury Public Schools
Ralph Pietrefesa, Board of Education Chair
Mayor's Office

Noticed: Kara Pompano, Danbury Public Schools

Posted: Town Clerk Information Board City Website Calendar

~AD HOC REPORT~
Danbury Public School Request for Release of Educational Reserve
Thursday, October 5, 2023

Chairman Levy called the meeting to order at 5:05 p.m. on Thursday, October 5, 2023. Present were Committee Members Irving Fox and Ben Chianese. From the City were Les Pinter, Corporation Counsel; Dan Garrick, Finance Director; John Kleinhans, Assistant Finance Director; Lindsay Seti, Mayor's Office; and John Spang, Danbury Public Schools CFO (Petitioner). Ex Officio Members present: Rotello, Perkins, Coelho, and DiGilio. Board Of Education Members: Brigid Guertin, Richard Janelli, Al Russo, and Michelle Coelho. Present from the public were Dennis McCauley; Rob Melillo; Tom Brown; and 5 unidentified.

Mr. Levy provided a brief overview of the Danbury Public School's (DPS) request to provide the administration with \$3,044,808 from a reserved account. Mr. Garrick explained that the reserved funds are located in the following accounts: Internal Service Funds (IDNR) (required by auditors for unreported health claims) \$2,180,608, Workman's Comp (required by PERMA) \$739,387, Liability (claims that have been reported but not finalized) \$45,956, and Fund Balance for Education Stop Loss Insurance (required by auditors, and Rating Agencies use it to establish credit) \$5,834,036. He confirmed the Fund Balance is the only account that can be used, and the unassigned fund balance is just under 10%. Furthermore, he explained to Mr. Fox that no set amount is required for the account but a goal of 10% is standard. Mr. Levy noted a surplus from the BOE in the previous fiscal year budget. Mr. Garrick explained how surplus funds from the previous fiscal year are not available outside of that fiscal year.

Mr. Spang spoke on vacancies and recruitment. He noted budget reductions that were made including vacancies and \$900,000 an Alliance Grant, prior to asking for the current request. Furthermore, Mr. Levy asked about the state mandated reading program and electrical cost overages, and Mr. Spang noted that COVID grant funds were used to fund the program. Mr. Garrick clarified the estimated vs. actual amounts of state funding with Mr. Chianese. Mr. Spang provided a brief overview of: grants, budget reductions, and cost savings.

Mr. Chianese noted that previous funding requests were granted; however, the funds were used for something other than their initial intention. Mr. Spang spoke on revenue issues. Mr. Fox expressed concern regarding DPS's financial process and presentation, and lack of confidence in the administration. He asked for clarity regarding the presented BOE budget in March. Mr. Spang admitted to underestimating the growing health insurance claims.

Mr. Levy expressed concern regarding the credibility of the budget. He noted that a 5-year summary to compare each line item is important and urged the DPS's Finance Dept. to provide monthly financial statements. Furthermore, he urged that an audit be completed before he could support additional funding requests. Mr. Spang confirmed the funds will not be used to cover healthcare costs, but to recover money expensed towards healthcare costs. Mr. Levy noted that he discussed an anticipated \$9 million deficit during the budget review process in April.

Mr. Fox clarified that the Education Budget as needed is \$154 million; the DPS expected to have \$4.7 million in savings that did not happen. Furthermore, he noted \$1.7 million in imposed budget cuts; however, a \$3 million deficit remains. Mr. Perkins noted that a balanced budget should not include expected savings, actual numbers should be used. Mr. Garrick confirmed the 2022 Audit will be completed at the end of November, and the 2023 audit will be completed in March.

Mr. Fox expressed concern regarding the Superintendent's lack of attendance, and the need for more information. Furthermore, he does not feel comfortable proceeding forward with the request. Mr. DiGilio discussed the budget differences: presented budget (\$150M) vs. the current budget that is being discussed (\$154M). He clarified that the City Council approved a full \$150M budget request. Mr. Spang asked what additional information the Committee would need.

Mr. Levy believes it's too early to allocate additional funds without confirmed numbers, or knowing exactly what is needed. Mr. Fox asked for clarification on line items that have changed and why. He also noted that the Committee requested detailed information leading up to the meeting, which was not received. Mr. Rotello asked Mr. Spang how quickly they would need the money. Mr. Spang explained that payroll would be affected in the middle of June, but that reductions are harder to make as time goes by.

A motion made by Councilman Fox, and seconded by Councilman Chianese, to continue this meeting subject to the call of the Chair, when the information the Committee has asked for is available. The motion carries unanimously.

A motion made by Councilman Fox, and seconded by Councilman Chianese, to adjourn. The motion carries unanimously. The meeting adjourned at 6:08 p.m.

Respectfully submitted,
Warren Levy, Chair
Irving Fox
Ben Chianese

4. COMMUNICATION - Re-appointment of Mr. Richard Jannelli and Mrs. Barbara Chianese to Fair Rent Commission

***CONSENTED** - as received.

5. COMMUNICATION - Tax Appeal Litigation Settlement - Danbury Mall, LLC & MS Portfolio LLC

A motion was made by Councilman DiGilio, to move this item to the end of the agenda. So Ordered.

6. COMMUNICATION - Airport Obstruction Removal EA Grant - Contract for Services with Hoyle, Tanner & Assoc. (HTA)

***CONSENTED** - as received.

7. COMMUNICATION - Danbury Public Schools Request for Release of Educational Reserve

A motion was made by Councilman Levy, to refer this to an Ad Hoc Committee consisting of Corporation Counsel, City Director of Finance, Superintendent of Schools, the Board of Education Chief Financial Officer, and a representative from the Mayor's Office. So Ordered.

The Mayor appointed Councilman Levy in the chair, along with Councilmen Fox and Chianese.

8. COMMUNICATION - DMEA Bargaining Agreement

A motion was made by Councilman Fox, seconded by Councilman DiGilio, to receive the communication and approve the funding for the collective bargaining agreement between the City of Danbury and the Danbury Municipal Employees Association for July 1, 2023 to June 30, 2026, as presented. The motion carried unanimously.

Councilman Visconti spoke in favor of the agreement.

Ms. Alosco-Werner (Human Resources Director) clarified the negotiated plan year for Councilman Chianese.

9. COMMUNICATION - Sidewalk Easement - 32 Germantown Road

A motion was made by Councilman Esposito III, to receive this communication and refer this item to the City Engineer and Planning Commission for departmental reports. So Ordered.

10. COMMUNICATION - Appropriation to the Ambulance Fund

A motion was made by Councilman Coelho, seconded by Councilman Rotello, to receive the communication and approve the additional appropriation of \$584,419, for the Ambulance Fund's 2021-2022 budget as presented. The motion carried unanimously.

Mr. Garrick clarified the appropriation of funding towards the Ambulance Fund for Councilman DiGilio

Mr. Cassavechia (Director of Emergency management spoke on Covid precautions that led to service calls with treatment but no transport for Councilman Chianese.

CITY COUNCIL MEETING AUGUST 1, 2023

The meeting will be called to order at 7:30 PM

PLEDGE OF ALLEGIANCE & PRAYER

ROLL CALL

Buzaid, Putnam, Eriquez, VACANT, Levy, DiGilio, Rotello, Visconti, Esposito, Coelho, Esposito III, Fox, Masi, Palma, Henry, Britton, Merchan, Perkins, Chianese, Cammisa and Tomchik

___ PRESENT ___ ABSENT

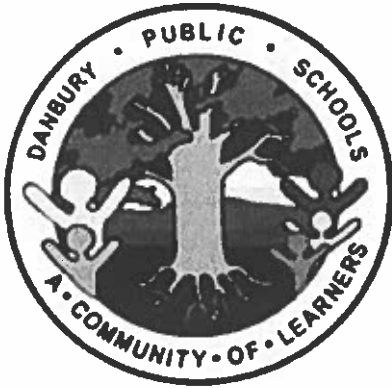
PUBLIC SPEAKING

MINUTES - Minutes of the Regular Council Meeting held July 6, 2023 and SPECIAL Council Meeting held July 17, 2023

CONSENT CALENDAR

AGENDA

1. COMMUNICATION - Appointment to the City Council
2. COMMUNICATION - Police Department Promotion - Sergeant James Antonelli to Police Lieutenant
3. COMMUNICATION - Police Department Appointments - Pena, Poplaski, Ventura Mena, Garcia to Certified Police Officers
4. COMMUNICATION - Re-appointment of Mr. Richard Jannelli and Mrs. Barbara Chianese to Fair Rent Commission
5. COMMUNICATION - Tax Appeal Litigation Settlement - Danbury Mall, LLC & MS Portfolio LLC
6. COMMUNICATION - Airport Obstruction Removal EA Grant - Contract for Services with Hoyle, Tanner & Assoc. (HTA)
7. COMMUNICATION - Danbury Public Schools Request for Release of Educational Reserve
8. COMMUNICATION - DMEA Bargaining Agreement
9. COMMUNICATION - Sidewalk Easement - 32 Germantown Road
10. COMMUNICATION - Appropriation to the Ambulance Fund
11. RESOLUTION - PFAS Litigation Outside Counsel Authorization - Ventura Law & Frazer Law, PLC
12. RESOLUTION - Historical Documents Preservation Grant Program - Town Clerk
13. RESOLUTION - Community Development Block Grant Program (Year 49)



DANBURY PUBLIC SCHOOLS

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John H. Spang, Jr
Chief Financial Officer

To: Danbury City Council and Mayor Dean Esposito
Mr. Dan Garrick, Finance Director

From: John H. Spang, Jr., Chief Financial Officer 

Re: Board of Education Reserve - Drawdown

Date: July 19, 2023

On June 26, 2023, the Board of Education unanimously approved a request to release \$3,044,808 of educational reserves in conjunction with the 2023-24 school operating budget.

In December of 2022, the 2023-24 operating budget was prepared using projections based upon our labor market outlook and residual pandemic impacts. As such, \$4.7 million was expected to be available seven months later to pre-purchase services and educational supplies in the 2022-23 operating budget. With a large number of unfilled staffing vacancies, we anticipated a higher savings in both salaries and the cost of insurance.

As each month passed, we gradually filled some of these positions, many at a premium, due to the collapse in the education labor market. We also found the savings that we anticipated in insurance were not realized due to a significantly higher than expected claims cost. In addition, inflation significantly impacted our high value accounts such as energy and the cost of supplies. The savings originally expected was ultimately needed to avoid curtailing programs and services.

Public Act 21-12, also known as the "Right to Read" legislation required implementation of a new reading curriculum by July 1, 2023. The program was an over \$3.0 million investment funded using eligible grant monies that otherwise could have been used to offset overall expenses.

A preliminary estimate of the City reserve - before and after:

Estimated total June 27, 2023	\$ 8,506,512
Requested drawdown	<u>3,044,808</u>
Estimated balance after drawdown	\$ 5,461,704

The Danbury Public School system is requesting a draw down as stated above to assist with the 2023-2024 Operating Budget.

cc: Superintendent Kevin Walston
Board of Education
Elisa Etcheto, Legislative Assistant