

**EAST LYME BOARD OF FINANCE
REGULAR MEETING MINUTES
Wednesday, FEBRUARY 10th, 2010**

Members In Attendance: Bob Kleinhans, Chairman
Steve Larcen, Secretary (by telephone)
Steve Harney
Raymond Hart
Steve Kelley
Jeff Langan

Also In Attendance: Paul Formica, First Selectman
Anna Johnson, Finance Director
Attorney Edward O'Connell, Town Counsel
Mike Giannattasio, Director of Public Works
Chuck Holyfield, Highway Superintendent

Absent: No One

A. Call Meeting to Order

Chairman Kleinhans called this Regular Meeting of the East Lyme Board of Finance to order at 7:02 PM. He noted that Mr. Larcen was present by telephone this evening.

B. Pledge of Allegiance

The Pledge was observed.

C. Delegations

Mr. Kleinhans called for delegations.

There were none.

D. Approval of Minutes

◆ **Wednesday, January 13, 2010 - Regular Meeting**

Mr. Kleinhans called for a motion for approval or any changes to the Board of Finance January 13, 2010 Regular Meeting Minutes.

****MOTION (1)**

Mr. Hart moved to approve the Board of Finance Regular Meeting Minutes of January 13, 2010 as presented.

Mr. Kelley seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

E. Reports

◆ **Review of Draft 6/30/2009 Audit by Mr. Scott Bassett, McGladrey & Pullen LLP**

Mr. Kleinhans noted that Mr. Bassett was unable to attend their meeting this evening and they would hold this discussion at their next meeting.

◆ **First Selectman**

Mr. Formica reported the following:

- ◆ They had received a report in their packets from the Assessor stating that the Grand List growth for the year was 1%.
 - ◆ He has hired a part time grant writer who is to be paid out of his budget. He will forward the information to all Department Heads and to the Boards of Selectmen and Finance in the coming days.
 - ◆ The Town had a bond sale on the \$2.9M and the information will be plugged in for the long term picture. He said that they are trying to have as much cash flow and positive savings as possible as the State will be short in the 2011/2012 years as the federal monies would no longer be there. The goal is to keep the tax increases, if at all, to a bare minimum.
 - ◆ The proposed budget has been presented to the Board of Selectmen and they are in the process of working on it. It shows a 1.9% increase on the Town side and a 1.97% increase for the Board of Education.
 - ◆ Regarding the acquisition plan that they have before them this evening, there is money in the budget for it.
- ◆ **Finance Director**
 - ◆ **Monthly Report Review**

Ms. Johnson said that they received her monthly transmittal report in their packets with the other reports and asked if they had any questions.

Mr. Kleinhans asked if Ms. Johnson had the investment income numbers.

Ms. Johnson said no.

Mr. Hart asked about the storm supplies and what the status was.

Mr. Formica noted that Mr. Giannattasio was present this evening and that he could address that question.

Mr. Giannattasio, Director of Public Works said that as of today they have enough materials to handle the storm however; if they have to buy more materials, they will be over budget. With regard to the storm overtime the next storm will put them over budget in that account as well as the materials one.

Mr. Langan asked if they were expecting any offset on the overages from within the budget.

Mr. Giannattasio said that he would not have anything in his budget unless there is a cost savings on the single stream recycling and that is something that he would not know at this time.

Mr. Kleinhans asked if the materials are stored and in-use.

Mr. Giannattasio said yes.

Mr. Langan asked if on the projected revenue report the \$224,000 was over or under what was budgeted.

Mr. Larcen said that the \$224,000 is a shortfall.

Ms. Johnson said yes, it was a shortfall. She also noted that taxes collected while better than last year are lagging behind collections in prior years.

Mr. Larcen said that in looking at the projected revenue report that the \$224,000 shortfall is reason for concern as they had the same issue last year but restrained spending. This year they budgeted very tightly and no longer have that wiggle room. He asked Mr. Formica and Ms. Johnson how they think that will come in on expenditures.

Ms. Johnson said that some areas will come in under and that she would take a closer look at that for next month.

Mr. Larcen noted that the Board of Ed is over budget by \$192,575 and asked if they were looking for additional monies.

Mr. Formica said that they had not said anything to him on that and noted that they were freezing \$181,731 and would probably use that as the offset.

Mr. Larcen said that the budget overall is very lean and that it looks like they will have issues in other areas.

Mr. Formica said that they just don't know. The boat revenue that they expected came in at one-half of what they were supposed to get and the State has on-going issues.

F. New Business

a. Appropriation of \$200,000 STEAP Grant to construct Main Street Streetscape Phase II

Mr. Formica noted that the first portion that they had received was \$400,000 and that this one is for the \$200,000. They have a contract from the State of Connecticut on this.

****MOTION (2)**

Mr. Kelley moved to appropriate the \$200,000 STEAP grant to construct the downtown Main Street Streetscape Phase II.

Mr. Hart seconded the motion.

Mr. Langan noted that there was a note in the letter on the POCD update and asked if they are on track with that so that they will be eligible for other funding in the future.

Mr. Formica said yes, they did file the update in December 2009 and they will incrementally do updates to be on top of this instead of having to do everything every 10 years.

Mr. Kleinhans called for a vote on the motion.

Vote: 6 – 0 – 0. Motion passed.

b. Special Appropriation of \$357,500 – Autoload Recycling Carts

Mr. Kleinhans said that he would recuse himself from discussion on this item as where he works is utilizing the same company for carts. He asked that Mr. Kelley lead the meeting for this item as Mr. Larcen was with them by telephone.

Attorney Edward O'Connell said that he has a proposed resolution for the motion on this item as it does involve the borrowing of some monies.

Mr. Formica said that it is for the single stream recycling program and that the \$357,000 included principal and interest. He said that Mr. Giannattasio was present to answer any questions that they might have on the program.

Mr. Hart asked if 6,468 carts were enough for them to do the whole Town.

Mr. Giannattasio said yes and explained that they had started the program in June of 2009 with 1100 households. What they are looking for here will allow them to keep some extra on hand.

Mr. Kelley asked if there was a warranty on the carts and what it was and what the expected life of the carts was.

Mr. Giannattasio said that the warranty/life for these carts is 18 years which is great. He added that the regular trash carts only have a six year warranty/life.

Mr. Kelley asked what happens if someone's cart breaks.

Mr. Giannattasio said that they would repair or replace it with the company covering it for them.

Mr. Larcen asked if the program was fully deployed, what the net financial benefit would be.

Mr. Giannattasio said that the minimum is \$110,000. The single stream recycling has a \$75/ton swing and as everyone gets carts the amount of return will go up. With the first pilot of 1100 households they ran at a 35% increase in the recycling and they think that they can do much better than that.

Mr. Larcen asked how long it would take them to roll out the program if they were to assume that they would receive approval for this here and at Town Meeting.

Mr. Giannattasio said that if it is approved here and then at the Town Meeting on February 18, 2010, then he would order the cans. It would probably take a month to get them. He added that they would also need the next Special Appropriation item on the agenda – the Autoloader Recycle Truck – in order to fully implement the program.

Mr. Larcen said that they would be making a \$45,000 down payment and that the debt is incurred at delivery – he asked when they would be paying on the promissory note.

Mr. Giannattasio said that they might have to start paying in June at the earliest.

Mr. Langan asked if the new carts are the same as the existing carts.

Mr. Giannattasio said that they are the exactly the same except for the color – which is grey. He added that they cannot get away from the MSW weekly pick-up.

Attorney O’Connell noted that this is a little unusual in that they will be borrowing from SCRRA. As a borrowing resolution, they will be authorizing payment over the next five years.

****MOTION (3)**

Mr. Hart moved to approve an appropriation in the amount of \$357,000 for the purpose of purchasing approximately 6500 autoloader recycling carts for use in the Town’s single stream recycling program. Said purchase to be paid in part by \$45,000 from the Town’s current funds and in part by \$295,000 borrowed from the Southeastern Connecticut Regional Resource Recovery Authority (SCRRA), as evidenced by a promissory note in the principal amount of \$295,000 bearing interest at an adjustable rate of 1% over the Short-Term Investment Fund (STIF) interest rate as reported by the Connecticut State Treasurer’s Office, payable in annual installments over a term of five (5) years. The First Selectman is authorized in the name and on behalf of the Town to execute and deliver said promissory note and any instruments required by SCRRA in connection with said loan transaction.

Mr. Harney seconded the motion,

Mr. Langan asked if they expect with this program to offset the \$45,000 so that it would have a neutral impact on the budget.

Mr. Formica said that the \$45,000 is cash on hand and that if they have to make a June payment, it would be offset. The Public Works budget has already been reduced with this program and it will be further decreased due to the efficiency of the program as it is rolled out.

Mr. Langan asked where the \$45,000 came from.

Mr. Giannattasio said that it is part of the capital plan for this year for expenditures on cans that they would buy for the year.

Mr. Kelley called for a vote on the motion.

Vote: 5 – 0 – 0. Motion passed.

Mr. Kleinhans returned to Chair the meeting.

c. Special Appropriation of \$225,000 – Autoloader Recycling Truck

Mr. Formica said that this is to keep the trucks on the road for recycling. They have \$210,000 from the Public Works CNRE account and another \$15,000 from the budget line item for this.

Mr. Giannattasio said that this completes the request for the recycling carts. They will go from having six (6) trucks to having four (4) automated trucks that will switch off and on between the MSW and recycling pick-ups. The two (2) trucks that will be assigned to recycling will compact the items and the trips back to the transfer station yard will be minimized. This is part of the overall program. He said that they are also looking at a demo truck (if available) which would mean a \$35,000 savings.

Mr. Larcen noted that in the CNRE report that they have listed a recycling truck that was recently purchases. He asked if they intent to sell that recycling truck.

Mr. Giannattasio said that they will look to sell all three of the trucks that they would no longer be using at auction.

Mr. Larcen noted that the recycling truck cost \$99,000 when purchased.

Mr. Giannattasio said that it is a 2007 with 40,000 miles on it.

Mr. Kleinhans said that there will be quite a few of this type of recycling truck at auction since all of the Towns will be going over to the new single stream recycling program.

Mr. Larcen noted that this purchase would take the Public Works CNRE account nearly to zero. He added that they also need to get this program to work.

****MOTION (4)**

Mr. Kelley moved to appropriate up to \$225,000 for the Autoloader Recycle Truck from the following budgets: \$210,000 from Public Works Equipment CNRE and \$15,000 from FY 2009/2010 Budget 0-01-30-317-210-222 Recycling and Misc.

Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

d. Special Appropriation of \$655,000 – Municipal Lease Purchase

Mr. Formica said that this motion would also be a resolution and noted that they have spoken about this before. They have a lot of aging vehicles in the fleet and their age is catching up. He noted that Mr. Giannattasio, Sgt. Blanchette, Resident Trooper; Mr. Holyfield, Highway Superintendent; Mr. Putnam, Parks & Recreation Director and Ms. Wilson, Senior Services Director were present should they have any questions regarding the vehicles servicing those departments. He explained that they were using \$40,000 as the factor for each police car as that would allow them the basic car plus outfitting it with the lights, cages, computer and video camera. There are two police cars on the list (\$80,000). The listed equipment was included in the 2009/2010 capital improvement plan. It includes two utility body pick-up trucks (\$80,000), two dump trucks (\$290,000), one mason dump truck (\$60,000), one pick-up truck (\$28,000), one COA/Youth Services Bus (\$56,000) and one COA Bus for \$16,000 with the rest coming from a State Grant (\$40,000).

Mr. Giannattasio also noted that the department heads are present for any questions. He explained that while Public Works currently may get front-line vehicles that the vehicles that are being replaced go to other areas of the Town such as Engineering, Building and Parks & Recreation and are used there and remain part of a 20 year plan. He said that it would be nice to be in a fleet where they could do preventative maintenance and this plan would allow for the lost savings. The ages of the vehicles that would be changed out were listed as: a 24 and 27 year old dump truck, 19 year old mason dump truck, 17 year old pick-up, 17 year old recycling truck, 21 year old half-ton pick-up from Parks & Recreation and a 10 year old COA bus. This plan also allows for payment during the years that they are using the equipment.

Mr. Harney asked about the maintenance cost savings estimate.

Mr. Giannattasio said that they have asked for a \$20,000 increase this year in their budget for maintenance due to the age of the fleet. When they can get into a preventative maintenance program – they would see savings.

Mr. Hart asked about an estimate on fuel savings with the new vehicles.

Mr. Holyfield said that there would be some as the police cars have been getting better mileage.

Mr. Kelley asked if he was correct that they were buying two buses and that one of them would be shared.

Mr. Holyfield said yes.

Mr. Kelley asked if the COA bus is handicap accessible.

Mr. Holyfield said yes and added that both of them would be handicap accessible with lifts.

Mr. Hart asked about the overall state of the police car fleet.

Mr. Formica and Mr. Giannattasio said that they replace two of the cars every year. They go for five (5) years or 100,000 miles.

Mr. Larcen said to Mr. Giannattasio that the presentation was good however it looked like what was being proposed is larger than what was set aside in the budget as they set aside \$101,000 and this proposes \$131,000.

Mr. Giannattasio said that they did not make a 2009 purchase so they are looking at everything through the 2010 CIP.

Mr. Larcen said that while he hears what is being said that they are some \$200,000+ short on revenues this year and this is somewhat larger than the \$101,000 in the budget. He said that he is concerned about reaching beyond the \$101,000 to the \$131,000.

Mr. Giannattasio said that he would suggest that the 2009 CIP is still valid.

Mr. Formica said that they are balancing on the end and that they have some room to get to the operating efficiencies.

Mr. Larcen said to Mr. Formica that perhaps he is right as he has more information than they do right now. However, the \$101,000 was one-fifth of a program presented.

Mr. Formica said that he is confident that they can approach this in this fiscal year and that if they want to look at another process next year, they can have that discussion at that time.

Mr. Larcen asked with regard to the CIP priorities if they will have others coming along – such as the roads that are to be done.

Mr. Formica said that they are evaluating where they are and making sure that they have enough wiggle room in case the State bond rating tanks.

Mr. Larcen asked how this would work with the vehicles and if they would go out to bid.

Mr. Giannattasio said that the police cars are Crown Victoria's and they come through the State low bid. The dump trucks they set the specs on, the Public Works chassis are State bid but they buy the same body.

Mr. Larcen asked what the State bid is.

Mr. Giannattasio explained that the State of CT puts out procurement packages with specifications – for example on road salt. They send it out to vendors and get a price and the Towns can piggy back on that bid. They can pick it off of a list.

Mr. Langan noted the importance of a preventative maintenance program and asked Mr. Giannattasio if they have a defined PM program at this time.

Mr. Giannattasio said no and added that it is something that they are looking at and working on having. They would like it on-line and workable for the new building.

Mr. Langan said that he would be interested in this as it is part of the long range plan.

Mr. Kleinhans asked if there is a reason why they pick five (5) years for the span on the lease for everything as while it might be valid for the Crown Victoria's, it would not be on the trucks. He said that he is a little worried that this might create a hole in future years and may not work.

Mr. Giannattasio said that the thought was that if they could keep it to the shortest which is five (5) years that they could get the best rates at the onset and this would also let them see how it goes.

Mr. Formica said that he thinks that they are in for three years of tough budgets and that this can help them through.

Mr. Larcen said that he still has reservations on this and feels that they are reaching beyond what was targeted and that he therefore cannot support this item.

****MOTION (5)**

Mr. Kelley moved to approve an appropriation in the amount of \$655,000 for the purpose of acquiring by way of lease or purchase various vehicles more particularly described in the Town's FY 2009/2010 Equipment Acquisition Plan, as evidenced by one or more agreements for the acquisition of said vehicles by lease or purchase or a combination thereof, for a total price of \$610,000 plus interest at the rate of 3.21% per annum, payable in annual installments of \$131,000 over a period of five (5) years. The First Selectman is authorized, in the name and on behalf of the Town, to execute and deliver any documents that may be required in connection with said transactions.

Mr. Harney seconded the motion.

Vote: 5 – 1 – 0. Motion passed.

Against: Mr. Larcen

Mr. Giannattasio thanked them on behalf of all of the department heads for voting to keep the fleet operational.

e. Move to accept June 30, 2009 Audit as submitted

Mr. Kleinhans said that they would discuss this at their next meeting.

f. Board of Finance proposed 2010/2011 budget

Mr. Kleinhans noted that they have this in their packets.

Mr. Langan asked where they expect to end up for this fiscal year.

Ms. Johnson said that it would depend as it may all be used up.

****MOTION (6)**

Mr. Kelley moved to approve the Board of Finance proposed 2010/2011 budget as proposed at \$35,200.

Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

****MOTION (7)**

Mr. Hart moved to add item g. to the agenda under New Business – Discussion – Board of Finance Special Budget Meeting Schedule.

Mr. Langan seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

g. Discussion – Board of Finance Special Budget Meeting Schedule

Mr. Kleinhans noted that they had this in their packets. He noted that it would be sent out to the various departments so they would know when they would be meeting and in the event that there are any scheduling conflicts they might have.

****MOTION (8)**

Mr. Langan moved to accept the Board of Finance Special Budget Meeting Schedule for FY 2010/2011.

Mr. Hart seconded the motion.

Mr. Larcen noted that they would probably be able to cancel a meeting or two that were placed on the schedule in the event that they needed extra time.

Mr. Kleinhans called for a vote on the motion.

Vote: 6 – 0 – 0. Motion passed

G. Old Business

◆ Sub-Committee Report: Financial Policies

Mr. Langan reported that they had obtained investment policies from other Towns and met with an advisor and that he would have the information for presentation at the March meeting of the Board. He

also noted that the Fund Balance Policy was put in their packets for review. He noted that the undesignated fund balance is currently at 5.5% which is less than the 7% that they have targeted it to be at. He said that he thinks that it is important for them to keep in mind where they stand versus the 7% target.

Ms. Johnson said that she had been busy working on the 2010/2011 budget and bond package. They would have more information on the policies for the next meeting of the Board.

◆ **Correspondence to Board of Education**

Mr. Larcen said that this has been frustrating in that they have not heard anything back from the Board of Ed on this. He asked the Chair if he could contact their Chair and ask for an answer on this.

Mr. Kleinhans said that he would contact their Chairman.

Mr. Formica noted that the Superintendent of Schools is interested in presenting the Board of Ed budget to the Board of Selectmen and that he would remind them of this open item that they have not responded to the Board of Finance on.

◆ **Review of Open Items**

Mr. Harney noted that he is on the Long Range CIP subcommittee and that they will be holding another meeting tomorrow. He will report back to them at their next meeting.

H. Public Discussion

Mr. Kleinhans called for Public Discussion.

There was none.

I. Board Comments

Mr. Hart said that he has attended the Pension Committee meeting and that if any of his fellow Board members would like any specific information on it to please let him know.

Mr. Larcen said that the Governor has presented her recommended budget and that there is a \$100,000 Dodge Pond reduction to East Lyme and that they are also losing ground on the State PILOT. He also asked Mr. Formica if he could work with the Assessor on the State property projects and present this at their March meeting.

Mr. Formica said that he would be happy to do so.

Mr. Larcen thanked them for the courtesy of having him attend by teleconference this evening.

J. Adjournment

Mr. Kleinhans called for a motion to adjourn.

****MOTION (9)**

Mr. Kelley moved to adjourn this Regular Meeting of the East Lyme Board of Finance at 9:05 PM.

Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary