

**EAST LYME BOARD OF FINANCE
REGULAR MEETING MINUTES
Wednesday, APRIL 11th, 2012**

Members In Attendance: Raymond Hart, Chairman
Steve Harney, Secretary
Richard Bengtson
Steve Carpenteri
Steve Kelley

Also In Attendance: Paul Formica, First Selectman
Anna Johnson, Finance Director

Absent: Lisa Picarazzi

A. Call Meeting to Order

Chairman Hart called this Regular Meeting of the East Lyme Board of Finance to order at 7:00 PM. Mr. Hart noted that they send their support to the Town of Salem.

B. Pledge of Allegiance

The Pledge was observed.

C. Delegations

Mr. Hart called for Delegations.

John Drabik, 18 Drabik Road said that the bond rating for us has dropped from double A+ to double A- which means that we owe more than we are making. He said that he sees a lot on the Board of Ed budget, Capital and Capital Improvements and that he wants them to reduce this budget to flat as they have the power to do it. He asked why they are having budget deliberations before putting the budget out to the people as he feels that if they ask the people first that they would come in with a better budget. Also, around two years ago the Town had to have a new backhoe which cost \$100,000 and they said that the old backhoe was junk surplus equipment and that they would get around \$18,000 for it. They bought a new backhoe and he said that he has seen a backhoe on the Board of Ed property and they recently said that they will put money into it to keep it going. He asked what the story is.

Karen Rak, 27 Black Point Road said that she wants to see a zero percent increase in spending. The reason is the capability of the taxpayers to pay is not increasing at the rate of the Town spending. Over an eight year period of 2001 – 2009 the per pupil spending increased by 57% and government spending increased by 43% in a 10 year time. They need to go back and look at that percentage. She said that she was surprised when going into the per pupil expenditures to find that in the past 10 years grades PK thru 8 rose by 65.5% and grades 9 thru 12 rose by 75%. Also, tax freedom day is a day that each State has where they have paid in all of the taxes for the year. In CT – May 5 is the day and once again CT is #1 with how long it takes to pay in taxes for the year. Between the local property taxes, State income tax and Federal taxes – we are getting hit pretty hard. With the CT individual income tax system the capability of the taxpayer is less and less able to support government spending.

John Drabik, 18 Drabik Road said that in the proposed budget that there are plans for the new town beach. He said that he is hesitant about that as it is not a necessity but rather a luxury. We already have two Town beaches and the new beach needs time to naturalize with the elements. This is a bigger budget with bigger spending and they have taken a lot of properties off the tax rolls such as Darrow Pond and they are considering the purchase of even more and there are less people to support the tax system.

D. Approval of Minutes

▪ Wednesday, March 14, 2012 – Regular Meeting

Mr. Hart called for a motion for approval or any changes to the Board of Finance Regular Meeting Minutes of March 14, 2012.

****MOTION (1)**

Mr. Kelley moved to approve the Board of Finance Regular Meeting Minutes of March 14, 2012 as presented.

Mr. Bengtson seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

▪ Monday, March 19, 2012 – Special Meeting

Mr. Hart called for a motion for approval or any changes to the Board of Finance March 19, 2012 Special Meeting Minutes.

****MOTION (2)**

Mr. Bengtson moved to approve the Board of Finance Special Meeting Minutes of March 19, 2012 as presented.

Mr. Kelley seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

▪ Thursday, March 22, 2012 – Special Meeting

Mr. Hart called for a motion for approval or any changes to the Board of Finance March 22, 2012 Special Meeting Minutes.

****MOTION (3)**

Mr. Kelley moved to approve the Board of Finance Special Meeting Minutes of March 22, 2012 as presented.

Mr. Harney seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

▪ Monday, March 26, 2012 – Special Meeting

Mr. Hart called for a motion for approval or any changes to the Board of Finance March 26, 2012 Special Meeting Minutes.

****MOTION (4)**

Mr. Kelley moved to approve the Board of Finance Special Meeting Minutes of March 26, 2012 as presented.

Mr. Carpenteri seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

▪ Thursday, March 28, 2012 – Special Meeting

Mr. Hart called for a motion for approval or any changes to the Board of Finance March 28, 2012 Special Meeting Minutes.

****MOTION (5)**

Mr. Bengtson moved to approve the Board of Finance Special Meeting Minutes of March 28, 2012 as presented.

Mr. Kelley seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

E. Reports

◆ First Selectman

Mr. Formica reported on the following:

- The Celebrate East Lyme Committee decided to move the event to July 21, 2012. They will still be the lead off for the OpSail event on July 6, 2012 and are still working out details and hope to encourage the businesses downtown to have a sidewalk sale event. They did not feel it was appropriate to compete with the New London Sail fest event.
- June 30 – July 1 will be the Lion's Lobsterfest and Art Show event.
- They have begun union negotiations.
- He is working on the tri-town Animal Control.
- The HR consultant is coming in with a report on how the Town looks and will speak about pay scales as well.
- He has looked at a four year average of the tax increases and they have averaged approximately 1% per year. He said that he recognizes that people have constraints and that they also expect services regardless of the economy.

Mr. Kelley asked if the extra duty services that they had set up for OpSail would change.

Mr. Formica said no as they would use them for the Celebrate East Lyme event.

◆ **Finance Director**

Ms. Johnson said that her monthly report was in their packets and that she had provided them with the Board of Ed summary as well as the regular reports. She said that she would answer any questions that they might have.

There were no questions.

F. New Business

a. Appointment of Auditor – June 30, 2012

Mr. Formica said that they have been doing well with McGladrey & Pullen and that they are in the fifth year of their contract with total fees of \$64,600 between the Town, Board of Ed and Water & Sewer.

****MOTION (6)**

Mr. Kelley moved to retain the services of McGladrey & Pullen, LLP to audit the Town's financial records for the fiscal year ending June 30, 2012.

Mr. Harney seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

b. Discussion/Action Tax Collection Suspense List 1996 – 2010 in the amount of \$27,828.51

John McCulloch, Tax Collector explained that the \$27,828.51 was for the years 2001 – 2010 and was mostly motor vehicles or people who had moved out of State or are deceased.

****MOTION (7)**

Mr. Kelley moved to accept the Suspense List as presented in the amount of \$27,828.51.

Mr. Harney seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

c. Meeting Date for Setting the Mil Rate

Mr. Hart called for discussion – noting that they have done this on the same night as the referendum, but later in the evening. In order for the Tax Collector to be able to complete his work it must be done by the first full week in June.

The consensus of the members was to hold a Special Meeting on Wednesday evening, May 30, 2012 at 6:30 PM.

d. Special Appropriation - \$17,250 – Emergency Management

Mr. Formica explained that this is set for reimbursement by the State Department of Emergency Management and Homeland Security. He said that Mr. Morris was present if they had any questions.

This would afford them a kitchen renovation, communications equipment and office supplies, an equipment storage shed and maintenance of backup generator and radios.

****MOTION (8)**

Mr. Bengtson moved to approve a special appropriation of \$17,250 and to establish budget accounts as follows: EOC Kitchen Renovation - \$5,825; Communications Equipment, Batteries and Office Supplies - \$2,750; Equipment Storage Shed - \$5,175 and Maintenance of Backup generator and radios - \$3,500 and forward to Town Meeting for approval.

Mr. Carpenteri seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

G. Old Business

a. Budget Deliberations 2012 – 2013 Budget

Mr. Hart said that they had made reductions totaling \$42,453 so far and that they had added \$15,000 for the Skateboard Park. He asked where they wanted to start now.

****MOTION (9)**

Mr. Kelley moved to open department 101 – Selectman.

Mr. Carpenteri seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

****MOTION (10)**

Mr. Kelley moved to reduce line 412 – PT Clerical by \$1000 to \$3000 as very little has been used so far this year.

Mr. Harney seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

****MOTION (11)**

Mr. Kelley moved to close department 101 – Selectman.

Mr. Bengtson seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

****MOTION (12)**

Mr. Kelley moved to open department 102 – Assessor.

Mr. Bengtson seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

****MOTION (13)**

Mr. Kelley moved to reduce line 239 – Contracted Operating Services by \$1500 to \$3800.

Mr. Carpenteri seconded the motion.

Mr. Hart asked what that line item is used for.

Mr. Formica said that the assessor picks properties for audits and that they will do \$3800 worth rather than \$5300 worth.

Mr. Hart called for a vote on the motion.

Vote: 5 – 0 – 0. Motion passed.

****MOTION (14)**

Mr. Kelley moved to close department 102 – Assessor.

Mr. Harney seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

****MOTION (15)**

Mr. Kelley moved to open department 104 – Building.
Mr. Harney seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

****MOTION (16)**

Mr. Kelley moved to reduce line 293 – Permit Refunds by \$1000 to \$3000.
Mr. Bengtson seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

****MOTION (17)**

Mr. Kelley moved to close department 104 – Building.
Mr. Harney seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

****MOTION (18)**

Mr. Kelley moved to open department 120 - Contingency.
Mr. Carpenteri seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

Mr. Kelley asked about line 500 where they are asking for \$145,000 and only \$20,000 has been spent so far this year – could it be reduced by \$10,000.
Mr. Formica said that is Contingency in the event that something happens and meant so that they do not have to take money from the Fund Balance.

Ms. Johnson updated that the balance is just about \$98,000 at this point.

****MOTION (19)**

Mr. Carpenteri moved to close department 120 - Contingency.
Mr. Harney seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

****MOTION (20)**

Mr. Kelley moved to open department 216 - Police.
Mr. Harney seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

****MOTION (21)**

Mr. Kelley moved to reduce line 313 – Uniforms by \$5,025 to \$21,000.
Mr. Bengtson seconded the motion.

Mr. Hart said that uniforms are usually a contracted item and that he thought that this reduction would put them in danger.
Mr. Formica said that it also covers replacement of bullet proof vests and that there is \$3000 in there for vests and that he is not sure if there is a lot of room in that line item with 22 officers.

Mr. Kelley withdrew his Motion (21).
Mr. Bengtson withdrew his second.

****MOTION (22)**

Mr. Kelley moved to close department 216 - Police.
Mr. Harney seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

****MOTION (23)**

Mr. Kelley moved to open department 218 – Flanders Fire Department.

Mr. Harney seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

****MOTION (24)**

Mr. Kelley moved to reduce line 220 – Vehicle Maintenance by \$1,750 to \$18,000.
Mr. Harney seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

Mr. Hart said that he thinks that there is room to cut \$5000 from line 612 – PT Firefighters.

****MOTION (25)**

Mr. Kelley moved to reduce line 612 – PT Firefighters by \$5000 to \$93,128.
Mr. Harney seconded the motion.

Mr. Formica noted that they are trying for better weekend coverage.
Mr. Hart called for a vote on the motion.

Vote: 5 – 0 – 0. Motion passed.

****MOTION (26)**

Mr. Kelley moved to close department 218 – Flanders Fire Department.
Mr. Harney seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

****MOTION (27)**

Mr. Kelley moved to open department 317 – Public Works.
Mr. Harney seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

Mr. Kelley said that line 314 – Highway OT has only spent \$26,000 so far this year.

****MOTION (28)**

Mr. Kelley moved to reduce line 314 – Highway OT by \$5000 to \$45,000.
Mr. Bengtson seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

Mr. Kelley said that he would like to reduce line 295 – the tipping fees by \$10,000.
Mr. Formica noted that is a function of the economy and how it is doing and that it is not a discretionary item.

****MOTION (29)**

Mr. Kelley moved to reduce line 295 – SCRRRA Tipping Fees by \$10,000 to \$630,000.
Mr. Bengtson seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

****MOTION (30)**

Mr. Kelley moved to close department 317 – Public Works.
Mr. Harney seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

****MOTION (31)**

Mr. Bengtson moved to open department 107 – Town Clerk.
Mr. Harney seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

****MOTION (32)**

Mr. Bengtson moved to reduce line 293 – State Fees – Marriage & Dog by \$3000 to \$8000.
Mr. Harney seconded the motion.

Mr. Formica said that dog licenses come due in June and that they are just getting into that season.

Mr. Bengtson withdrew his Motion (32).
Mr. Harney withdrew his second.

****MOTION (33)**

Mr. Bengtson moved to close department 107 – Town Clerk.
Mr. Harney seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

****MOTION (34)**

Mr. Bengtson moved to open department 127 – Board of Assessment Appeals.
Mr. Harney seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

Mr. Harney noted that they have a PT Clerical request of \$3702 and they had only spent in the previous year \$702.

Mr. Formica said that the appeals hearing from reval are done.

****MOTION (35)**

Mr. Bengtson moved to reduce line 412 – PT Clerical by \$1000 to \$2702.
Mr. Harney seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

****MOTION (36)**

Mr. Bengtson moved to close department 127 – Board of Assessment Appeals.
Mr. Harney seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

Ms. Johnson recapped that they have made cuts totaling \$68,703 so far.

****MOTION (37)**

Mr. Kelley moved to open CIP.
Mr. Bengtson seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

Mr. Kelley said that the Board of Ed has district wide parking in the amount of \$17,500 listed for the upcoming year and asked that they move it out a year as they are spending a lot now with the new athletic complex which includes the addition of 150 parking spaces.

Mr. Formica suggested that they do that when they discuss the Board of Ed budget. He noted that department 421 – Parks & Rec needs the skateboard park added.

****MOTION (38)**

Mr. Kelley moved to close CIP.
Mr. Harney seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

****MOTION (39)**

Mr. Harney moved to open 724 - Capital.
Mr. Bengtson seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

****MOTION (40)**

Mr. Harney moved to reduce line 461 – Niantic Fire Department Equipment by \$8400 to zero.
Mr. Kelley seconded the motion.

Mr. Hart said that he will recommend that they have the ambulance fund help with this.

Vote: 5 – 0 – 0. Motion passed.

****MOTION (41)**

Mr. Harney moved to reduce line 462 – Flanders Fire Department Equipment by \$5400 to zero.
Mr. Bengtson seconded the motion.

Mr. Hart said that he will recommend that they have the ambulance fund help with this also.

Vote: 5 – 0 – 0. Motion passed.

****MOTION (42)**

Mr. Harney moved to reduce line 465 – PS – Emergency Management by \$6015 to \$41,838.
Mr. Bengtson seconded the motion.

Mr. Hart said that he will recommend that they have the ambulance fund help with this.

Vote: 5 – 0 – 0. Motion passed.

****MOTION (43)**

Mr. Harney moved to close 724 - Capital.
Mr. Bengtson seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

****MOTION (44)**

Mr. Kelley moved to open 999 – Board of Ed.
Mr. Harney seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

Mr. Hart asked for an update on the reductions.

Ms. Johnson said that they had made \$88,518 in reductions so far.

Mr. Hart asked Dr. Lombardo for an update noting that the latest report that they had provided shows a \$175,000 surplus.

Dr. Lombardo said yes, he is comfortable with that projection.

Mr. Kelley said that he looks at Haynes with 23 teachers versus Flanders with 27 teachers next year and wondered why it costs just about the same to run the schools – \$2.66M and \$2.33M.

Dr. Lombardo said that he would guess that it would have to do with the salaries.

Mr. Hart said that he did not see a large savings in ground supplies with the new turf fields.

Dr. Lombardo said that they had eliminated \$10,000 with the Chem Lawn expense and another \$8000.

Mr. Hart said that he was looking to reduce the Board of Ed budget by \$350,000 and asked for thoughts on that.

Dr. Lombardo asked if the \$350,000 would include the \$175,000 that is going back.

Mr. Hart said no.

Dr. Lombardo said that Health Insurance may be able to be reduced by \$100,000 but they would not know that until May. Three teaching positions have already been eliminated in this budget. He said that he is trying his best to keep the class numbers down and that this would make it tough.

Mr. Hart said that they have made some good reductions over the years and that they have some good programs and he felt that they should be okay.

****MOTION (45)**

Mr. Hart moved to reduce the Board of Ed budget #999 by \$350,000.

Mr. Bengtson seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

****MOTION (46)**

Mr. Bengtson moved to take a five minute recess.

Mr. Harney seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

A five minute recess was taken.

****MOTION (47)**

Mr. Bengtson moved to resume discussion.

Mr. Harney seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

Mr. Kelley recapped that they had reduced the total budget by \$438,518. He said that he had looked at some figures and based an average home at \$200,000 for real estate taxes. Considering the reveal that they have just finished, he said that to stay the same the mill rate would have to go from 19.472 to 23.222. He summed up the various reductions and said that if they took \$200,000 out of the CNRE that the \$2.1M that they are looking to make up would be lowered and then proceeded to list the other reductions that had been made which would bring them to approximately a .25 of a mill increase.

Mr. Harney said that he did a similar analysis figuring that the grand list went down by 12.6% and real estate by 13.7% with a greater shift going to the commercial side. With the commercial side increasing, the increase will most likely be nothing. He said that he felt comfortable that the residential customer will be tax neutral.

Mr. Bengtson said that he came out with basically the same result as Mr. Harney had.

Mr. Hart asked Ms. Johnson about revenues and the FEMA money.

Ms. Johnson said that they submitted documentation for \$230,000 to FEMA and that they expect to get back \$180,000. They are looking to appropriate \$130,000 of that to various areas.

Mr. Formica said that they are looking to return approximately \$500,000 unspent from the budget and with the \$100,000 from FEMA, \$175,000 from the Board of Ed they would have roughly \$775,000 and they could possibly decide to split some of that out. The fund balance is currently at 7.01%. They used \$453,000 in fund balance in this year's budget. If they used half next year, that would show us in a positive light to the rating agencies.

Mr. Hart asked if there were any other revenues to project – perhaps savings in Health.

Mr. Formica said that he is hoping that Health will go down fairly significantly between the Board of Ed and the Town.

Ms. Johnson recapped that General Govt. was at \$15,300,867; Debt service at \$4,957,888; Capital at \$896,622 and the Board of Ed at \$41,305,344 for a total of \$62,460,721.

****MOTION (48)**

Mr. Kelley moved to use \$240,000 from fund balance and add it to revenues.

Mr. Bengtson seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

****MOTION (49)**

Mr. Bengtson moved to reduce PILOT revenue by \$206,000.
Mr. Carpenteri seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

****MOTION (50)**

Mr. Kelley moved to increase the Board of Ed ECS revenue by \$20,031 from \$7,100,611 to \$7,129, 641.
Mr. Bengtson seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

****MOTION (51)**

Mr. Harney moved that the Board of Ed budget is now at \$41,305,344.
Mr. Carpenteri seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

****MOTION (52)**

Mr. Carpenteri moved that the Capital budget is now at \$896,622.
Mr. Harney seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

****MOTION (53)**

Mr. Bengtson moved that the General Government Budget is now at \$15,300,867.
Mr. Carpenteri seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

H. Public Discussion

Mr. Hart called for Public Discussion.

Karen Rak, 27 Black Point Road said that she would hold off on talking about the overall budget as she wanted to talk about the process. The Board of Finance does not have line item discretion on the Board of Ed budget – they are to look at the bottom line and make that decision only. Then, the parents and concerned citizens can go to the Board of Ed with where they want to make cuts. She said that she does not think that it is fair that the Board of Ed was here and able to speak and treated differently than other departments. She lastly said that while she knows that Mr. Formica brings the budget information to the Board of Selectmen and that he provides valuable information and insight that he is not a member of the Board of Finance.

I. Board Comments

Mr. Hart asked that the meeting that would have been held on Monday evening, April 16, 2012 had they not completed budget deliberations be cancelled.

J. Adjournment

Mr. Hart called for a motion to adjourn.

****MOTION (54)**

Mr. Kelley moved to adjourn this Regular Meeting of the East Lyme Board of Finance at 9:13 PM.
Mr. Harney seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary