

**EAST LYME BOARD OF FINANCE
REGULAR MEETING MINUTES
Wednesday, MAY 13th, 2015**

Members in Attendance: Steve Harney, Chairman
Lisa Picarazzi, Secretary
Camille Alberti
Steve Carpenteri
Beth Hogan
Steve Kelley

FILED IN EAST LYME
CONNECTICUT
May 18, 2015 AT 10:00 AM/PM
Jessie A. Blais
EAST LYME TOWN CLERK

Also In Attendance: Mark Nickerson, First Selectman
Anna Johnson, Finance Director

Absent: No One

A. Call Meeting to Order

Chairman Harney called this Regular Meeting of the East Lyme Board of Finance to order at 7:00 PM.

B. Pledge of Allegiance

The Pledge was observed.

C. Delegations

Mr. Harney called for Delegations.

There were no delegations.

D. Approval of Minutes

▪ **Special Meeting - Monday, March 30, 2015**

Mr. Harney called for a motion for approval or any changes to the Board of Finance Special Meeting Minutes of March 30, 2015.

****MOTION (1)**

Mr. Kelley moved to approve the Board of Finance Special Meeting Minutes of March 30, 2015 as presented. Ms. Hogan seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

▪ **Regular Meeting - Wednesday, April 8, 2015**

Mr. Harney called for a motion for approval or any changes to the Board of Finance Regular Meeting Minutes of April 8, 2015.

****MOTION (2)**

Mr. Kelley moved to approve the Board of Finance Regular Meeting Minutes of April 8, 2015 as presented. Mr. Carpenteri seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

▪ **Special Meeting - Monday, April 13, 2015**

Mr. Harney called for a motion for approval or any changes to the Board of Finance Special Meeting Minutes of April 13, 2015.

****MOTION (3)**

Mr. Kelley moved to approve the Board of Finance Special Meeting Minutes of April 13, 2015 as presented. Ms. Picarazzi seconded the motion.

Vote: 4 – 0 – 2. Motion passed.

Abstained: Ms. Alberti, Mr. Carpenteri

▪ **Public Hearing - Monday, April 20, 2015**

Mr. Harney called for a motion for approval or any changes to the Board of Finance Public Hearing Minutes of April 20, 2015.

****MOTION (4)**

Mr. Kelley moved to approve the Board of Finance Public Hearing Minutes of April 20, 2015 as presented.

Mr. Carpenteri seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

▪ **Special Meeting - Monday, April 20, 2015**

Mr. Harney called for a motion for approval or any changes to the Board of Finance Special Meeting Minutes of April 20, 2015.

****MOTION (5)**

Mr. Kelley moved to approve the Board of Finance Special Meeting Minutes of April 20, 2015 as presented.

Ms. Picarazzi seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

E. Reports

◆ **First Selectman**

Mr. Nickerson reported on the following:

- There was an article in The Day regarding the Memorandum on the potential for the Oswegatchie Land swap – this is one step in another direction and does not mean that anything has happened yet. It is the opportunity to try to find another way to proceed with the land owner and the Town trying to work together to come up with something while working with all of the different components. The Public Hearing on the current application starts in Zoning on May 21, 2015 and that is still going on as an application normally would.

Ms. Hogan said that this is a creative concept and offered some suggestions: there is a Riverfront development project in Middletown that might be suitable and also the Norwich Hospital property. Mr. Russo is from Middletown and does a lot of work in that area and perhaps they can find some suitable land there. It is a large parcel – 236 acres.

Ms. Picarazzi noted that she read in the paper that the land does not have to be in CT. since it is affordable housing that he is proposing – she questioned why we would want to move that out of CT when most Towns within CT do not meet their affordable housing quotas.

Mr. Nickerson said that it does not have to be an affordable housing project – it can be any type of project. The size of the property is one of the key components.

Mr. Nickerson continued:

- The Gateway apartments are now open and some three buildings are being occupied
- May 21, 2015 is the date of the Referendum on the budget – 8 AM to 8 PM at the Community Center – Please get out and vote.
- They are looking for the Boardwalk to open on or about October 3, 2015 with an opening celebration. ALL of the beaches in Town will be open BUT the access through Hole n the Wall will be CLOSED Monday thru Friday but OPEN on the weekends and holidays.

Ms. Picarazzi asked what has caused the delay.

Mr. Nickerson said that basically it is weather related. It is a complicated process to create the forms and pour the concrete and the concrete could not be done during the extreme winter. The Boardwalk however is on budget.

◆ **Finance Director**

Ms. Johnson said that the reports had been sent to them in their packets and asked if they had any questions. She noted some of the revenues that had been received in April.

Ms. Picarazzi asked what the LoCIP expenditure was used for.

Ms. Johnson said that it was for the generator at Town Hall.

Ms. Picarazzi asked Ms. Johnson if there were any areas of concern.

Ms. Johnson said that they used \$896,000 of fund balance and that the estimate at year end in June is that they will finish out using approximately \$355,000 of it – which means that they had some good revenues coming in which exceeded projections – such as: PILOT was \$95,000 over projection, building permits are \$140,000 over projection and BOE tuition is \$180,000 over. She continued that on the expense side – there are several accounts before them this evening requiring more money and they have come up with approximately \$140,000 in shortfalls but they also came up with some areas that could help cover some of it – namely debt service and also from re-funding.

Mr. Kelley asked what they expect to give back from the Town side.

Ms. Johnson said that she is hoping that it is somewhere from \$300,000 - \$500,000.

Mr. Harney asked about the bonding for the Mobil station.

Ms. Johnson said that they can roll the noted over for 10 years and at the current time they are still in discussion on this.

Mr. Nickerson asked how close they can get to the deadline of rolling it over to do something.

Ms. Johnson said that late June would be the deadline.

Ms. Johnson said that she also wants to discuss the Health insurance situation with them and that she had provided them with information. She explained that they are self-insured and that the claims drive the costs. She said that she had prepared a comparison sheet on costs from 2011 to present. When they did the renewal for the next fiscal year – they had based it on \$7M in claims (for a 12.2% increase) and they are already over that amount (approx. \$7.6M) without figures for May and June. So far only two weeks into May they have had \$293,000 in claims and they still have another two weeks to go plus June.

Ms. Alberti asked if she was reading correctly that they are \$225,000 under budgeted.

Ms. Johnson said that was correct.

Ms. Picarazzi asked if they have looked at other insurance companies.

Mr. Nickerson said that they had but it is based on claims and they are actually saving with Aetna. He said that he went and looked at Anthem again and they are higher.

Ms. Hogan asked if the BOE has their own contingency fund for health insurance.

Mr. Nickerson said that he did not think so – however they comprise 75% of the health plan membership.

Ms. Alberti asked who represents the Town for insurance and if there is a team of people reviewing it.

Ms. Johnson explained the process; Brown & Brown did an RFP and accepted the bids and provided them to the Town and then the companies came in and made presentations to the First Selectman, Superintendent of Schools, School business manager and herself and they all agreed that Aetna would be the better choice going forward. It took a year to make the change (July 1, 2014 was the change date to Aetna). Aetna agreed to hold the administrative fees the same, which is a savings, for three (3) years. They could not guarantee the fee for the stop-loss insurance as it is bid out. When they exceed 20% then the aggregate stop-loss kicks in.

Mr. Harney asked what percentage is shared by the employee.

Ms. Johnson explained that when she first arrived here that they were short on funding the health insurance and she had to ask the BOE to send their payments monthly so that she could make the monthly payments. That has changed over the years. The percentage that the employees contribute along with the co-pays is negotiated by contract and varies by contract.

Mr. Kelley asked if anyone has looked at this and what has happened here such as: an aging population; a lot of falls; unusual issues.

Ms. Johnson said that she thinks that people just unfortunately had bad illnesses.

Mr. Nickerson added that between the aging employee population, that they have just had a lot of unfortunate circumstances and family members that have also had issues.

Ms. Johnson said that in going forward that she would be concerned about staying at the 12.2% increase as they will have cash flow issues and they would have to come before them for a special appropriation. The 19% increase may also be tight but a 26% increase would be better.

Ms. Hogan asked if they should do a special appropriation this year to replenish the fund.

Ms. Johnson said that she would watch it and see first. She added that every year in August they have a high claim month and that this spike is due to all the teachers doing their annual exams.

Mr. Nickerson said that he would suggest adjusting the health insurance for a 19% increase rather than the 12.2%. If they do not do this and we end up with zero at the end of the year we would start at a 20% increase and then another 20% to replenish the fund which would be 40%.

Ms. Alberti asked if this could just be an anomaly year.

Mr. Nickerson said that they really do not know – they have just had a lot of bad circumstances and things such as cancers are not something that you can predict. He said that he is going forward with the 19% increase and is having a conversation with the BOE on this also.

Ms. Alberti said that this goes back to the Care Here presentation that they had and asked if maybe it is time to get out of the self-insurance business.

Ms. Johnson said that municipalities left being fully insured as the insurance companies would build in the extra for a cushion so it would cost a lot more.

Ms. Picarazzi asked if they had said that they have had six (6) people whose claims have exceeded the \$125,000.

Mr. Nickerson said that was correct. He added that our carrier has offered us free of charge the 'Tele-Doc' on a trail basis. This would be for the simpler items such as the flu, poison ivy, etc.

Ms. Hogan summed up that this is a reality and they should plan for the 19% health insurance increase.

F. New Business

a. Discussion/Action Tax Collection Suspense List 1999-2013 - \$35,283.97

Mr. Harney asked Mr. McCulloch the Tax Collector to explain this.

John McCulloch, Tax Collector said that he would answer any questions that they might have.

Ms. Hogan asked what happens once they are suspended.

Mr. McCulloch said that the items transferred to suspense are removed from consideration as assets of the Town but are not abated as a tax liability of the person against whom it was levied and are collectible. He added that they have collected over \$9000 so far this year from the suspended items listing.

****MOTION (6)**

Mr. Kelley moved to authorize the Tax Collector to transfer to the Suspense Tax Book the Suspense List Numbered 1 through 7 for 1999 through 2013 in the amount of \$35,283.97.

Ms. Alberti seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

b. Special Appropriation \$3,667.82 – EOC Security Camera

Mr. Harney noted that Mr. Taylor, Deputy Fire Marshal was present.

Chris Taylor said that they need a new server for the security cameras for the Town as they have added cameras to it and they frequently have to try to determine where missing information went. The new server would be able to manage all of the security cameras.

Mr. Nickerson noted that the funding for this item would come from grant money from the Nuclear Safety Emergency Program.

Mr. Harney asked if they were ready to make a motion.

****MOTION (7)**

Ms. Hogan moved to approve a Special Appropriation in the amount of \$3,667.82 to budget account 01-70-725-224-006 (NSEP Equipment) and revenue account 01-04-400-401 (NSEP Grants) for the purchase of a new security camera server for the Emergency Operations Center.

Mr. Kelley seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

c. Appropriation and Transfer - Police Department Overtime

Mr. Nickerson explained that they have estimated needing an additional \$43,765 to complete this fiscal year. This is due to shifts having to be filled when people are out. They have some out on medical and one away on military duty.

Mr. Kelley said that there is money in the Boat OT and Grant line items within this budget and questioned why they are seeking a special appropriation rather than taking it from within the department budget.

Ms. Johnson said that the grant money is something that goes into the next fiscal year and the Boat OT will be used for other areas of the budget that are overdrawn.

Ms. Alberti asked if the medical disabilities were WC as they would have been paid so they should have saved there.

Ms. Johnson said that they had holidays to pay out in the fiscal year and they had two leaves so they have had payouts; plus training for the new officers.

Ms. Alberti and Ms. Picarazzi suggested that there be a mechanism where they have to use the personal and holiday time during the fiscal year that it happens.

Ms. Picarazzi added that they do this where she works.

Mr. Nickerson said that would be something for contract negotiations and he would speak with the labor attorney on it.

Ms. Alberti asked why they have so much over budget with salaries with two of the higher paid people leaving.

Ms. Johnson said that they have \$45,000 alone on holiday pay.

Ms. Picarazzi asked if this is annually.

Mr. Kelley asked what happens next year.

Ms. Johnson said that they have two officers starting at the bottom of the scale so that should help.

Ms. Hogan asked how many sergeants they have now.

Mr. Nickerson said that they have 8 sergeants to cover all of the shifts.

Ms. Alberti asked why they would need so much when the conditions will change.

Ms. Picarazzi echoed Ms. Alberti's comment that the amount seems excessive.

Ms. Johnson said that if they don't need it then it will not be used.

Ms. Alberti said that she thinks that they lose transparency once they transfer it in and that they should be within budget until all of it is used.

Ms. Johnson said that creates other operational issues with regard to payroll if they do not have the money to meet it.

Ms. Alberti explained that her issue is that when it comes to next year they will not remember this and the budget presented will be higher due to this anomaly and they won't recall why or what happened.

Ms. Johnson said that she provided them with a sheet showing transfers and that she could provide them with one at the end of this year so they can have it earlier. She also suggested that she could possibly add a line item to every budget and fund it with a dollar so that it can be used as a place holder for this type of event. She said that she will prepare the report in the end of August.

Mr. Harney asked if they were ready to make a motion.

****MOTION (8)**

Mr. Kelley moved to approve a transfer in the amount of \$43,765 from the following accounts - \$23,765 from account 01-50-511-620-641 (DWSRF 2013-7022 Interest) and \$20,000 from account 01-50-5230600-641 (DWSRF 2013-7022 Principal) to account 01-25-216-100-514 (Police Overtime).

Ms. Hogan seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

d. Appropriation and Transfer – Police Department Regular Wages

Mr. Harney noted that this is another Police Department transfer.

Mr. Kelley said that they had already transferred money into this account and asked why this.

Ms. Johnson said that what they had transferred before was from contingency for the collective bargaining agreement that had been settled. She noted that this was for banked holiday pay from fiscal year end 6/30/2014 in the amount of \$45,655 plus the two officers retiring and having to pay them \$39,796 accrued leave time on the books.

Ms. Alberti said that she is having a hard time with how this is on the books as it seems like an awful lot of time in monetary value that is carried over and how it is not used during the year that it was earned. This kind of time exposes us and is a liability.

****MOTION (9)**

Ms. Picarazzi moved to approve a transfer in the amount of \$68,617 from the following accounts - \$48,617 from account 01-50-522-620-641 (DWSRF 2103-7022 Interest) and \$20,000 from account 01-50-523-600-641 (DWSRF 2013-7022 Principal) to account 01-25-216-100-511 (Constables).

Mr. Kelley seconded the motion.

Ms. Johnson noted that she had made an error on the amount – it is actually \$48,617 and not \$68,617.

Mr. Kelley said that they would have to leave it that way and there should be \$20,000 left as this has already been approved at the Board of Selectmen level and passed to them so it would have to go back to the Board of Selectmen and they would not be able to act on it here, tonight.

Vote: 6 – 0 – 0. Motion passed.

e. Budget Transfers – Within departmental budgets

Mr. Nickerson explained that this is for various transfers within the budgets and the breakdown has been provided.

Mr. Kelley asked by they were increasing the electricity by \$16,000 if all of the downtown lights are LED's.

Mr. Nickerson said that there is a program that will be coming in to replace the street lamps from what they are to the LED's as most of the street lamps throughout the Town are not LED so by changing them over they should see a savings. Mr. Bragaw is working on this now.

Ms. Alberti questioned taking money from the pension account for insurance and asked what effect it would have on it.

Ms. Johnson said that it does not have any effect as the annual required contribution for the Pension has been made already.

Mr. Harney called for a motion on this item.

****MOTION (10)**

Mr. Kelley moved to ratify departmental transfers in the amount of \$183,372.20 processed for fiscal year end June 30, 2015. (Breakdown attached)

Mr. Carpenteri seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

f. Budget Transfer – from Tax Collector to Town Clerk

Mr. Nickerson said that this is for the adjustment that was made where they took five (5) hours of time from the Tax Collector's Office and transferred it to the Town Clerk's Office.

****MOTION (11)**

Ms. Hogan moved to approve a transfer in the amount of \$5,161 from account 01-01-103-100-311 (Tax Aides) to account 01-01-107-100-311 (Assistant Town Clerks) to cover payroll through fiscal year end due to staff changes made during the fiscal year in each of the departments.

Ms. Alberti seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

g. Appointment of Auditor – June 30, 2015

Mr. Nickerson said that this is for a one year term and that they have found that the services of McGladrey have been outstanding.

Ms. Hogan asked when the appropriate time would be to do an RFP for an auditor.

Ms. Johnson said that January would allow them the amount of time that would be necessary.

****MOTION (12)**

Mr. Carpenteri moved to approve retaining the services of McGladrey, LLP to conduct an audit of the Towns financial records for the fiscal year ending June 30, 2015. The costs for these services are as follows:

- o Annual Audit - \$35,000 shared by Town & BOE
- o Federal & State Single Audit - \$11,400 shared by Town & BOE
- o ED001 - \$4,200 paid by BOE and -
- o Water & Sewer - \$14,000 paid by Water & Sewer; for a total of \$64,600.

Mr. Kelley seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

G. Old Business

a. Purchasing Policy

There was no discussion on this item.

b. Audit Comment Plan

Ms. Picarazzi asked what the status of this was.

Ms. Johnson said that she is working on getting the policies together to come before this Board.

Ms. Picarazzi said that her concern is that audit time is fast approaching again.

c. Special Meeting Reminder – Wednesday – May 27, 2015 – 6 PM – Set Mil Rate

Ms. Johnson said that she had put this on the agenda as a reminder. Agendas will be emailed to them.

H. Public Discussion

Mr. Harney called for Public Discussion.

There was no public discussion.

I. Board Comments

Mr. Harney called for any comments from the Board.

Ms. Picarazzi asked – for future discussion how special revenue accounts are handled – such as the Chinese program and what the criteria is for it.

Mr. Nickerson said that it should be put on the agenda as a discussion item for the next meeting. This would also include the Parks & Recreation special revenue account.

Ms. Hogan suggested that they have a general discussion on this first and then ask Mr. Putnam and the Superintendent and Business Manager to join them. She added that she would also like to discuss

contingency accounts and if they are authorized to set one up for the BOE. She said that she thinks that it can be done but is not sure how to go about doing it.

Mr. Nickerson said that they may already be budgeting for this but it is something that they should discuss.

J. Adjournment

Mr. Harney called for a motion to adjourn.

****MOTION (13)**

Ms. Picarazzi moved to adjourn this Regular Meeting of the East Lyme Board of Finance at 9:06 PM.

Ms. Hogan seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary

Town of East Lyme
Budget Transfers
Fiscal Year 2014/15

To Account From Account

Date	Dept	Account #	Description	Account #	Description	Amount	Reason for Transfer
3/27/2015	GG&Misc	01-01-114-200-201	Unemployment Comp	01-01-114-100-127	Health/Dental Care	23,058.00	We are experiencing a large increase in activity.
	GG&Misc	01-01-114-100-123	Workers Comp	01-01-114-100-127	Health/Dental Care	25,685.00	Final MIRMA assessment not planned for and renewal was higher than original estimate.
4/8/2015	Emer Mgt	01-25-224-100-213	PT Dispatchers	01-25-224-100-212	Dispatchers	16,554.00	To cover cost of additional hours paid to part-time dispatchers to cover vacancy in 4th FT position.
4/21/2015	GG&Misc	01-01-114-200-290	Insurance PD&L	01-01-114-100-124	Pension	5,563.00	Additional insurance premiums related to new vehicles and equipment
	T Clerk	01-01-107-100-311	Asst Town Clerks	01-01-107-200-292	Land Records Mgt	5,250.00	Additional funding needed for Asst. Town Clerks account due to additional hours and upgrade for working out of class
	T Clerk	01-01-107-100-311	Asst Town Clerks	01-01-107-300-257	Preservation	3,000.00	Additional funding needed for Asst. Town Clerks account due to additional hours and upgrade for working out of class
4/27/2015	Finance	01-01-118-300-320	Misc Supplies	01-01-118-200-215	Maint of Equipment	180.00	We need to discard old files approved for destruction by the State Library in order to make room for more recent files. Due to the sensitive nature of our files we make arrangements to have them shredded.
	Finance	01-01-118-300-320	Misc Supplies	01-01-118-300-246	Transportation Allow	135.00	
	Finance	01-01-118-300-320	Misc Supplies	01-01-118-300-296	Wellness	495.00	
	PWD	01-30-317-100-315	Storm OT	01-30-317-200-224	Road Reconstruction	46,417.94	Excessive number of winter storms.
		01-30-317-200-221	Fleet Maintenance	01-30-317-200-224	Road Reconstruction	10,000.00	Excessive number of breakdowns, mechanic out.
		01-30-317-310-210	Fleet Fuel	01-30-317-210-296	Bulky Waste	14,000.00	Extra fuel due to excessive number of storms.
		01-30-317-400-210	Streetsights	01-30-317-210-296	Bulky Waste	16,200.00	Higher CL&P rates.
	GG&Misc	01-01-114-100-123	Workers Comp	01-01-114-100-124	Pension	5,720.26	Additional invoice for premiums related to 2013/14 due to payroll audit.
		01-01-114-140-235	Labor Town	01-01-114-100-124	Pension	6,715.00	Estimated EOY town labor related legal fees.
		01-01-114-140-236	Labor PS	01-01-114-100-124	Pension	2,929.00	Estimated EOY public safety labor related legal fees.
4/28/2015	SHarris	01-01-134-300-210	Utilities-Electricity	01-01-134-200-225	Landscape/Maint	900.00	Additional EOY for electric bills, will do landscaping after 7/1/2015.
		01-01-134-200-236	Museum Programs	01-01-134-200-222	Building Maint	570.00	Program for Middle School children, will delay maintenance item until 7/1/2015.

TOTAL \$183,372.20

BoS
5/6/2015

Attachment Item V.i.e. Transfers w/in depts BOT 5/13/15