

**SPECIAL MEETING MINUTES BUDGET DELIBERATIONS Tuesday, APRIL 14th, 2009
EAST LYME BOARD OF FINANCE**

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
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: No One

A. Call Special Meeting to Order

Chairman Larcen called this Special 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. Larcen called for Delegations.

Robert Gadbois, 358 Boston Post Road said that he attended the last Board of Finance meeting and was shocked to hear what was said there. Mr. Formica and the Town have worked hard and the Town side of the budget has been cut to bare bones – they have come in with a zero increase and they should not be cut any further.

Mike Schulz, Lovers Lane said that he had been there to speak on several occasions and addressed the wage increases which range from \$3700 to \$7000. They are also looking at some 150 to 200 less students in the schools and that has a dollar value of \$1.8M - \$2M. The Town has bonding debt of some \$55M and the taxpayers are still paying on that. You are \$1.7M short now and it is time to cut the school budget.

Chris Discordia, 2 Walnut Hill Rd. said that he is addressing them as a resident, former student and now a teacher and urges them to approve the current Board of Ed budget as it is presented as it already includes cutting seven teaching positions and cutting more would have a detriment on the quality of education. He said that he found that the schools have a high quality of education and that he came through the education system and is now teaching with some of the people who were his teachers. He teaches third grade at Niantic Center School and said that the academic expectations have changed since he was a student. He has a class of 17 students and this allows more one-on-one time with them. More lay-offs means larger class sizes and each student won't get the attention that they do in the smaller class sizes and some will fall through the cracks without that attention. They have to value the academic excellence in this Town and support it.

Amelia Quinn, 14 Sunrise Drive said that she came with two fellow members of the Niantic Center School staff and that they are not only staff in the school but taxpayers in the Town. She said that the Board of

Finance is entrusted with determining the budget for the Town just as at Niantic Center School the teaching staff strives to understand the student base. Knowledgeable, experienced staff is important and they hope that they will not make cuts that reduce the current valuable teaching staff.

Karen Rak, 27 Black Point Road said that she would like to remind everyone that this is an informational meeting and that the Board of Finance cannot and does not make any cuts to any Board of Ed line items. They can only cut an amount and the Board of Ed must determine where it will come from. So, for the parents, teachers and staff who are present here and for those watching at home, you need to go to the Board of Ed meetings and let them know your wishes as they are the ones who make the decision on which line items will be cut.

Liz Brouillard, 23 Upper Pattagansett Road said that she is a resident of the Town and a teacher at the Middle School. She said that she knows that it is a tough economy as she and her husband both work and they also have a house in Black Point for sale that is not selling. They all have to make choices and sacrifices and if they value teachers and education then they know that they cannot make cuts to education.

D. Old Business

a. Any Outstanding Information

Mr. Larcen asked if there was any further information that Mr. Formica or Ms. Johnson had for them.

Mr. Formica provided them with the figure on management givebacks noting that the figure was lower than the \$50,000 that they had thought – it comes to \$41,054 but does not include SS.

Ms. Johnson noted that the original figure that they had given included more than the management.

Mr. Larcen said that it also did not include the Library \$9,000 as they are not a part of the Town.

Mr. Taylor asked if they had heard anything from the Board of Ed.

Mr. Larcen said: not yet.

Mr. Formica said that he also has not heard from the unions and that he will meet with them again later this week.

Kevin Seery, Board of Ed Chairman passed out answers to the questions that they had for them at their last meeting. (Copy attached at end of Minutes)

E. New Business

a. Budget Deliberations – Continue Discussion

Mr. Larcen asked Ms. Johnson for the fund balance information for the end of 2008 as he would like some idea of where they are at with that.

Ms. Johnson said that at this point there are a couple of outstanding items in the audit (unfavorable) that could have an effect on the fund balance.

Mr. Larcen said that he recalled that the last time they had information on it that it was at 6.9% - he asked if it was still there.

Ms. Johnson said yes and added that it includes the NE National \$150,000.

Mr. Formica said that he thought that he last heard that it was 6.92%.

Mr. Taylor said that if they compare numbers against the budget for this year that they are over by \$223,000 which was saved by the Town and they also know that Mr. Formica has potentially saved somewhere around \$250,000 from this budget. They know that they have that money plus there is a 5% student reduction which is worth around \$2M. He said that he would like them to come to an agreement and that he would like to make a motion for them to work with.

****MOTION (1)**

Mr. Taylor moved that the Board of Finance will not pass a budget that means a tax increase.

Mr. Jones seconded the motion.

Mr. Larcen said that he was not ready to agree to that and that he felt that they need to discuss it.

Mr. Langan said that he was not yet ready to agree to that.

Ms. Carini said that she was not ready yet to agree with this.

Mr. Birmingham said that a 'no tax increase' is favorable for the Town as a whole.

Mr. Larcen said that while the goal is potentially achievable that it is not consistent with where they started in this process and they are not in the position to answer this 'last' question without ascertaining all that goes before getting to the end.

Ms. Carini said that she agrees with Mr. Larcen in that the motion is premature and they need to continue discussion to see where they are going. She asked Mr. Taylor why he brought this up now and why not wait until later in the discussion to bring it up.

Mr. Taylor said that they have gone through all of the cost centers in the Town and they know the detail. They have a good idea of what the revenues may be and they know where they want to go and what they have to do and in principle – they have agreed that they would like that as a goal. He said that he was hoping to make it easier as they proceed by bringing this up now.

Mr. Larcen said that last year they started out with a goal and worked hard to get to it and he thinks that they agree that no tax increase is a goal however he asked that they table this for now and bring it back later for a vote. He asked Mr. Taylor what he would like to do.

Mr. Taylor said that he would like them to vote on it now.

Mr. Larcen called for a vote on the motion.

Vote: 3 – 3 – 0. Motion failed.

For: Mr. Birmingham, Mr. Jones, Mr. Taylor

Against: Ms. Carini, Mr. Langan, Mr. Larcen

Mr. Taylor recapped some revenues - \$90,000 from the Board of Ed, \$223,000 because revenues are higher than expected and they also have \$350,000 that they thought of using from the undesignated fund balance.

Mr. Larcen asked for comments on how they felt about usage of the undesignated fund balance.

Mr. Langan said that he is conservative on any use of the fund balance and that he would recommend being conservative if they decide to use it.

Mr. Larcen said that while he shares Mr. Langan's general caution that he thinks much like the State – he feels that the use of the fund balance is for rainy days and that 'it is raining'. They do have a policy set by the Town of 7% for the fund balance however they are below it now so he would be willing to hold the \$350,000 out as a place holder for use. He noted that there is the potential for the school to get some \$300,300 in IDEA monies.

Mr. Taylor said that if he thinks that they will get that \$300,300 from the Board of Ed; which they don't have to give up; he asked that they recall last year when the Board of Ed had \$1M left and we got \$90,000 of that back.

Mr. Larcen said that he understands it well – 'been there'.

Mr. Larcen mentioned the TAR funds from the State and said that he spoke to Mr. Jutila and was told that they fund will need to be bonded by the State. He asked Mr. Formica if they were to get a \$27,000 increase in TAR and it was not appropriated – what they would do with it – increase expenses at the time that they got the money.

Mr. Formica said that Mr. Giannattasio was present this evening and that he would have him answer that.

Mr. Giannattasio said that they use the TAR funds for routine repairs to extend the life of the roads and the he would recommend that they leave it that way so that it could be used as needed for such repairs of the roads.

Mr. Jones said that this is what he brought up to them at the last meeting regarding Public Works and how there is nothing left there for them to use for these repairs.

Mr. Larcen said – so – it would be used to increase the expenses rather than to put it in the fund balance.

Mr. Formica and Mr. Giannattasio said yes.

Mr. Larcen said that with respect to conveyance taxes for next year that he would put those revenues at \$315,000 and that he would also leave building permits where they are as the stimulus package incentives for first time home buyers will not mean that new homes will be built.

Mr. Taylor said that they are rehashing what they already discussed at their last meeting and noted the reduction in conveyance taxes of \$15,000 from the revenue projection.

Mr. Larcen said that his last item for discussion is with regard to what the Fire Chief said about providing drivers for the ambulance and in asking how many rides there were, they were told it could be 1400-1500. He said that they had not asked how many were during the work hours or if it was after work hours and if there were two employees. He said that he would guess that \$87,000 would be a fair figure to be given to the Town for the use of Town employees to drive the ambulance as the Ambulance Association has about \$600,000 in revenues and few expenses and they need to be vigilant with every item in this economy. He said that he is open to discussion on this item – recompense to the town for employees used for services.

Mr. Langan said that he would support that.

Mr. Jones said that he would not as they have not even talked to them or discussed it before 'right now' and he thinks that it is wrong to do this in this way.

Mr. Taylor agreed with Mr. Jones and added that all of the money that they collect goes to the Town now – they have bought fire trucks, ambulances, turnout gear and fuel - so the money is just being re-directed.

Mr. Larcen said that is it not about the great benefits that we get from them although he would have to agree with Mr. Jones that this has not been discussed with them.

Mr. Formica said that he did have a meeting with the ambulance association directors and asked that they compile an amount of what they take in and pay out. He added that they have provided some \$300,000 for a fire truck and \$200,000 for the new radio program and that he thinks that this discussion is premature.

Mr. Taylor said that they are almost encouraging them to charge back for the manning of the system and right now we are getting that money back in many forms and this makes it scary to think about.

Mr. Formica said that the budget item – fuels for Niantic Fire Dept. has been level for many years now and he asked how you would quantify that and the turnout gear which is also always contributed to by them.

Ms. Carini suggested tabling the idea and bringing it back next year after they have had the time to explore all that it entails.

Mr. Formica noted that the Board had recommended that a \$20,000 reduction be made to the Police Department and that \$10,000 be taken from overtime and \$10,000 from training. He said that he would like to re-shuffle that deck and take \$10,000 from overtime, \$2,000 from training supplies and \$8,000 from constable salary rather than the \$10,000 from training.

The Board was in agreement with the changes.

Mr. Larcen said that he had a question regarding Capital as he found the numbers different.

Mr. Formica said that there were updates and that the inconsistencies have been fixed. He noted that there are some costs associated with the vehicle acquisition program. The new figure for Capital is \$506,240; reduced from \$690,940.

Mr. Langan asked about the vehicle acquisition program and if there are payments over a period of years.

Mr. Formica said yes.

Mr. Larcen said that they are capitalized leases.

Mr. Langan asked if, for items that are stretching payment out over years, bonding some of that would be appropriate as opposed to funding it in the budget over years – and, if so, what is the impact on the budget.

Mr. Formica said that part of what he is proposing as a long-range plan would be bonded, such as road repair.

Mr. Langan asked about the recycling carts that are spread out over 10 years.
Mr. Giannattasio said that oil products cost is down so it would be prudent to buy now.
Mr. Formica said that it would be done that way and added that there are also some revenues from the single stream program.

Mr. Langan asked about the LoCIP monies. Last year that money funded some of the capital needs of the Town – he asked what actually qualifies for the use of that money.
Ms. Johnson said that items such as sidewalks do.
Mr. Giannattasio said that the \$121,723 LoCIP 09/10 monies are tagged to items such as roads, dams and a specific project on Roxbury Road.
Mr. Jones said that they have discussed this previously and that he is against moving that money to other things.

Mr. Larcen said that before moving to discussion on the Board of Ed that he had received three emails from people today regarding the Board of Ed budget and worried about the quality of education if cuts are made (Anne Segal, rosemary Littlefield, Anthony Appleton). He passed them around for the other Board members to see.
Mr. Jones said that he had also received the emails.

Mr. Larcen noted that they had identified two revenue streams in SPED – the Excess Cost Sharing reimbursement which had been figured at 75% and which will actually be at 90% for an additional \$130,500 to revenues; and the IDEA monies of \$345,700 which would be adding \$476,200 to the Board of Ed revenues – so in effect they could reduce their expenses by that much.
He said that they need to explain that the \$476,200 is not a cut to the Board of Ed budget but just a re-distribution of the budget as it is an increase in revenues that they will get.

Mr. Taylor said that he is concerned that they look like the 'bad guys' when in reality these items that amount to \$476,200 are just mistakes in the Board of Ed budget that they submitted and that they should have corrected them and they did not. They have not, in the 2 months time, come back with any concessions on increases or corrected these mistakes and the point here is that there has not been a working relationship fostered by the Board of Ed regarding what we have asked that they look into and get back to us on.

Mr. Larcen asked if they were in agreement with the \$476,200.
The consensus of the Board was yes.
Mr. Taylor said that the \$345,700 is Federal monies which were advertised in the paper.

Mr. Larcen noted that it was also stated that those monies cannot be used to supplant other dollars.
Mr. Taylor recapped that they still needed to cut \$796,431 from the \$1.2M which they started this evening with if they are to get to a zero tax increase.

Mr. Larcen suggested that they discuss some items in the board of Ed budget that they felt could be reduced which would not reduce any further staff. The following items were agreed upon as suggestions by the Board: Instructional aides by \$25,000; Health Insurance Costs by \$50,000; Electricity (solar savings) by \$50,000 and FICA (seems high) by \$10,000.

Mr. Larcen noted this would achieve a \$135,000 savings and asked if they saw any other savings opportunities.

Mr. Taylor noted that rental had a large increase (102%) and that substitutes – para-professionals went up and it seems that if staff and students are going down that this should also. He added that if they use the \$350,000 undesignated fund balance that they would still be short.

Mr. Jones said that he would put a figure out for the purposes of discussion.

****MOTION (2)**

Mr. Jones moved to reduce the Board of Education budget by \$796,431.
Mr. Taylor seconded the motion.

Mr. Larcen asked the purpose if no fund balance was being used.

Mr. Langan said that he thinks that this is more than what needs to be taken out.

Mr. Taylor said that if the \$350,000 from fund balance was approved that it could go down.

Mr. Jones asked Mr. Langan what number he thought it should be.

Mr. Langan said that he did not know and that he would have to work through the numbers to come up with one.

(Note: A brief break was taken here)

Mr. Larcen asked for further discussion on the motion on the floor.

Mr. Taylor asked if they would want to modify the motion by \$350,000 and make it \$446,431 from the Board of Ed and \$350,000 from the undesignated fund balance.

Mr. Jones said that he would be willing to amend his motion to read:

****MOTION (2) amended**

Mr. Jones moved to reduce the Board of Education budget by \$446,431 and to reduce the undesignated fund balance by \$350,000 for a total of \$796,431.

Mr. Taylor amended his second to accept this change.

Mr. Langan said that this is a number that she is comfortable with.

Ms. Carini said that this sounds like a good solution.

Mr. Larcen said that he thinks that this is good – the Town has given concessions as have the department heads and Mr. Formica is looking for concessions from the unions. He called for a vote on the amended motion.

Vote: 6 – 0 – 0. Motion passed.

Mr. Larcen asked if they could go back to a question on single stream recycling. He asked if they were to take \$45,000 (for the purchase of carts) from recycling – if they could increase the contingency fund by \$45,000. He asked Mr. Formica and Mr. Giannattasio where they would allocate that money to.

Mr. Formica said that they could take \$45,000 from #210-222 (reduce \$170,000 to \$125,000) and increase the contingency line #300-500 to \$145,000.

Mr. Larcen asked Ms. Johnson for a figure on the total Board of Education budget including the clarification on the \$476,200 in additional revenues that they will get.

Ms. Johnson said that the Board of Ed budget is \$39,201,715 (after the additional revenues of \$476,200 in revenues was reduced and the cut of \$446,431).

Mr. Taylor noted that they had made reductions in the amount of \$1,383,091.

Mr. Larcen asked that they receive a print out of the adjustments that they had made which Ms. Johnson was typing as they spoke.

Ms. Johnson printed and passed it out to them. (copy attached at end of Minutes)

****MOTION (3)**

Mr. Taylor moved that the Board of Finance has approved a FY 2009/2010 budget appropriation (beginning 7/1/2009) in the amount of \$60,368,873.

Ms. Carini seconded the motion.

Mr. Taylor noted that they made a lot of hard choices which needed to be made to the betterment of the Town. He added that they would be getting other information on monies as this process continues.

Mr. Larcen called for a vote on the motion.

Vote: 6 – 0 – 0. Motion passed.

F. Public Discussion

Mr. Larcen called for any comments from the Public.

There were none.

G. Board Comments

Mr. Larcen commended Mr. Formica for all of his hard work on the budget and the department managers for giving up their wage increase this year. He said that he thinks that everyone should thank Mr. Formica and the entire department heads for their hard work and concessions for a 'no tax increase'.

Mr. Larcen said that they would not be holding a Special Meeting on Monday, April 20, 2009 as they had completed their business here and this proposed budget would be presented at Public Hearing on Monday April 27, 2009 at 7 PM in the High School Auditorium.

H. Adjournment

****MOTION (4)**

Mr. Taylor moved to adjourn this Special Meeting of the East Lyme Board of Finance at 10:05 PM.

Mr. Jones seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary