

**EAST LYME BOARD OF FINANCE
REGULAR MEETING MINUTES
Wednesday, APRIL 13th, 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
Anna Johnson, Finance Director
James Lombardo, Superintendent of Schools

Absent: No One

A. Call Meeting to Order

Chairman Kleinhans called this Regular Meeting of the East Lyme Board of Finance to order at 7:00 PM.

B. Pledge of Allegiance

The Pledge was observed.

C. Delegations

Mr. Kleinhans called for delegations.

Robert Gadbois, 358 Boston Post Road said that he had missed the opportunity to speak regarding the Board of Ed at that budget presentation but wanted to ask why with the enrollment dropping in the schools does their budget keep going up and also how come they have not taken care of their buildings when they get the money to do it each year.

Mike Schulz, Lovers Lane thanked the Board of Finance and Board of Ed for all of their effort and service. He said that he had a couple of things to bring up – on average each administrator will get an increase of \$3500 this year and as Mr. Gadbois has said, they have decreasing enrollment but increasing dollars. The enrollment from Salem is also decreasing so Salem's budget decreases but what about East Lyme's – this means that we get less revenue. He said that he thinks that Salem should be hit harder if they want to use our school system and if not – then let them build their own and see what it costs. Also, the school feasibility study is out and that cost will approach \$23M and he does not believe that the athletic complex figure is included in that \$23M. Every Town employee is getting COLA this year and that's great; the teachers are getting a salary increase this year and that's great – but he does not agree with contracts that go out beyond one (1) year. He said that he remembers health insurance being a 50-50 contribution and that people were happy to have it. It should be a 50-50 contribution now. Also, the administrators get 50% of their agreement if they opt out – which is absurd. You have the \$15M water project being bonded and a \$2M sports complex and the list goes on and on – you have a credit card with no limit and no one will be able to afford to live in this Town.

D. Approval of Minutes

♦ **Wednesday, March 9, 2011 - Regular Meeting**

Mr. Kleinhans called for a motion for approval or any changes to the Board of Finance March 9, 2011 Regular Meeting Minutes.

****MOTION (1)**

Mr. Harney moved to approve the Board of Finance Regular Meeting Minutes of March 9, 2011 as presented.

Mr. Larcen seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

◆ **Thursday, March 17, 2011 – Special Meeting**

Mr. Kleinhans called for a motion for approval or any changes to the Board of Finance March 17, 2011 Special Meeting Minutes.

****MOTION (2)**

Mr. Kelley moved to approve the Board of Finance Special Meeting Minutes of March 17, 2011 as presented.

Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

◆ **Wednesday, March 23, 2011 – Special Meeting**

Mr. Kleinhans called for a motion for approval or any changes to the Board of Finance March 23, 2011 Special Meeting Minutes.

****MOTION (3)**

Mr. Kelley moved to approve the Board of Finance Special Meeting Minutes of March 23, 2011 as presented.

Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

◆ **Monday, March 28, 2011 – Special Meeting**

Mr. Kleinhans called for a motion for approval or any changes to the Board of Finance March 28, 2011 Special Meeting Minutes.

****MOTION (4)**

Mr. Kelley moved to approve the Board of Finance Special Meeting Minutes of March 28, 2011 as presented.

Mr. Hart seconded the motion.

Vote: 5 – 0 – 1. Motion passed.

Abstained: Ms. Picarazzi

◆ **Wednesday, March 30, 2011 – Special Meeting**

Mr. Kleinhans called for a motion for approval or any changes to the Board of Finance March 30, 2011 Special Meeting Minutes.

Mr. Hart asked that on Page 2 in MOTION (2) that 'open' be changed to read: close.

****MOTION (5)**

Mr. Kelley moved to approve the Board of Finance Special Meeting Minutes of March 30, 2011 as amended.

Mr. Larcen seconded the motion.

Vote: 5 – 0 – 1. Motion passed.

Abstained: Mr. Harney

Mr. Kleinhans thanked the Recording Secretary for her accuracy with the minutes.

E. Reports

◆ First Selectman

Mr. Formica reported:

- That the additional parking area for downtown that is part of the Streetscape project is moving forward.
- A meeting with the Ambulance Association was held and they are coming to some accounting of how they will move forward in the future. So far both departments have voted to restore dollars to their fuel budgets.
- He was in Hartford today and Lt. Governor Wyman spoke on the budget and said that there is possibly some excess revenue in the budget and that they may use a portion to re-fund PILOT which took a hit. There is a lot of talk going on about what the Governor is asking for and the budget may be completed by May 6 – which may or may not help us with out budget. He said that he heard that there is a 5% reduction of funds.
- He has met with the Resident Trooper on the fringe benefits and overtime and straight time. There are some questions about the program and how the percentages had changed. A breakdown is forthcoming.
- He attended a Millstone press conference regarding the proposed tax on Dominion and said that he and Representative Ritter spoke against the bill.

Ms. Picarazzi asked the latest status on the Boardwalk and if they were waiting for Amtrak to finish.

Mr. Formica said that Amtrak expects to be finished in May of 2013 and that the work that we would do would only take a few months. He said that we are working with consultants on the preliminary design for it now.

◆ Finance Director

Ms. Johnson said that her reports were in their packets and that she had given them a copy of her monthly report. She said that she had also given them the updates that they had requested.

F. New Business

a. Special Appropriation - \$18,200 Emergency Management – Utility Vehicle

Mr. Kleinhans called for a motion for discussion.

****MOTION (6)**

Ms. Picarazzi moved to approve a special appropriation I the amount of \$18,200 for the purchase of a utility vehicle to a budget account to be established titled, 'NESP – Utility Vehicle'. The purpose of this purchase is to expedite evacuation of East Lyme residents in the event of an incident at the Millstone Nuclear Power Station.

Mr. Harney seconded the motion.

Mr. Formica explained that this is a reimbursable grant from Emergency Management and noted that Ms. Rathbun was present if they had any questions.

Ms. Picarazzi asked what they would get for \$18,000.

Mr. Formica said that it is a large golf cart style vehicle similar to the type that they use for the Celebrate East Lyme event when they have to get in and out of crowds of people.

Mr. Kleinhans called for a vote on the motion.

Vote: 6 – 0 – 0. Motion passed.

b. Special Appropriation - \$500 – TVCCA – Welfare/General Assistance

Mr. Kleinhans called for a motion for discussion.

****MOTION (7)**

Mr. Kelley moved to approve a special appropriation in the amount of \$500 received from administering the TVCCA Energy Assistance Program to account 1-01-01-101-300-292 – Welfare/General Assistance.

Mr. Hart seconded the motion.

Mr. Formica explained that this is to offset some of the paperwork costs of managing the energy assistance program.

Mr. Kleinhans called for a vote on the motion.

Vote: 6 – 0 – 0. Motion passed.

c. Reimbursement Grant – Parks & Recreation from DEP for Zero Turn Mower

Mr. Kleinhans called for a motion for discussion.

****MOTION (8)**

Ms. Picarazzi moved to approve a special appropriation in the amount of \$5,660 for the purchase of a John Deere Zero Turn mower from D.H. Marvin and Sons in the amount of \$7,195.20 due to approval of the State of Connecticut DEP Lawn Equipment Exchange Fund (LEEF) Grant.

Mr. Harney seconded the motion.

Mr. Formica explained that this is a ‘cash for clunkers’ lawnmower program to get rid of some of the pollutant spewing mowers. It is an 80/20 split with the Parks & Recreation portion being \$1,535.25. Mr. Putnam is present if they have questions.

Mr. Kleinhans called for a vote on the motion.

Vote: 6 – 0 – 0. Motion passed.

d. Budget Transfer – Un-affiliated Wages - \$44,614

Mr. Kleinhans called for a motion for discussion.

****MOTION (9)**

Mr. Harney moved to approve a transfer in the amount of \$44,614 from account 1-01-01-120-100-500 (Town Payroll Pending PR Change) to various budget line items as itemized on the attached worksheet titled, ‘Town of East Lyme Unaffiliated COLA increases 7/1/10 – 6/30/11 Additional Funding Required.

Ms. Picarazzi seconded the motion.

Mr. Formica explained that this is some housekeeping. The money was in a wage contingency line item and once it was worked out it gets distributed to the appropriate accounts.

Mr. Kleinhans called for a vote on the motion.

Vote: 6 – 0 – 0. Motion passed.

e. Budget Transfer – Firefighter Wages - \$12,541

Mr. Kleinhans called for a motion for discussion.

****MOTION (10)**

Ms. Picarazzi moved to transfer \$12,541 from account 1-01-01-120-100-500 (Contingency Pending PR Change) to the following accounts: \$6,657 to account 1-01-25-217-100-611 (Salaries NFD Firefighters); \$4,992 to account 1-01-25-218-100-611 (Salaries FFD Firefighters) and \$892 to account 1-01-01-114-100-121 (FICA/Medicare) due to the timing with the budget process and negotiating a successor agreement.

Mr. Kelley seconded the motion.

Mr. Formica explained that this represents year one of the three year contract but year two has a wage opener that is being discussed.

Mr. Kleinhans called for a vote on the motion.
Vote: 6 – 0 – 0. Motion passed.

f. Budget Transfer – Registrars - \$5,445 – Budget Referendum

Mr. Kleinhans called for a motion for discussion.

****MOTON (11)**

Mr. Kelley moved to approve a transfer in the amount of \$5,445 to account 1-01-01-110-500-402 (Referendum/Primary) from the following accounts: \$4,945 from account 1-01-01-104-100-212 (Building Official) and \$500 from account 1-01-01-107-100-311 (Assistant Town Clerks) to cover the estimated cost of the May 19, 2011 Annual Budget Referendum.
Mr. Hart seconded the motion.

Mr. Formica explained that this is due to having a special referendum that was not in the budget. This money is coming from funds that were not expended.

Mr. Kleinhans called for a vote on the motion.
Vote: 6 – 0 – 0. Motion passed.

g. Budget Transfers – Ratify Department Transfers - \$29,606.50

Mr. Kleinhans called for a motion for discussion.

****MOTON (12)**

Mr. Hart moved to ratify departmental transfers in the amount of \$29,606.50 processed for fiscal year end June 30, 2011. (Breakdown attached)
Mr. Harney seconded the motion.

Mr. Hart asked about the \$10,000 of Parks & Recreation materials that was being moved to people.
Ms. Johnson said that Mr. Putnam had made that decision and that the materials would not be affected.

Mr. Kleinhans called for a vote on the motion.
Vote: 6 – 0 – 0. Motion passed.

G. Old Business

▪ Budget Deliberations

Mr. Kleinhans asked that they make a motion to open discussion on all budget categories.

****MOTION (13)**

Mr. Larcen moved that all budget categories be opened for deliberation consideration/action.
Mr. Hart seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

Mr. Larcen asked about the worker's comp funding and what they expected.
Ms. Johnson said that the expected increase in this year's premium was suggested at 5%.

****MOTION (14)**

Mr. Larcen moved to reduce Line 123 – workers compensation of department 114 by \$35,000.
Ms. Picarazzi seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

Mr. Larcen asked about the \$93,000 that 'lives' in the CNRE account for the vehicle acquisition and said that it looks like there is enough in it to fund the \$58,939.
Ms. Johnson said that she still needs \$58,000 in the general fund to fund the acquisition payments.
Mr. Larcen said that he was not following –

Mr. Kleinhans explained that the lender gives the dollars so they disperse the cash and make the payments – he asked what the \$93,000 in CNRE was for.
Ms. Johnson said that they did not draw it down as they were able to acquire the vehicles for less.
Mr. Larcen said that the timing of the vehicle purchases is how you would figure your cuts.
Mr. Kleinhans said that they could cut \$53,000 with proper timing.

****MOTION (15)**

Mr. Hart moved to reduce the vehicle acquisition program in department 724 by \$50,000.
Mr. Larcen seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

****MOTION (16)**

Mr. Larcen moved to decrease dept. 522 - interest on debt by \$234,954 and to increase dept. 523 – Redemption of debt by \$194,000.
Ms. Picarazzi seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

****MOTION (17)**

Mr. Hart moved to take a brief recess to obtain information.
Mr. Larcen seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

It was determined that the grand list net collection figure was \$45,157,025. If they were to follow Scenario E it has the use of \$287,500 from fund balance in it.
Mr. Kleinhans said that he thought that they should do their best to not have to use fund balance.

Mr. Kelley said that he had some reductions to make.

****MOTION (18)**

Mr. Kelley moved to reduce line 212 in dept. 104 by \$6000.
Mr. Larcen seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

****MOTION (19)**

Mr. Kelley moved to reduce line 210 in dept. 113 by \$3500.
Ms. Picarazzi seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

****MOTION (20)**

Mr. Kelley moved to reduce the EDC budget – dept. 131 by \$2500 to \$3400.
Mr. Hart seconded the motion.

Mr. Formica said that the EDC budget of \$5000 is more like a committee and that they are working with Agra-tourism, the visitor's center and the Lee House and that \$2000 will easily go towards those efforts. They sponsor carriage rides, the downtown stroll and the porta-potties for the downtown events.

Mr. Larcen asked if they are not spending the money due to the special revenue account.
Mr. Formica said no – the only thing that would be affected by the special revenue account is the porta-potties as parks & Recreation is handling Celebrate East Lyme.

Mr. Kelley withdrew his motion and Mr. Hart withdrew his second.

****MOTION (21)**

Mr. Kelley moved to reduce the Smith Harris dept. 131 budget by \$2150 to \$10,000.
There was no second to the motion – motion dies.

****MOTION (22)**

Mr. Kelley moved to reduce line 512 of the Police budget dept. 216 by \$4000 to \$11,913.
Ms. Picarazzi seconded the motion.

Mr. Formica said that this is based on the number of constables and they will only have one so the reduced amount is reasonable.

Vote: 6 – 0 – 0. Motion passed.

****MOTION (23)**

Mr. Kelley moved to reduce line 513 of the Police budget dept. 216 by \$5000 to \$20,000.
Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

****MOTION (24)**

Mr. Kelley moved to reduce line 314 of the Public Works budget dept. 317 by \$10,526 to \$50,000.
Ms. Picarazzi seconded the motion.

Mr. Formica said that Mr. Giannattasio did say that he was looking into this and thought that is was achievable.

Vote: 6 – 0 – 0. Motion passed.

****MOTION (25)**

Mr. Kelley moved to reduce line 295 of the Public Works budget dept. 317 by \$50,000.
Ms. Picarazzi seconded the motion.

Mr. Formica and Mr. Kleinhans said that they thought that this might be too much of a reduction.

Mr. Kelley amended his motion to reduce line 295 of the Public Works budget dept. 317 by \$40,000 to \$640,000.

Ms. Picarazzi seconded the amendment.

Vote on amended motion: 6 – 0 – 0. Motion passed.

****MOTION (26)**

Mr. Hart moved to reduce line 301 of the Niantic Fire department budget 217 by \$9000 to \$2000.
Ms. Picarazzi seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

****MOTION (27)**

Mr. Hart moved to reduce line 301 of the Flanders Fire department budget 218 by \$4000 to \$4000.
Mr. Kelley seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Mr. Larcen asked about the capital outlays.

Ms. Johnson reviewed them noting that \$370,300 was the Re-Val contract and that \$225,000 was the cost for this year leaving \$145,300 to fund.

Mr. Formica explained that while it lists \$195,300 that he had just received word that the bids for the special appraiser for unique properties to dot he State properties came in at a higher figure of \$57,000. The Assessor has said that she will put in the \$7000 from her budget.

Mr. Larcen said that roofs and sidewalks could go under LoCIP or at least the \$50,000 on roofs.
Mr. Kleinhans noted that it is already a CNRE expense.

Mr. Formica explained how the funds were to be used in the CNRE with \$70,000 for the Grand Street boat ramp and \$85,000 split with \$35,000 for the carpet and \$50,000 for the roofs.

****MOTION (28)**

Mr. Larcen moved to make a reduction out of Capital – dept 724 in the amount of \$105,000 for items to be funded by CNRE (CAD, carpet, roof, HVAC).

Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Mr. Hart asked about line 465 – PS Emergency Management in dept 724 Capital at \$41,838 and if it could be deferred.

Mr. Formica said that it would make sense to see about resource sharing with Waterford and to do a special appropriation if necessary.

****MOTION (29)**

Mr. Hart moved to reduce line 465 in budget dept 724 by \$41,838 to zero.

Ms. Picarazzi seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Mr. Larcen asked Mr. Formica for a recommendation on Contingency.

Mr. Formica suggested that it could be reduced by \$50,000.

****MOTION (30)**

Mr. Larcen moved to reduce line 500 – Town Payroll Pending PR Change by \$50,000 to \$65,000 in dept 120.

Ms. Picarazzi seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

****MOTION (31)**

Mr. Larcen moved to reduce line 233 – General Gov. Legal in dept 114 – Govt. Misc. & Benefits by \$47,000 to \$103,000.

Mr. Hart seconded the motion.

Mr. Formica asked where the money necessary for this would be coming from as it is a real item.

Mr. Larcen and Mr. Kleinhans said fund balance.

Mr. Kleinhans said that he prefers that legal fees are not a part of the operating budget.

Mr. Larcen explained that this is an extraordinary situation and that he feels that there should be a taxpayer understanding that this is from a past situation and not the normal way of doing business.

Mr. Formica said that there are two complex processes that are on-going.

Mr. Larcen said that he would not be opposed to one-half going into contingency for this.

****MOTION (32)**

Mr. Larcen moved to increase line 500 in operating contingency budget dept 120 contingency by \$25,000 to \$170,000.

Ms. Picarazzi seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

They synopsisized that they needed \$1,165,072 and that they would still need around \$594,950 if they include the use of fund balance.

Mr. Larcen noted the ambulance association services and questioned how they would want to handle that.

Mr. Kelley said that it is all speculation right now and if people are meeting on this – it can be taken care of once they come up with something.

Mr. Hart said that he is opposed to the ambulance service having an in-kind service arrangement with the Town. He would prefer to try to set up a monthly fee of sorts that would go into a fire department revenue account.

Mr. Formica said that they have been working on this and how it would be handled and that it would be premature at this point to make decisions. Further, it would first be a Board of Selectmen item should it be put into the budget.

Discussion moved to the Board of Ed budget.

Mr. Kleinhans said that he thinks that they heard of some placed where they could cut - \$12,000 on workers comp, some IT - \$170,000, health insurance contingency - \$93,000 and some project that could be funded through the CNRE and some \$70,00 in non-priority items. He said that he was looking at a reduction in the \$500,000 range with a return to the general fund of at least \$250,000 by year end. He said that he thought that this was attainable.

Mr. Hart said that he looks at the same items and sees a cut in the \$684,000 range with the \$250,000 to fund balance. He said that he thinks that with the terrific job that they are doing that this will work.

Ms. Picarazzi said that she could agree with both of them and felt that they had clearly identified items.

Mr. Larcen said that he was not following this and felt that they should ask Dr. Lombardo what he anticipates returning from his budget this year as if it is the \$250,000 and you are subtracting that from the \$750,000 then the reduction is \$500,000 and if you are subtracting it from \$684,000 then it would be a reduction of \$434,000.

Dr. Lombardo said that the \$310,000 that they anticipated as of 3/31/2011 was obtained by freezing accounts and all professional development/ He said that he feels more certain of returning \$100,000 and not the \$200,000 that they are speaking about.

Mr. Harney said that he would feel more comfortable with the \$150,000 that he is seeing on the most recent report.

Mr. Larcen said to Dr. Lombardo that the more aggressive that they can be in mitigating to get to the return of \$250,000 would be better for them as the fund balance would then be at the 7% that they need.

Dr. Lombardo said that he would do his best to work with that.

Mr. Formica asked if the \$287,500 from fund balance was included in their figuring.

Mr. Larcen said yes.

****MOTION (33)**

Mr. Hart moved to take a brief recess.

Mr. Kelley seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

****MOTION (34)**

Mr. Hart moved to reduce the Board of Education – dept. 999 budget by \$460,000.

Ms. Picarazzi seconded the motion.

Mr. Larcen said that his concern is that the basis repair and maintenance does not get decimated and that he comes up with a reduction of \$425,000.

Mr. Larcen moved an amendment to MOTION (34) to reduce the Board of Education dept. 999 budget by \$425,000.

Ms. Picarazzi seconded the amendment.

Mr. Kleinhans called for a vote on the amendment.
Vote: 2 – 4 – 0. Motion failed.
For: Ms. Picarazzi, Mr. Larcen
Against: Mr. Kelley, Mr. Hart, Mr. Kleinhans, Mr. Harney

Mr. Kleinhans called for a vote on the original MOTION (34) – reduction of \$460,000
Vote: 4 – 2 – 0. Motion passed.
For: Mr. Kelley, Mr. Hart, Mr. Kleinhans, Mr. Harney
Against: Ms. Picarazzi, Mr. Larcen

Mr. Harney suggested that the Board of Ed bid out some of their projects to get the best prices.

Mr. Kleinhans asked for a motion to add to the revenue item on fund balance – the \$250,000.

****MOTION (35)**

Mr. Hart moved to increase fund balance by \$250,000.
Mr. Kelley seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

Mr. Kleinhans summed up that the net results were \$115,050 to the positive which would result in a potential .05 reduction in the mill rate.

****MOTION (36)**

Mr. Kelley moved to close budget deliberations on all budgets.
Mr. Hart seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

Mr. Kleinhans said that they would cancel the Special Meeting of Monday April 18, 2011.

Ms. Johnson said that they would need to set the mill rate before the end of May and that she would email everyone a listing of the changes.

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

Mr. Kelley said that they have been overcome by the budget process and would take this back up in the near future.

◆ **Review of Open Items**

This was done previously.

H. Public Discussion

Mr. Kleinhans called for Public Discussion.

Mike Schulz, Lovers Lane thanked them for doing their job and for the potential reduction. Through the Chairman he suggested that they recommend to Dr. Lombardo that they strongly consider a pay for play program as they could pick up some dollars in that way. He said that he is a strong supporter of professional development and that pay for play could help that area. He thanked Dr. Lombardo for his service and everyone for all their hard work.

Karen Rak, 27 Black Point Road said that she is quite pleased with the reduction and that she would like to know the reduction to the Town side and to the Board of Ed side as it traditionally seems that the Town takes the bigger hit and this is not fair as the school side serves less.

I. Board Comments

Mr. Kleinhans said that the Board of Ed reduction was \$460,000 and the reduction to the Town side was around \$490,000. He then thanked everyone for all of their hard work.
Ms. Picarazzi said that she was thankful for the effort and how well they worked together.
Mr. Larcen said that this was excellent team effort and thanked his fellow board members and the Town and Board of Ed leadership for their timely information.
Mr. Kelley echoed the same sentiments and added that Mr. Formica and his staff make their job easier.
Mr. Hart thanked everyone for their hard work.
Mr. Harney agreed and echoed the same sentiments.

J. Adjournment

Mr. Kleinhans called for a motion to adjourn.

****MOTION (37)**

Mr. Kelley moved to adjourn this Regular Meeting of the East Lyme Board of Finance at 10:15 PM.
Mr. Hart seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary