

**EAST LYME BOARD OF FINANCE  
REGULAR MEETING MINUTES  
Wednesday, SEPTEMBER 9th, 2009**

Members In Attendance: Steve Larcen, Chairman  
Jeff Langan, Secretary  
John Birmingham  
Jill Carini  
Bob Jones  
Allan Taylor

Also In Attendance: Paul Formica, First Selectman  
Anna Johnson, Finance Director  
Mike Giannattasio, Public Works Director  
Dave Putnam, Parks & Recreation Director  
Jeff Alberti, Weston & Sampson

Absent: No One

**A. Call Meeting to Order**

Chairman Larcen called this Regular Meeting of the East Lyme Board of Finance to order at 7:00 PM. He noted that Mr. Taylor would be along shortly. (Mr. Taylor arrived at 7:10 PM)

**B. Pledge of Allegiance**

The Pledge was observed.

Mr. Larcen asked that they make a motion to add 'Discussion of the Governor's Budget and the Impact on the Town' to the agenda as Item c. under New Business.

**\*\*MOTION (1)**

Ms. Carini moved to add 'Discussion of the Governor's Budget and the Impact on the Town' to the agenda as Item c. under New Business.

Mr. Langan seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

**C. Delegations**

Mr. Larcen called for delegations.

Kevin Seery, Board of Education Chairman presented the members with an updated outstanding encumbrances report and gave a recap. He indicated that he felt that it is safe to consider that \$100,353 could be returned to the Town.

Mr. Langan asked about the \$1.3M and how much of it was for items outside of the budget.

Mr. Seery said that there was little that was not supposed to be in the current budget and explained the items that were needed such as the chairs for the library.

Mr. Taylor said that he thought that encumbrances were those items that were purchased but not paid for yet.

Mr. Seery said that he thought that they were items that were to be purchased but that do to hit until after July 1.

Mr. Taylor said that he asked because the 7/10 Payroll should include dates to 6/30 and asked that they check into that.

Mr. Seery said that he would.

Mr. Birmingham asked about the balance to be paid figure of \$206,093.

Mr. Seery said that he is not sure of all of the items inclusive there however; they are inclusive in the listing. The actual figure may not come to that he saw items that \$206,093 figure.

Mr. Larcen asked Mr. Seery to address the capital leases as he had sent him a memo on it requesting clarification.

Mr. Seery said that they have not had a Board meeting yet however; he does know that it does not apply to the solar panels as they own them after 20 years as they are paying to purchase electricity. The leases do apply to the copiers and vehicles and Mr. Meltabarger is doing research now on it and he would provide that information as soon as it becomes available.

## **D. Approval of Minutes**

### **◆ Wednesday, August 12, 2009 – Regular Meeting**

Mr. Larcen called for a motion for approval or any changes to the Board of Finance August 12, 2009 Regular Meeting Minutes.

Ms. Carini asked that on Page 4 where Ms. Johnson is speaking at the top of the page that the word 'tanked' be changed to read: 'thanked'.

### **\*\*MOTION (2)**

Mr. Langan moved to approve the Board of Finance Regular Meeting Minutes of August 12, 2009 as amended.

Ms. Carini seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

### **◆ Wednesday, August 26, 2009 – Special BOS & BOF Meeting**

Mr. Larcen called for a motion for approval or any changes to the Board of Finance & Board of Selectmen Special Meeting Minutes of August 26, 2009.

Mr. Larcen said that he thought that on the top of Page 3 that the estimate that they were speaking about was for a 50,000 sq. ft. building rather than a 30,000 one and asked that it be changed to reflect that.

### **\*\*MOTION (3)**

Mr. Langan moved to approve the Board of Finance & Board of Selectmen Special Meeting Minutes of August 26, 2009 as amended.

Ms. Carini seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

## **E. Reports**

### **a. First Selectman**

Mr. Formica reported the following:

- The State Budget Impact – with the Governor's non-signing of the budget that they had gained \$100,000 for the federal PILOT. He thanked Representative Jutila for his hard work on this.
- He commended the Town Department Heads for coming together with their budgets and cost savings to insure that there would be a surplus
- He said that there are a number of committees on-going – the Pension Committee is moving forward and the Vision Committee will meet soon

- The Streetscape Project is starting the week after next and this project came in under the STEAP Grant budget of \$400,000
- The Niantic Rotary is making a sizeable donation of \$25,000 to \$27,000 to do the paved walkway and he suggested that they call it 'Rotary Walkway'.
- Amtrak has entered a public comment period – he said that he would forward them the link for their consideration
- Regarding further litigation – he said that he hopes that there won't be any however it is something that cannot ever be ruled out
- They started a Music Concert Series on Saturdays from 5 PM to 7 PM at the Pavilion behind Town Hall and he hopes that it will be the start of an expanded concert series next year
- He said that he received a question regarding the Annual Report and noted that it is under the charge of the Board of Finance and they should be working on it

**b. Finance Director**

- **FY 2009 Preliminary Report**

Ms. Johnson said that she would go over her August 2009 month end report first.

Mr. Taylor noted that 20% of a budget being spent by the BOE is a huge amount for so early in the fiscal year and asked that it be checked on. He also said that the investment income for the month of August does not seem right at \$16,000 versus only \$2000 for the month of July. He asked Ms. Johnson to check on it.

Ms. Johnson said that she would.

Mr. Langan asked why \$2.8M was spent this year through August versus \$2.2M in the last fiscal year through August as it seemed like a large increase.

Ms. Johnson said that she did to have a reason for it.

Mr. Larcen noted that conveyance taxes and building permits are running close to projection.

Mr. Taylor noted that in the 2009 preliminary report that there is \$32,000 to the positive without using the fund balance.

Mr. Larcen asked Ms. Johnson to get the fund balance percentage based upon not using the \$350,000. Mr. Taylor noted that he would like to see, and they are supposed to be getting the fund balance update each month in the monthly report.

- **Town and BOE Encumbrances FY 2009**

Ms. Johnson said that Mr. Seery had previously discussed the BOE encumbrances and that she had provided them with information on the Town items and that she would check into some that appeared to have been around for some time and determine the current status.

Mr. Langan said that currently it looked like they are encumbering the utility items for the whole year and this does not allow them to monitor the line items as the year progresses.

Ms. Johnson said that they do that and write purchase orders off of it when the billing comes in and that the auditors had recommended that it be done in that way.

Mr. Larcen asked that they find a way to meet the auditors' needs with the purchase orders and to also provide them with information that will more accurately relay the use of the line item percentages during the course of the budget year so they can see the year to date usage.

- **Follow-up on Informational Items**

Ms. Johnson next addressed the Open Items List. (Copy attached)

Mr. Taylor said that for Item 13 that he is concerned that not all of the Board of Ed accounts are maintained on our system and that this was something that the auditors had brought up also. For them to say that they will track it on their system is not what the auditors asked for.

Mr. Larcen said that he does feel that Mr. Taylor is correct as the auditors did bring this up as a finding.

Mr. Jones suggested that they take this up with the auditors when they come out in the next few weeks to meet and get started and see what they have to say.

Mr. Formica suggested that they could send a member from their Board to meet with the auditors.

Mr. Larcen thought that was a good idea and Mr. Taylor volunteered to be the representative Board of Finance member who would attend the meeting with the auditors.

Mr. Langan said that he would update the list and have it for the next meeting of the Board.

## **F. New Business**

### **a. Discussion and possible action to carry-over remaining balance in the Amount of \$1,527 National Fish & Wildlife Grant from 2009/09 to 2009/2010 for the Storm Water Monitoring Equipment at HIW**

Mr. Larcen called for a motion.

#### **\*\*MOTION (4)**

Mr. Taylor moved to approve the carry-over of funds in the amount of \$1,527 in account 9-01-70-725-105-001 (HIW Storm Water Monitoring Equipment) from the 2008/09 fiscal year to the 2009/2010 fiscal year.

Mr. Jones seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

### **b. Discussion and possible action to approve Appropriation for Acquisition of Properties and to Issue bonds**

Mr. Larcen asked Mr. Formica to comment.

Mr. Formica noted that the Board of Selectmen had moved to send this forward to them in a unanimous vote earlier this evening. He synopsized the Colton Road and Capitol Drive property noting that many of them had been on the tour in late August of the facilities and equipment that would benefit from the purchase of this property. The Board of Selectmen had discussed this in Executive Session and determined that they wanted more information on the retrofit aspect. He went over some of the numbers and said that it seems that they have the perfect storm of events here – between a bad economy, our own debt reduction, the low cost of borrowing money and our working together and good fiscal management to be able to do this.

Mr. Giannattasio explained that they had looked at this building before and that when it truly became available, they had Mr. Alberti from Weston & Sampson take a look at it over the last few days. He said that Jeff has been in the business for 17 years and has worked for many Towns doing exactly what he was asked to do here. He will present a Power Point presentation on this building and his findings and answer any questions they might have.

Jeff Alberti, Weston & Sampson said that he has worked in this field for many years and greatly enjoys evaluating and retro-fitting buildings for the various needs of the Towns that they are asked to service. He went through the Power Point presentation (copy attached at end of minutes) explaining that he first determined what the Town Department of Public Works does, what they have now and what their needs are. He noted, among other things that pre-engineered metal buildings are cost-effective and that this building has the advantage of having a fully insulated metal siding wall and roof system with interior

liner panel and adequate interior height for mezzanine and vehicle lifting. With respect to some disadvantages he cited the interior columns pose potential conflict, no internal floor drains and the 6" slab-on-grade with heavy equipment traffic may result in a reduced service life of the slab. He explained that the cost of purchasing property and constructing a new building would highly exceed the cost of this building and its retrofit and added that many Towns do exactly what they are considering here.

Mr. Taylor asked about the slab floor maintenance and when and if it would be necessary to cut out areas in the future if there would be problems with the adjacent areas.

Mr. Alberti said that he does not anticipate replacing certain areas being any problem and added that with the boring samplings they could determine the PSI and characteristics of the concrete and that he would suggest having it done at the outset if they decide to purchase the building.

Mr. Larcen asked what type of numbers they would be talking if they found that the base is substandard.

Mr. Alberti said that they would have to determine from the borings what needed to be done and go from there.

Mr. Giannattasio noted that they would know this prior to any purchase.

Mr. Larcen asked about the aisles.

Mr. Giannattasio said that the aisle width is approximately 6000 sq. ft. and takes up a little over 20% of the space. The Town owns approximately 100 pieces of equipment and they would need to park 40 in this building and it can park 42 vehicles.

Mr. Larcen asked the type of vehicles that would be parked in this building.

Mr. Giannattasio said it would take the pick-ups, trailers, dump trucks and plows, mid-size trucks, sweeper and the automated garbage trucks. The old garage would be used for other storage and for the old backload garbage trucks.

Mr. Larcen said that he is impressed that they can get 40 vehicles into the facility. He then asked if the 'wash area' is the same area where they proposed storing the automated garbage trucks.

Mr. Giannattasio said yes.

Mr. Jones asked if the salt shed is staying where it is.

Mr. Giannattasio said that he thought so along with the current fuel facilities as that is an expensive project.

Mr. Birmingham asked how they would protect the columns from being hit.

Mr. Alberti said that with 6' to 8' bollards that are affixed to the floor. He noted that typical stalls are 12' which includes the vehicle and walk path. He said that of the facilities that he has seen that this is certainly one of the better ones.

Mr. Taylor asked Mr. Alberti if new buildings of this size would be \$6M.

Mr. Alberti said yes they would without the land and that with the land they would be around \$8M.

Mr. Larcen asked about the roof repair on the old facility.

Mr. Giannattasio said that they would defer that for right now.

Mr. Langan asked for a comparison of the anticipated operation costs including the operational expenses of the old facility.

Mr. Alberti said that there are a number of factors that they would have to have in order to project this.

Mr. Giannattasio noted that they have been shown operational savings with the cost of fuel in the start ups of the vehicles.

Mr. Birmingham asked if the Board of Ed rental of trailers would go away.

Mr. Larcen said that he thought that was unclear since the Board of Ed sent mixed messages on what they actually use them for as some are for off season storage of program equipment and supplies.

Mr. Formica went over the debt amortization schedule noting that debt service is scheduled to decrease by 12% next year and that with this project and the other capital projects that it would still decrease by 7%. He said that with the low cost of borrowing and the opportunity that a bad economy has presented them with, that he views this as the perfect storm.

Mr. Larcen asked Mr. Formica if he understood correctly that the proposed purchase would hopefully not push them to a tax increase, although other things that they are not now aware of might. Mr. Formica said that this is a long-term vision that allows them the opportunity to take advantage of a bad economy and to improve our infrastructure. He noted that the taxes generated on this property are approximately \$25,000 and that he thinks that our savings will more than compensate for the loss in taxes.

Ms. Carini asked if the Vision Committee has weighed in on this project. Mr. Formica said no as they have not met yet. They will meet for the first time on September 23, 2009 at 7 PM. There are many people who have indicated that they are interested in serving on this committee and once they settle into groups, this will be in that mix at some point in time.

Ms. Carini asked if this could be delayed to get the Vision Committee's feedback. Mr. Formica said that realistically the building would not wait for them for that long.

Ms. Carini asked what the seller's expectations of closure are. Mr. Formica said that he would anticipate that it would take 30 days to close.

Mr. Larcen asked if they have a purchase agreement. Mr. Formica said that they have a handshake.

Ms. Carini said that tonight she feels like she is being rushed without being able to study the presentation.

Mr. Langan said that he wants to understand why they form a Vision Committee to study the buildings in Town and then do not let them review this. Mr. Formica explained that they did not go looking for this building; it just came across his desk.

Mr. Larcen said that the CIP Plan for the old buildings' improvements were to be \$2M over 2011 and 2012 and that here with the \$2.9M they are asking to escalate the money by \$1M upfront. He said that his concern is with how this stacks up in CIP importance with the other items as \$3M is a significant outlay when looking at the list and he is not certain that he wants to commit to further the indebtedness of the Town. Mr. Formica said that he would prioritize this project and the road project.

Ms. Carini said that they have the Center School that is dilapidated and they go and buy a building for \$3M – she asked: how do you answer the people who come asking about purchasing this building versus education. Mr. Formica said that the school community has benefitted greatly over the investments that have been made in our schools. One of the basic reasons for the establishment of the Vision Committee was to study the curriculum of the declining schools. Also, the likelihood of finding a building to move a school into is next to nil.

Mr. Jones said that he has been on the CIP Committee for eight to nine years now and they push things off that we cannot afford or the Board of Finance pushes it off because of the taxes and things do not get done because we never seem to be able to afford them. Over the past two years they have had good CIP meetings and there is a lot of background work being done so that answers can be brought forward. This first came up in July at a CIP meeting and there was some good discussion on it and the Vision Committee becomes another avenue to back up on and have people involved in the CIP process.

Mr. Taylor said that he thinks that this is one heck of a good deal – spend \$8M to \$9.5M to build a new building versus \$2.9M.

Ms. Carini said that she thinks that it is a good deal but she is worried about next year and all of the leveraging of America that is going on.

Mr. Formica said that he is not rushing this, he is just asking them to do their due diligence.

Mr. Larcen said that he likes the rapport that they have going and that he would be willing to hold a special meeting as soon as they have done their due diligence and looked at the back-up detail. He said that he would like that information to be provided to them.

Mr. Taylor said that he takes issue with this as they treat the Board of Ed requests for items and money a lot differently than this. They ask and they are given what they want – he said that he wants to know why.

Mr. Larcen said that he has trouble approving something for \$2.9M with an estimate of over \$3M and that he thinks that it is important to know the figures that they are dealing with.

Mr. Formica said for the record that he is not pushing them to act now on this and that if they want to meet next week prior to the Board of Selectmen meeting so that they can have the time to review the information. He explained the wildcard \$383,000 in the resolution which could be used for the purchase of the boilers for the school and if not necessary in the event that other funding is found, it could be used for this project.

Mr. Larcen asked Attorney O’Connell as to why the estimated capital cost is higher than the bond amount of \$2.9M. He said that he does agree with Mr. Taylor that they can authorize the \$2.9M and then they would have to come back for any additional funds to be authorized.

Mr. Formica said that this is an opportunity to get the Public Works identity in place.

Mr. Langan said that he is looking for a pretty good estimate on what the cost to operate the building would be and what the savings would be.

**\*\*MOTION (5)**

Ms. Carini moved to schedule a Special Meeting on this item within three days of receipt of the PowerPoint presentation package.

No second – Motion dies.

**\*\*MOTION (6)**

Mr. Jones moved that they accept the opportunity to get this building and property in the amount of \$2.9M.

No second – Motion dies.

Mr. Larcen said that they would hold a Special Meeting on Monday September 14, 2009 at 6 PM to discuss this further as they would be receiving the PowerPoint presentation and additional information prior to the weekend.

**c. Discussion of the Governor’s Budget and the Impact on the Town**

Mr. Larcen said that due to the lateness of the hour that they would discuss this at a future meeting.

**G. Old Business**

**◆ Sub-Committee Report: Financial Policies**

Mr. Langan said that he did not have a report but would have one for their next meeting.

◇ **Discussion on management Comments of the 2007/2008 Audit**  
This was previously discussed.

◇ **Communication with Board of Education – re: Capital Leases**  
This was previously discussed with more information to come.

#### **H. Public Discussion**

Mr. Larcen called for Public Discussion.

Due to the lateness of the hour, there were none.

#### **I. Board Comments**

Mr. Larcen called for any comments from the Board.

Due to the lateness of the hour, there were none.

#### **J. Adjournment**

##### **\*\*MOTION (7)**

Mr. Birmingham moved to adjourn this Regular Meeting of the East Lyme Board of Finance at 10:42 PM.

Mr. Jones seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,  
Recording Secretary