

**Wednesday, JANUARY 14th, 2009 REGULAR MEETING MINUTES
EAST LYME BOARD OF FINANCE**

Members In Attendance: Steve Larcen, Chairman
 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
 Brad Kargl, Municipal Utility Engineer

Absent: Jeff Langan, Secretary

A. Call Meeting to Order

Chairman Larcen called this Regular Meeting of the East Lyme Board of Finance to order at 7:02 PM.

B. Pledge of Allegiance

The Pledge was observed.

Mr. Taylor said that he would like to add an item to the agenda, the Election of Officers as this is an annual item and they did not do it during their December meeting.

****MOTION (1)**

Mr. Taylor moved to add the Election of Officers to the agenda as Item b. under New Business.
Mr. Jones seconded the motion.

Mr. Larcen said that he and Mr. Taylor had a prior discussion on this item as he was not aware that it was a yearly requirement and that he had asked that they wait on it due to the absence this evening of Mr. Langan.

Mr. Taylor said that before the election of this Board that a discussion was held about officers serving for a year and that the history has always been for one year. He noted that in a previous discussion he had with Mr. Larcen that the election should have been done in December. He does not have any issue with the people who have been serving however he said that he would prefer to see a more fair balance and that in waiting until February for elections that they also do not know who will show up then either and that would only leave nine (9) months for someone to be in office and it could also continue to be put off. He said that he was not being derogatory; he would just like to have some balance. This Board has worked well together and he knows that Mr. Langan was made aware of this conversation.

Mr. Larcen said that when he had spoken about this with Mr. Taylor previously that he had forgotten about the Special Meeting that they would be having later this month and that he feels that with a meeting later this month that they could hold the elections and vote then. He said that he does not want to vote this evening as it would be showing a lack of respect for Mr. Langan.

Ms. Carini asked if everyone was going to be in attendance for the meeting later this month.

Mr. Taylor said that is not something that they could know right now as they expected Mr. Langan to attend this evening and something came up – something could come up for any one of them that would prevent them from attending the meeting. He asked that they call for a vote.

Mr. Larcen said that according to Statute, they would need a two-thirds vote to pass this as it is an item that is being added to the agenda. He called for a vote on the motion.

Vote: 3 – 2 – 0. Motion failed.

For: Mr. Birmingham, Mr. Jones, Mr. Taylor
 Against: Ms. Carini, Mr. Larcen

C. Delegations

Mr. Larcen called for delegations.

Kevin Seery, 25 Quailcrest Rd.; Chairman of the Board of Ed noted that they had supplied the information that was requested regarding the encumbrances and the Board of Ed budget status. He updated the Board on the search for a new superintendent and said that it would cost \$2300 to \$2500 to advertise in the trade papers as they reach far and wide whereas the local papers do not. He said that they are in the fact-finding phase currently and that they will be speaking with members of the Board of Ed; Board of Finance and focus groups, teachers and the public gathering input on the type of superintendent they would like to see. They are hoping to conduct interviews by the middle of March and they have advertised the position as having a competitive salary.

Mr. Taylor asked when the Board of Ed had voted to advertise and go that route as there was thought some time ago that the Assistant Superintendent might move up and they would leave that position open and also make the Business Manager a full-time position.

Mr. Seery said that the Business Manager has not moved to full time yet and that the change is for the new budget cycle. He added that there is a central office administrator position that won't be filled although that position has not yet been identified.

Ms. Carini asked about the 'pay for play'.

Mr. Seery said that they are only in preliminary discussion on that at this time. It would be approximately \$80 per person with a cap for families which has not been determined yet.

Mr. Taylor asked about enrollment and the current economy and with the possibility of a decrease of 100 students if that would also result in a decrease in the budget.

Mr. Seery said that the 2.54% increase is going to be extremely hard to work with and that they have been discussing how hard it is economically and what they would need to do if the budget were to be reduced further. He added that they are aware that the enrollment is dropping. They are working diligently to keep up with the constant changes.

D. Approval of Minutes

♦ Wednesday, December 10, 2008 - Regular Meeting

Mr. Larcen called for a motion for approval or any changes to the Board of Finance December 10, 2008 Regular Meeting Minutes. He noted that he thought that the minutes were fine.

**MOTION (2)

Ms. Carini moved that the Board of Finance Regular Meeting Minutes of December 10, 2008 be accepted as presented.

Mr. Birmingham seconded the motion.

Vote: 4 – 0 – 1. Motion passed.

Abstained: Mr. Jones

E. Reports

a. First Selectman

Mr. Formica reported on the following items:

- ♦ As he serves on joint water subcommittees, he has learned that there will be a serious regional water shortage by the year 2040 and it is incumbent that they work toward solutions to this problem.
- ♦ They have been continuing consolidation work: The receptionist will be moving to the Community Center in a multiple support position on February 9, 2009 for a \$5000 savings; the 40 hour per week custodian for this building has left and they have reduced the position to 32 hours per week for a \$6000 saving; the Planner assumed the Wetlands Agent position this past Monday and now works full-time from .8, for a savings of \$11,250.
- ♦ The receptionist position returns to 20 hours as of 2/9/09 and will be on hold until they catch up with what has already been expended. There will be no benefits with this 20-hour position. He said that he is also working on another job combination that would be discussed at a future meeting.
- ♦ He is working with an energy fuel cell company who will do a presentation for them and some major firms in

the area.

- ◆ They are working on regional issues for water and communications.
- ◆ He is looking to add a third Town to the Animal Control system.
- ◆ The 911 EOC renovations are about complete and he is in discussion with other Towns regarding regionalization of this important system.
- ◆ He has begun meeting with the department heads on budgets and they are trying to bring the budgets in with a zero increase and with the option of a 2.5% decrease.
- ◆ He has been informed by the legislators that when the Governor's numbers come out sometime in February that they would be the 'worst case scenario'.
- ◆ The \$800B stimulus program is projected to be voted on by Friday 2/13/2009 and this would include some \$300B in core infrastructure projects.

Mr. Larcen said that he heard that some of the money was to help education also and asked Mr. Formica what 'shovel-ready' projects he had put in for.

Mr. Formica said that he had submitted the Well 3B project, the regional water interconnection project and the downtown Niantic parking lot project.

b. Finance Director

◆ Update on Audit and Account Reconciliations

Mr. Taylor said that he wanted to know why the auditor had not come this evening to update them.

Ms. Johnson said that the auditor did not come this evening because he did not have anything new to report and that she would be touching base with him this week Friday and expects to have everything ready in the format that they have required. She added that it looks like it will not be ready for the 28th of this month so they would have to come up with another meeting date. She suggested that a special meeting at the end of February would be more appropriate.

Mr. Larcen asked if they are concerned with OPM due to the time extension.

Ms. Johnson said that she does not anticipate any issue.

Mr. Taylor said that he would have liked to have known prior to the meeting that the auditors were not coming to give an update.

Mr. Jones asked where they stand on this years' reconciliations.

Ms. Johnson said that they have finished August 2008 and have done other component parts and that if they were up to date that they would be complete through November 2008. She noted that some of her work involves re-setting the equipment so that she can work on the previous year and that she has to do it at odd times as water and sewer needs to access the system as well as payroll.

Mr. Larcen asked if they have explored alternatives with re-setting the equipment for a day in order to get caught up for the audit.

Mr. Jones asked how many days they work on payroll.

Ms. Johnson said that payroll is usually two days and that she has been working around things to get this caught up.

Mr. Larcen said that the good news is that they have not incurred any additional auditor expense here. He added that he wants to be sure that they have explored all alternatives for Ms. Johnson to be able to utilize the system to get caught up.

Ms. Johnson noted that she had submitted her report and the updates and asked if they had any questions.

Mr. Taylor asked about the projected revenues for the Town Clerk.

Mr. Formica said that they are expecting a lot of re-financing.

Ms. Johnson reported that the current rate for the STIF account is 1.69% and that it is comprised of three different accounts - \$2.4M in one and \$800,000 and \$300,000 in capital project funds. With respect to the undesignated fund balance - nothing has changed.

Mr. Larcen said that not having the wage transfers in the expenditure report makes it difficult to see where they are; he asked Ms. Johnson to give him a 'global opinion' on how she thinks they are doing as many of the budgets are over the 50% mark.

Ms. Johnson said that she would work to have that information updated in the next report for them.

F. New Business

a. Discussion on Water Projects recommended for Authorization by Water & Sewer Commission

Mr. Formica synopsized the projects that are being looked at and said that they have authorized bond counsel to come up with a proposal which, would come back to this Board for formal action and eventual action at Town Meeting. He said that he has asked Mr. Giannattasio and Mr. Kargl to attend this evening to give the highlights and answer any questions that they might have.

Mr. Giannattasio went over the spreadsheet and noted the difference in the bonding rate amounts – municipal at 5.5% versus the DWSRF at 2%. He said that all of the bonding costs would be rolled into the rates and carried by the water company ratepayers. (Sheet attached at end of Minutes)

Mr. Formica added that it comes before them due to the full faith and credit provisions and that it would have to go to a vote at Town Meeting. He said that they discussed at length, in a Water Supply meeting held earlier today at Nett Hall the regional water supply interconnection plan and how it would help them during the summer months and over the long term.

Mr. Larcen said that he understands that the water would have to be chlorinated in order to buy into the regional system as that water is chlorinated.

Mr. Giannattasio said that in part, yes that was true, however; the chlorination is also to keep our water good as we are the largest non-chlorinated water system in the State. It also allows us to take in water and to sell water once we are chlorinated.

Mr. Larcen asked what percentage impact this would have on the ratepayers.

Mr. Giannattasio said that it would be around 5% in the first year.

Mr. Taylor recalled the water problems that we had over a year ago with the germs and that he thought that the State had mandated chlorination as it was not the first time we had the problem. He noted that the Town of Killingly had the same type of problems however they do not have to chlorinate their water supply and asked why.

Mr. Giannattasio clarified that the origin of chlorination was not due to only the one incident and added that our water company is the largest non-chlorinated water supply system in the State. The monies here are also not just for the chlorination but for infrastructure upgrades, etc.

Mr. Kargl explained the other projects included under the chlorination and said that it is the safe and proper thing to do in order to provide safe water to the people. Our water system is an aging system and that allows for more susceptibility to problems. The DPH gave them a strong recommendation on chlorination in 2005 prior to the 2006 outbreak that they had.

Mr. Taylor said that 'maintenance' should be covered by what is collected annually in rates and asked if the maintenance listed means that they are not keeping up with their regular maintenance.

Mr. Giannattasio said no – water tanks are large, expensive items and the Boston Post Road tank was painted, re-done and fixed inside with a mixer to turn over the water which will aid with the chlorination. This was a large project and a capital item.

Mr. Taylor asked about the State 2% bond cost and said that on the bond market they could get less than 2% - he asked if the State 2% is guaranteed for the future.

Mr. Giannattasio said yes, it is guaranteed and that it has been that way for some time whereas other bond 'vehicles' have not been.

Mr. Taylor asked about the bedrock well development and where they are, are they already drilled and why do we need them.

Mr. Formica said that they are taking a shotgun approach to finding 400,000 gallons of water for their heavy demand period during June/July of this year. One of our new wells will be on-line for July; the regional interconnection is at least two years away and the bedrock wells are in Darrow Pond and can provide some 200,000 gallons of water by running the line. They have been drilled.

Mr. Birmingham asked if the DWSRF funding is in jeopardy with the economic climate of the next few years.

Mr. Kargl said that he thinks that it is the reverse and that the funding will be here as it is Federal money.

G. Old Business

◆ Discussion and possible action Board of Finance 2009/2010 proposed budget

Mr. Larcen asked about the auditor fee.

Ms. Johnson said that it was \$32,000 this year and \$33,000 next year and that the Board of Ed would contribute the remaining portion. They could increase their portion to \$29,500 for next year from the \$28,500.

Mr. Larcen asked about the annual report and what happened to it.

Ms. Johnson said that she has what was submitted in a folder.

Mr. Larcen said that they could combine it and do a biennial report. He said that he would write a memo requesting this years' report.

Mr. Taylor suggested that they should not be burdening Ms. Johnson with their clerical work and that they could do some of it themselves and utilize their resources.

Mr. Larcen said that he would agree that Ms. Johnson has enough with the audit and the supporting documentation to take care of.

After further discussion on the budget, it was agreed to increase Line 412 to \$3000; Line 231 to \$29,000; reduce Line 251 to \$100 and leave Line 320 at \$300 for a Board of Finance FY 09/10 budget request total of \$32,400.

****MOTION (3)**

Mr. Taylor moved to approve the Board of Finance FY 09/10 budget request as follows: increase Line 412 to \$3000; Line 231 to \$29,000; reduce Line 251 to \$100 and leave Line 320 at \$300 for a total of \$32,400.

Mr. Birmingham seconded the motion.

Vote: 4 – 1 – 0. Motion passed.

Against: Ms. Carini

◆ **Discussion proposed 2009/2010 budget planning**

Mr. Larcen suggested that they work on this at their next meeting when they have more information.

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

There was no report.

H. Public Discussion

Mr. Larcen called for Public Discussion.

There was none.

I. Board Comments

Mr. Larcen asked for Board comments regarding the special meeting in the end of this month and if they should keep it or not.

Mr. Jones suggested that they keep that meeting and hold elections and do some planning.

Mr. Larcen said that he would agree that they could hold elections at that meeting and also work on a schedule of budget meetings.

Mr. Formica noted that he thought that the budget book might be available at the beginning of March and that it would have to be ready for March 11, 2009 which is 60 days prior to the Town Meeting on the budget.

Mr. Jones asked Ms. Carini if he had missed some of the discussion on their budget proposal and if she would be willing to share why she voted against it.

Ms. Carini said that she had voted against it as she was not in favor of an increase to their budget when they had asked others to decrease their budget requests.

J. Adjournment

****MOTION (4)**

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

Mr. Birmingham seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary