

BUDGET REVIEWS / DELIBERATIONS Monday, APRIL 6th, 2009
EAST LYME BOARD OF FINANCE
SPECIAL MEETING MINUTES

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

Also In Attendance: Paul Formica, First Selectman
Anna Johnson, Finance Director
Michael Giannattasio, Director of Public Works
Paul Smotas, Superintendent of Schools
Kevin Seery, Board of Ed Chairman
Paul Freeman, Don Meltabarger, Nancy Burdick, EL Schools
Tim Hagen, Chair of School Budget Committee

Absent: Jill Carini

A. Call Special Meeting to Order

Chairman Larcen called this Special Meeting of the East Lyme Board of Finance to order at 6:35 PM. He noted that Ms. Carini would not be present this evening as her father had passed away. He extended condolences to her and her family.

B. Pledge of Allegiance

The Pledge was observed.

C. Delegations

Mr. Larcen called for Delegations.

Mike Schulz, Lovers Lane said that he is hoping that they will be informed of what, if any, concessions will be made by the Town and Board of Ed union and non-union workers as some of the percentage increases are like falling into a big black hole. For example, in Step 10 to 11 for Town Maintenance Staff – there is a \$3700 increase, and in Step 10 to 11 for the Town Secretarial staff there is also a \$3700 increase. On the school administrator side there are \$5000 increases and a teacher easily gets a \$3900 increase; while Step 10 to 11 teachers get \$7500 increases. He said that the taxpayers simply cannot afford these increases and is asking for reasonable givebacks/concessions to be made by the unions or to – let the lay-offs begin!

D. Old Business

a. Public Works (317) – Mike Giannattasio, Director of Public Works

Mr. Giannattasio said that they had a question about the overtime for Building Maintenance and that he has checked the overtime numbers and feels that they should stay as they have a plan unfolding. He said that the \$13,500 would be a bit under what would be necessary with the increases in wages. He also noted that they would leave the telephone and utilities line items where they are as they are running pretty close now.

Mr. Taylor asked how much we are paying per kWh under the contract.

Mr. Formica said that it is 12¢ per kWh and that the contract is with Trans Canada. He noted that the contract was signed before his time and that it remains in effect through 2012; longer than he had

expected it to be. He said that he is looking into it to see if there is a way for the time to be reduced.

◆ **Information on SCRRRA**

Mr. Giannattasio said that he still thinks that the \$190,000 is on target for recycling and misc. disposal. He said that they could reduce line 222 by \$20,000 to \$170,000 and line 295 – SCRRRA could be reduced to \$725,000 from \$750,000. He noted that line 296 – Bulky waste has gone down rather than up and would recommend a \$50,000 reduction in that number although there should be a bit more revenue. He said that he would recommend lowering the streetlights line item only by about \$3000 as the bills are lagging and the figures stay close to what is being requested.

Mr. Larcen said that they would get the figures from Ms. Johnson on Wednesday.

Mr. Giannattasio said that the SCRRRA MSW minimum tonnage was 7250 in the 1990's and that they are hauling over 8000 tons so they do not have to worry about not meeting the minimum as it won't go back that low.

◆ **Single Stream Recycling Program Presentation**

Mr. Giannattasio explained that it is a State Law that they have to recycle certain materials and that they have been doing it for years. The tipping fee is \$60 per ton for solid waste and the recycling brings in some revenue to offset the tipping fee. With this system, a transportation reduction would result in reduced hauling fees although right now due to the economy and market; they are at a negative on recyclables whereas last year and in previous years, they were showing some of the highest revenues. But, if they continue to increase the recycling numbers, the payback to the program is significant. Recycling materials have to be taken out of the solid waste stream. Single stream recycling means that a resident would no longer have to sort recyclables from the regular trash and that they would compact it here and sell it to a middleman who would sort it and pay us back (albeit at a lower rate) so that we would not have to make as many trips hauling trash.

Mr. Larcen asked about the capital that is being presented with this budget and what is in the capital plan for this. He said that there is \$110,000 there and asked if that is for trucks.

Mr. Giannattasio said that the single stream system would require a truck and carts and that it would annually cost approximately \$86,000.

Mr. Larcen asked if the number necessary to fund the single stream system is included in the capital budget that they are reviewing.

Mr. Formica and Ms. Johnson said yes.

Mr. Larcen asked how long it would take to implement the program.

Mr. Giannattasio said that it would take at least six months but the recycling 'bump' would take some time to see.

Mr. Larcen said that if there is a projected savings to the capital that could be realized that he would like to see it in this budget.

Mr. Giannattasio said that every one is moving in this direction however there is no real benchmark number to base it against as it is new and the benchmark has not yet been set. He said that he would give them more information when they discuss capital.

b. Board of Education – Updates – Kevin Seery, Paul Smotas, Paul Freeman, Don Meltabarger, Nancy Burdick, Tim Hagen

Mr. Seery noted that Mr. Meltabarger was passing out information with the answers to the questions that they had previously asked at the meeting on March 31, 2009 and that they would go over them and answer any other questions that they might have. (No copies were submitted for attachment here)

Mr. Taylor asked why they have an Aramark person at \$49,500 who answers phone calls.

Mr. Seery said that they are a contract service and that they do other things besides answering the phone.

Mr. Meltabarger said that there are work and purchase orders and software for the heating systems within the rooms that this person must follow-up on also. He said that one person is eliminated and that they will have one who will be a facilities supervisor.

Mr. Taylor said that they have four maintenance people at \$199,000 which is approximately \$50,000 each – he asked who they report to.

Mr. Meltabarger said that they will report to the facilities supervisor who in turn will report to him.

Mr. Smotas went through the revenues / profits / loss and clearing accounts for the schools and noted that the money does go to pay for the program supplies and items such as yearbooks. He also said that the auditors do audit these funds on a yearly basis.

Mr. Meltabarger noted that they had submitted a budget showing a 1.85% increase for salaries only and that it would have been a 5.83% increase if the staff that is gone was put back into this budget. He said that this was meant to show the comparison of - with and without savings.

Mr. Smotas said that regarding administrative increases that Mr. Meltabarger had been increased from a .8 position to a 1.0 position and that Mr. Freeman has given up his raise.

Mr. Taylor asked if they were to understand that all of the others have been asked to give up something and that the answer was no.

Mr. Seery said no. What it means is that the Board has not had any meetings with any collective bargaining units or amongst themselves as Board members. He explained that they as a Board would have to meet first; in Executive Session and that he cannot speak for all ten of them.

Mr. Taylor said that this has been bounced around for some two to three months now and asked if he could say that it would be on an upcoming agenda – possibly next week?

Mr. Seery said that it would be discussed but that he could not promise that it would be next week.

Mr. Langan asked about the SPED Administrative Director vacancy and if there could be any savings there.

Mr. Seery said that it is still open (\$128,000).

Mr. Larcen asked if they freeze the pay rate.

Mr. Seery said that in the contract it is stated that they could pay 90% of the \$128,000.

Mr. Seery explained the electricity commitment with the solar panels. He said that it is 12¢ per kWh and that they would pay \$1 after 15 years and own the solar panels – which – at that time should still be operating at 85% efficiency so they would still benefit from them. He added that there is also a savings in not having to transport the electricity through CL&P lines – as it is direct from the panels to the building.

Mr. Taylor noted that in the contract it stipulates that you give and also get something - they pay the 12¢ per kWh – will they repair any roof damage that could potentially occur during the 15 years.

Mr. Seery and Mr. Meltabarger said that they were told that the panels would not have any adverse impact on the roof warranty.

Mr. Birmingham asked who would resolve a dispute on what caused damage to the roof if any should occur.

Mr. Seery and Mr. Smotas said that they have a 20 year roof warranty and that they would have to repair it and then go after whom or what had caused the problem. The contract is explicit on this.

Mr. Taylor asked about a math specialist who does not teach.

Mr. Smotas said that he is a co-teacher who models teaching curriculums with the teachers.

Mr. Smotas said that they have 280.9 teachers today and that they have budgeted for 273.4 teachers for the next fiscal year.

Mr. Larcen noted that it appears that 40% of the teachers are at the maximum scale and that the remaining 60% are moving throughout the scale with only 57 in Steps 1 through 4.

Mr. Freeman explained that 18.5 of the 280 teachers are out on an average day and that they maintain a listing of 126 substitutes on a roster that they call from to fill the positions that are absent. In a snap shot version of this – in 10 days they had the need for 185 substitutes.

Mr. Taylor said that they are running at around 6% absenteeism per day and asked if that is high.

Mr. Smotas said that it is actually low in comparison with other districts.

Mr. Taylor asked how many hours a 'greeter' would have to work to be classified as full time.
Mr. Smotas said that it would be 30 hours and added that there isn't anyone working that many hours as a 'greeter'.

Mr. Taylor asked if a full time employee is someone who works 30 hours.
Mr. Smotas said that it depends upon the bargaining unit.

Mr. Smotas said that they had recently learned that the Health increase could be held to zero which would realize savings.

Mr. Birmingham asked if they had asked the employees to pay more into the health plan.
Mr. Seery said that some will go up to 16% co-pay and the rest will have to be dealt with through the collective bargaining process when the contracts come up. He noted that they would be working on new contracts for the FY 2010-2011 year and that discussions would start this summer.

Mr. Smotas explained that with respect to SPED that they have to spend the first \$56,000 on each student before they can get the excess cost reimbursement.

Mr. Taylor asked if the cost of the building could be included in the computation of the \$56,000.
Mr. Smotas said no.

Mr. Meltabarger said that they used 57,000 gallons of diesel fuel last year and 4,000 gallons of regular fuel.

Mr. Formica said that they locked in a price on diesel that is good through September and then they will work on going forward from September. They are expecting that the price should be lower than anticipated.

Mr. Larcen said that he saw that the school is targeted to get \$345,000 under the stimulus plan.
Mr. Freeman said that they have to be careful that they know the caveats that go with this and that it does not supplant other monies. He wants to get a complete and full understanding of this money and how it can be used before moving forward.

Mr. Larcen thanked them for the thorough response to their questions.

c. Update on Revenue Estimates, Grand List Adjustments

Mr. Larcen suggested that they postpone discussion here and that they discuss this at their Regular Meeting on April 8, 2009.

d. Other Outstanding Information

Mr. Langan cited the four items that he had compiled from this evenings discussion – electricity usage information, school revenue accounts information from the auditors; contract services and HVAC controls.

e. Audit – Scope of Work / Discuss Resources Required

Mr. Formica said that they have been trying to get their arms around the audit and that they met again this past Friday with the auditors and have come up with a different game plan to get it done. He said that it was his intent not to get the auditors involved in this process even though in other years they did utilize some additional assistance. He noted that he had provided them with a cost analysis of the additional assistance that was utilized from 2003. At the meeting on Friday, it was discussed utilizing the auditors to help get this behind them. He said that this evening he was asking about the possibility of using the auditors for two or three days at eight hours per day at a cost of \$100 per hour to get this audit information processed. He said that Scott Bassett from McGladrey Pullen was present and would update them on where they currently stand.

Mr. Bassett summed up that they have had numerous talks about the process and that he thinks that they need the help getting the numbers in a form that will get them ready and enable them to complete the process. The numbers which are based on the work and information that the Town employees did, will be what will be used and will remain their own – what they would be helping with is getting them into a format so the audit can be completed.

Mr. Larcen asked if it is Mr. Bassett's estimate that the two to three days will get them to where they need to be to get this done.

Mr. Bassett said yes and that he has based this estimate on the work that they have done today. He said

that if it looked like it would take longer that he would let them know before they went any further on it.

Mr. Taylor said that they need to know where the problems lie – from the bank reconciliations of this year or from previous years.

Mr. Bassett said that as part of their report and findings that they will inform them of the controlled deficiencies and give them notices of delays. It appears that it is a day to day control weakness on reconciliations and while they probably could have pushed through it, they need to get this done. He said that once the format processes are put in place that he thinks that this should not be happening next year. Once they have a format, the process can be streamlined going forward. He said that he wanted it to be understood and clear that they would be auditing numbers that are done by the Town and that they would not be creating any numbers.

Mr. Larcen asked if this was just to inform them of the prospective work that needs to be done – Mr. Jones asked how many hours they anticipate this taking and how much money they anticipate spending.

Mr. Formica said that it would be one person for three days at eight hours per day which is 24 hours at \$100 per hour or approximately \$2400.

Mr. Larcen asked if that is the figure or if it is going to change once they get started on this.

Mr. Jones said that he would be willing to make a motion to approve spending \$2400.

****MOTION (1)**

Mr. Jones moved to approve having the auditor come in to work with the Finance Department to get the audit information compiled for three, eight hour days (24 hours total) at a cost of \$100 per hour (\$2400).

Mr. Birmingham seconded the motion.

Mr. Langan asked what the new anticipated date of completion was.

Mr. Bassett said that he was working towards the end of April.

Mr. Formica said that this Board would be holding their Public Hearing on the budget on April 27, 2009 and that he has requested that the audit be completed the Friday before that – April 24, 2009.

Mr. Bassett said that they should have a draft of the General Fund balance for the 4/24/09 date and that should give them the information that they would need.

Mr. Langan said that he would like to hear a firm commitment on a date that they would have the information as they need it to do their deliberations and; before approving any money for this extra help. He said that he is not comfortable approving money for work that does not have a firm completion date attached to it.

Mr. Formica said that he has said the exact same thing to Mr. Bassett and that he has also said it to Ms. Johnson that he cannot hear the 'can't have; I can't; I think we might, or the maybes anymore – they have to have definitive information and move forward on this and get it behind them.

Mr. Langan asked Mr. Bassett if this will get them where they need to be.

Mr. Bassett said that he cannot commit until they get in and work with the numbers – then he will see where they stand and what they have. This is his best estimate with what he has seen so far.

Mr. Taylor said that he is hearing that they are not sure until they see the numbers – he suggested that if they find that they need more money that perhaps they should put it there now so that they can get this done and put it behind them.

Mr. Jones said that he has been biting his tongue on this for a year now and that he feels that the Finance Director should have been able to do this and if not, to let them know before now. However, he said that he agrees that they need to move forward and get this done. He asked Mr. Bassett if he thought that they would need two auditors to work on it instead of the one and if that would help move the process along. Mr. Bassett said that if they do put another person on it that they could move it along better.

Mr. Jones asked Mr. Bassett for a number cost wise to get this done.

Mr. Bassett said that he really could not say but – once they start to work on it, he could email them with the information of where they stand for the Wednesday evening meeting (4/8/09) and could then give them a better estimate. He added that he wanted it to be made clear that they have not found any material errors and that they are just trying to put the information together. They will put two people on it

for Tuesday (16 hours) and Wednesday (16 hours) for 32 hours total and a cost of \$3200 and will let them know on Wednesday where they stand. He said that he would expect that it should not cost over \$6000.

Mr. Larcen asked their pleasure, if Mr. Jones and Mr. Birmingham would like to amend their motion or scratch it and wait until Wednesday evening when they have more information –

Mr. Jones said that he wanted to amend his MOTION (1) to state:

****MOTION (1) Amended**

Mr. Jones moved that they retain the services of accountants from the auditors to work on the audit at a fee of \$100 per hour for a period of time not to exceed \$6000 in cost.

Mr. Birmingham amended his second to accept these changes to the motion.

Vote: 5 – 0 – 0. Motion passed.

Mr. Bassett said that he would see that they receive updated information for their meeting on Wednesday, April 8, 2009.

Mr. Larcen thanked Mr. Bassett for coming and updating them and said that he would look forward to the report on where they stand, this Wednesday.

E. New Business

a. Budget Deliberations – Begin Discussion

Mr. Larcen said that due to the lateness of the hour that they would begin this discussion at their Regular Meeting on April 8, 2009.

F. Public Discussion

Mr. Larcen called for any comments from the Public.

There were none.

G. Board Comments

Mr. Larcen noted that they would be going into Executive Session to get an update on the Collective Bargaining Negotiations.

H. Executive Session – Update on Collective Bargaining Negotiations

****MOTION (2)**

Mr. Langan moved to enter into Executive Session at 9:59 PM for the purpose of receiving an Update on the Collective Bargaining Negotiations; with Paul Formica, Anna Johnson, Kevin Seery and Tim Hagen invited to stay and join them.

Mr. Birmingham seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

****MOTION (3)**

Mr. Taylor moved to exit Executive Session at 10:41 PM and return to Regular Session with No Action Taken in Executive Session.

Mr. Jones seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

I. Adjournment

****MOTION (4)**

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

Mr. Langan seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary