

**EAST LYME BOARD OF FINANCE
REGULAR MEETING MINUTES
Wednesday, FEBRUARY 9th, 2011**

Members In Attendance: Bob Kleinhans, Chairman
Steve Larcen, Secretary
Steve Harney
Raymond Hart
Steve Kelley
Lisa Picarazzi

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

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.

B. Pledge of Allegiance

The Pledge was observed.

C. Delegations

Mr. Kleinhans called for delegations.

David Funke, 185 Upper Pattagansett Rd., asked that the Board set the 2011-2012 operating budget at the 2010 level. He said that government does not have the right to grow when communities are stuck in neutral or worse and that taxpayers who rely on Social Security or military pensions have had no increase in two years. Taxpayers who rely on income based investments have seen a fraction of what they used to see and nearly one out of six eligible workers are not working. The Federal Govt. is \$14 Trillion in debt and State Govt. is \$3.5 Billion in debt. He noted that they were asked to add \$10M to the Town debt and that last fall \$700,000 was added. The Board of Ed is also looking for \$3M to replace a functional sports facility. Tax rates should not have changed for this fiscal year and should be returned to the fiscal 2010 level for next year. (Submitted and attached to end of Minutes)

Bob Gadbois, 358 Boston Post Road thanked Mr. Funke for his comments and said that he feels the same as Mr. Funke does. He said that he has not received an increase in his Social Security or pension and that he does not see this as the time for a sports complex.

Karen Rak, 27 Black Point Rd. said that she has to echo the same sentiments as Mr. Funke and Mr. Gadbois. She said that it is time to tighten the belt, sharpen pencils and roll back as these are difficult times. She noted that it was the Town of Vernon that combined the Board of Ed Grounds and Maintenance services with the Town side and was able to save money. They should look into doing that here. Information Technology is another place that they could save as the school has plenty of people who do this work and that could be combined. She said that there is plenty of meat on the bone.

D. Approval of Minutes

◆ Wednesday, January 19, 2011 - Special Meeting

Mr. Kleinhans called for a motion for approval or any changes to the Board of Finance January 19, 2011 Special Meeting Minutes.

****MOTION (1)**

Mr. Kelley moved to approve the Board of Finance Special Meeting Minutes of January 19, 2011 as presented.

Ms. Picarazzi seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

E. Reports

◆ First Selectman

Mr. Formica reported the following:

- ◆ That they will see some transfers of dollars for the storm events.
- ◆ They will receive a report on the Parks & Recreation Special Revenue Fund tonight.
- ◆ They will know soon what the response is on the water connection referendum.
- ◆ The negotiations with the Mobil Station are over particularly due to the Phase II study which did not match what was previously stated and which they felt would cost more than they had expected to pay so the two parties have amicably stepped aside at this time.
- ◆ The bond debt chart shows a reduction in bond debt for this and next year and he said that he feels that some of the numbers are still changing and that this is still a great time to do these projects.
- ◆ He expects to show some consolidations in the upcoming budget.
- ◆ He expects to get input on the State part of the budget on February 16, 2011. In a recent meeting with the Governor he has still inferred that he hopes that there would be no harm to the municipalities.
- ◆ He expects to show some reductions in bonding.
- ◆ He will probably look to use some fund balance for this upcoming budget year.

Mr. Larcen asked if the environmental report is confidential on the Mobil Station.

Mr. Formica said no, it was only confidential during the negotiations. On the advice of our Attorney, it is available under FOI.

Mr. Larcen asked if the Hotel tax proceeds, how much would that bring.

Mr. Formica said that it would be from 12% to 15% and cautioned that the local option tax use would allow the State Legislature to shift the burden of expenses to the Towns and reduce funding to the Towns. Many large businesses are struggling with paying their property taxes and this may not be the answer.

Mr. Kleinhans said that it could also promote a competitive disadvantage among Towns.

◆ Financial Report

Ms. Johnson said that she had included her letter in the packets with the reports and that they also had a copy of Moody's Report on the bond sale plus the seven bids that they received. She said that they were pleased with the rate.

Mr. Larcen asked why the wages were at 61% through January 2011 when they typically should be at 58% at this point in the year.

Ms. Johnson said that it is due to wage increases for management that have not been transferred over yet.

Mr. Larcen asked if the money is in contingency.

Ms. Johnson said yes.

Mr. Larcen asked when she proposed to allocate it.
Ms. Johnson said probably in April.

Mr. Kleinhans noted the letter from the Board of Ed and asked if essentially they have gone into a freeze.
Ms. Johnson said yes.

Mr. Formica commented that Moody's listed us as having low debt burden with rapid amortization.

F. New Business

◆ Parks & Recreation Special Revenue Fund Report

Mr. Putnam noted that the current deficit will be taken care of during the May – June time frame as that is when two of their major programs kick in and they will have a surplus. 25% of the surplus for the year will be returned to the Town.

Mr. Harney asked if there were any surprises with this program.
Mr. Putnam said no. He noted that Ms. Johnson and her staff helped them set it up and that it is going well for them.

◆ Discussion – ELYSA – Special Appropriation – YSB Enhancement

Mr. Kleinhans called for a motion.

****MOTION (2)**

Mr. Kelley moved to approve the appropriation of the \$6,250 State Department of Education Grant as follows: \$5,500 to account #1-01-45-422-100-415 (Program Payroll) and \$750 to account #1-01-45-422-100-311 (Program Coordinator).

Mr. Larcen seconded the motion.

Mr. Formica explained that this is the annual grant that they receive from the State.

Vote: 6 – 0 – 0. Motion passed.

◆ Discussion/Action – Transfer of Funds – Purchase of Police Cruisers

Mr. Kleinhans called for a motion for discussion.

****MOTION (3)**

Mr. Harney moved to approve a transfer in the amount of \$66,578 to account #1-01-70-724-700-463 (PS-Police Cruisers) from the following accounts: \$50,777 from #1-01-70-724-700-708 (PWD-PU Truck), \$6,836 from #1-01-70-724-700-421 (Town-P&R Equip) and \$8,965 from #1-01-70-724-700-421 (Town-COA Equip).

Mr. Hart seconded the motion.

Mr. Formica explained that they have the money to fund these police cruisers and that they propose to take if from the vehicle acquisition program and pay cash for two Crown Victoria's this year. They would not be putting in for two new cars in next years' budget. This would provide for two completely outfitted police vehicles. This is also the last year that the Crown Vics are being made and next year would be the start up year for a new model that will replace the Crown Vic. As the first year of a new model is the year in which the bugs are all found and worked out, they would not be purchasing any new police cars during that year.

Mr. Kleinhans said that they heard so much about the vehicle acquisition program that he is wondering why they are not doing this as part of that program.

Mr. Formica said that they want to take advantage of this model now.

Mr. Larcen said that he is also confused and asked where the funds are coming from for this.
Ms. Johnson said that the accounts that they are transferring the funds from are part of the general fund operating budget. The funds are available due to the delayed purchase of some of the larger vehicles.

Vote: 6 – 0 – 0. Motion passed.

◆ **Discussion/Action – Transfer of Funds – Storm/Overtime Accounts**

Mr. Kleinhans called for a motion for discussion.

Mr. Hart noted that the first set of account numbers in the both parts of the motion were reversed from what they should be. The 700-724 should be 724-700.

Mr. Kleinhans thanked him for the good catch.

****MOTION (4)**

Ms. Picarazzi moved to approve a transfer in the amount of \$28,000 from account #1-01-70-724-700-708 (PWD-PU Truck) to the following accounts: \$8,400 to #1-01-30-317-100-315 (Storm Overtime) and \$19,600 to #1-01-30-317-300-330 (Storm Materials).

In addition move to transfer in the amount of \$80,000 from account #1-01-70-724-700-403 (CNRE Municipal Project) to the following accounts: \$24,000 to #1-01-30-317-100-315 (Storm Overtime) and \$56,000 to #1-01-30-317-300-440 (Storm Materials).

Mr. Kelley seconded the motion.

Mr. Formica explained that the storm budget is roughly \$100,000 over between labor, materials and supplies. They are using the other \$28,000 from the acquisition account to cover this.

Mr. Kelley asked about the other payments on the acquisition account.

Mr. Formica said that they have the money to make the remainder of this years payments and the \$28,000 is unspent this year and this seemed to be money that they could use for the unforeseen winter that they have had.

Mr. Kelley noted that the first transfer that was done did not cost them anything but he feels that this one will.

Mr. Formica said that they also put in for \$51,000 in expenses to the State for the storm of January 11 to 13 and that they hope to get 75% of that back if the Federal Govt. accepts the State submission for the storm expense. They could credit that back to that account if they want to.

Mr. Larcen, in looking over the reports asked about the \$50,000 left in storm materials and supplies.
Mr. Giannattasio said that as of today that they are at \$161,000 in storm materials with a budget of \$105,000.

Mr. Larcen noted that his issue is one of having 7% in the undesignated fund balance which Moody's makes reference to.

Mr. Giannattasio said that the \$105,000 budget has been totally expended and that what they have is actively in use.

Mr. Hart asked about fleet fuel and those figures.

Mr. Giannattasio said that it is at 80% used as of today with a \$52,000 encumbrance.

Ms. Picarazzi asked Mr. Giannattasio if he would expect road repairs to be greater with the bad winter that we have been experiencing.

Mr. Giannattasio said not necessarily so and that he still has the Town Aid Road (TAR) funds for that work.

Vote: 6 – 0 – 0. Motion passed.

◆ **Appointment of Auditor for June 30, 2011**

Mr. Kleinhans said that they would move this to their next meeting as they do not have the engagement letter.

◆ **2011/2012 Budget Review Schedule**

Mr. Kleinhans said that they had this in their packets.

Mr. Larcen asked if they would change the start time on the March 29, 2011 meeting to 7 PM as he has another engagement earlier that evening.

The consensus of the Board was that change can be made.

Mr. Formica noted that the Board of Selectmen would be hearing a presentation from the Board of Ed on March 2, 2011 and asked if they would like to join them.

The consensus of the Board members was that they would not have received the budget books yet and they would like to have the budget information prior to that meeting to be able to review it and ask questions.

****MOTION (5)**

Mr. Larcen moved to approve the Board of Finance FY 2011/2012 Budget review Schedule as amended.

Ms. Picarazzi seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

G. Old Business

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

Mr. Kelley said that they were having trouble setting a time for everyone to meet and that they would be doing that after tonight's meeting. He said that he would have a report for their next meeting.

◆ **Review of Open Items**

Mr. Kleinhans asked Ms. Johnson to be ready to present a review on the items listed in the audit for next months meeting.

H. Public Discussion

Mr. Kleinhans called for Public Discussion.

There was none.

I. Board Comments

Mr. Kleinhans called for Board comments.

Mr. Larcen said that he appreciated receiving the Moody's Report. He asked what the current undesignated fund balance was at.

Ms. Johnson said that it was at 6.6%

Mr. Larcen asked how much was needed to get to the 7%.

Mr. Harney and Ms. Picarazzi said that it was around \$200,000 - \$300,000 that was needed.

Mr. Formica said that he thought that they would get there.

J. Adjournment

Mr. Kleinhans called for a motion to adjourn.

****MOTION (6)**

Ms. Picarazzi moved to adjourn this Regular Meeting of the East Lyme Board of Finance at 8:12 PM.
Mr. Kelley seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary