

**EAST LYME BOARD OF FINANCE
REGULAR MEETING MINUTES
Wednesday, MAY 12th, 2010**

Members In Attendance: Bob Kleinhans, Chairman
Steve Larcen, Secretary
Steve Harney
Raymond Hart
Jeff Langan

Also In Attendance: Paul Formica, First Selectman
Don Meltabarger, School Business Manager
Tim Hagen, Board of Ed Chairman
Ray O'Connor, Town Building Committee
Mike Giannattasio, Public Works Director
Anna Johnson, Finance Director

Absent: Steve Kelley

A. Call Meeting to Order

Chairman Kleinhans called this Regular Meeting of the East Lyme Board of Finance to order at 7:03 PM.

B. Pledge of Allegiance

The Pledge was observed.

C. Delegations

Mr. Kleinhans called for delegations.

Bob Gadbois, 358 Boston Post Road, said that he sees that the boiler replacement is on the agenda this evening. He said that he would like to see the cracked one replaced and no others at this time. In a better economy they could replace the other two. He said that he has also heard that they would be converted to gas as it is cheaper. He reminded them that the Middletown project that just blew up was because of gas – and that has not been 'cheaper' for them.

D. Approval of Minutes

◆ **Monday, April 5, 2010 – Special Meeting**

Mr. Kleinhans called for a motion for approval or any changes to the Board of Finance April 5, 2010 Special Meeting Minutes.

Mr. Harney asked that on Page 1 in the second line under delegations that of be changed to read: 'He asked the Board to ask...'; on Page 2 in the 7th line from the top that the word 'form' be changed to read: 'from'; on Page 3 in the third line from the bottom that 'here' be changed to read: 'there'; on Page 4, in the fourth line up from the bottom of the page that the word 'fives' be changed to read: 'gives'.

****MOTION (1)**

Mr. Hart moved to approve the Board of Finance Special Meeting Minutes of April 5, 2010 as amended. Mr. Larcen seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

◆ **Tuesday, April 13, 2010 – Special Meeting**

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

Mr. Larcen asked that on Page 2 in the third paragraph up from the bottom that the figure \$610 be changed to read: '\$610,000'; that MIRMA be spelled with an 'I'; on Page 5 in the paragraph above the reductions change '98.4% ax collection rate' to read: '98.4% tax collection rate'.

****MOTION (2)**

Mr. Larcen moved to approve the Board of Finance Special Meeting Minutes of April 13, 2010 as amended.

Mr. Hart seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

◆ **Wednesday, April 14, 2010 – Regular Meeting**

Mr. Kleinhans called for a motion for approval or any changes to the Board of Finance April 14, 2010 Regular Meeting Minutes.

****MOTION (3)**

Mr. Hart moved to approve the Board of Finance Regular Meeting Minutes of April 14, 2010 as presented.

Mr. Larcen seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

◆ **Monday, April 19, 2010 – Special Meeting**

Mr. Kleinhans called for a motion for approval or any changes to the Board of Finance April 19, 2010 Special Meeting Minutes.

****MOTION (4)**

Mr. Harney moved to approve the Board of Finance Special Meeting Minutes of April 19, 2010 as presented.

Mr. Hart seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

◆ **Monday, April 26, 2010 – Public Hearing**

Mr. Kleinhans called for a motion for approval or any changes to the Board of Finance April 26, 2010 Public Hearing Minutes.

Mr. Larcen asked that on the bottom of Page 1 that 1.9% be changed to read: .67%

****MOTION (5)**

Mr. Hart moved to approve the Board of Finance Public Hearing Minutes of April 26, 2010 as amended.

Mr. Larcen seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

◆ **Monday, April 26, 2010 – Special Meeting**

Mr. Kleinhans called for a motion for approval or any changes to the Board of Finance April 26, 2010 Special Meeting Minutes.

****MOTION (6)**

Mr. Hart moved to approve the Board of Finance Special Meeting Minutes of April 26, 2010 as presented.

Mr. Larcen seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

E. Reports

◆ First Selectman

Mr. Formica reported that he attended a COST meeting and that the Town did okay on municipal aid. In the end, we were cut about \$66,000. A Health Fair was held at the Town Hall and some people from Waterford attended. This is part of the wellness program that is being put forth for all employees. He said that he recently attended a SCRRA program on trash to energy plants for solid waste and the single stream cans are almost all out to the residents and recyclables are being picked up on a bi-weekly basis. He has been in discussions on funding and regionalization with other Towns. Also, today, the Rotary Club contributed \$25,000 to the Streetscape project. He said that he is looking into a trolley route for the summer months to run downtown 10 hours per day and to be sponsored by the merchants as they did some years ago for the summer. The Annual Town Meeting was this past Monday and the Referendum vote on the budget will be on May 20, 2010 in the Community Center from 8 AM to 8 PM.

Mr. Larcen asked about the conveyance tax oversight problem at the session end.

Mr. Formica said that our budget calls for some \$200,000+ in revenues from conveyance taxes and that he has spoken with Representative Jutila who has said that they will take the conveyance tax issue up in Special Session. They may also take up the Hotel Tax which would be of particular interest to us as we have some 450 hotel rooms.

◆ Finance Director

◆ June 30, 2009 Audit Comments

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

Mr. Larcen asked about the revenue reports and if he was correct in that they are showing a larger gap than what they saw in March.

Ms. Johnson said yes, he was correct and that there was a shift of \$89,000 in collections and ECS; telephone taxes were \$36,000 less than anticipated and tuition reimbursement will be \$40,000 less than anticipated. She added that they have also identified areas on the expenditure side that will cover the shortfalls.

Mr. Larcen asked if they are assuming using fund balance or not to cover the shortfall.

Ms. Johnson said that they would assume using fund balance. She also reported that FEMA made funding available to cities and Towns and that they are in the process of identifying all of the projects that they feel would qualify for this. Then they will see if they are accepted.

F. New Business

a. Discussion/Action Tax Collection Suspense List 1994 – 2008 in the amount of \$35,649.75

John McCulloch, Tax Collector explained the Suspense List and the breakdown.

Mr. Kleinhans asked if it would be worth sending through an outside collection agency.

Mr. McCulloch said that they could try that although these are not abated as a tax liability and do remain collectible. He added that they do get people who come in and pay them, especially as the majority are for motor vehicles and motor vehicle registrations are denied until tax obligations to the Town of East Lyme are met.

Mr. Kleinhans called for a motion.

****MOTION (7)**

Mr. Larcen moved to approve the suspense list as presented in the amount of \$35,649.75.

Mr. Hart seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

b. Discussion regarding a Special Meeting for setting the Mill Rate for the 2010-2011 Budget

Ms. Johnson said that they would need to set a date for a meeting after the referendum to set the mill rate.

After discussion it was agreed that a Special Meeting to set the mill rate or to conduct such other business as necessary would be held on Wednesday, May 26, 2010 at 6:30 PM in the Town Hall upper meeting room.

c. Discussion on the Funding of Health Insurance/Internal Service Fund

Mr. Formica reviewed the analysis of the health insurance fund operations noting that they are hoping to come out to the good.

Mr. Larcen asked what self-pay meant that is listed under the Board of Ed analysis.

Ms. Johnson said that there are people who no longer work for the Board of Ed but still get health insurance and have to pay for it.

Mr. Larcen asked how this related to the Board of Ed being \$357,000 short on the required contributions to the plan and noted that it is hard to see where that is.

Ms. Johnson said that the report is showing that they expect to reconcile.

Mr. Larcen said that he did not see the \$357,000 reconciled there and asked what caused the shortfall.

Ms. Johnson said that she believes that they Board of Ed did not start with the correct base numbers.

Mr. Larcen said that his concern is that they are on the proper footing and that they will be starting out on the proper footing so that they will not have this problem.

Mr. Formica said that he was working on that to close out the year on the proper footing and to start out the new with the correct base numbers and funding.

d. Discussion/Action – East Lyme High School Boilers

Mr. Formica noted the people who were present to answer any questions that they might have regarding the boilers and recapped the process that had been undertaken. He said that payback is anticipated in approximately three (3) years time. He noted that the Board of Selectmen has approved this and passed it on to them for their review and consideration.

Mr. Giannattasio said that the bid package was based upon the school use over time.

Mr. Harney asked about the concerns that were raised regarding going to natural gas.

Mr. Giannattasio said that petroleum based fuels do not work well with these systems; you have particulates in the air that settle and cause other problems, while gas burns cleaner. There are also the rebates.

Mr. Larcen noted the savings anticipated with gas of \$114,000 versus the \$35,000 budgeted.

Mr. Meltabarger said that they would need all of those savings to offset the cost of oil for the other facilities.

Mr. Hart asked if they have gas going to the building now and if they have thought of changing over.

Mr. Meltabarger said that they have propane however it would be cost prohibitive to run the lines on that for natural gas. He noted that the three condensing units vent out the side and that the two non-condensing units vent up.

Mr. Langan asked if there is any new technology here.

Mr. Meltabarger said no, this is off the shelf, tried and proven technology.

****MOTON (8)**

Mr. Harney moved to approve a special appropriation of up to \$457,865 for the purchase of a new boiler system at the East Lyme High School. Source of funds to be as follows: \$383,944 from Capital Projects Fund from the proceeds of 40 Industrial Park Road and \$73,291 from CNRE Learn Rent Fees. This amount is before the Northeast Utilities incentive payment of \$87,424, which will be returned to the Capital Projects Fund upon completion of the project for a new project cost of \$370,441. This project is consistent with FY10 Capital improvement plan approved 5/7/2009 for \$450,000.

Mr. Larcen seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

e. Discussion/Action Department Transfers

Mr. Kleinhans noted that they have the information in their packets.

****MOTION (9)**

Mr. Hart moved to approve the departmental transfers in the amount of \$71,179 processed for fiscal year end June 30, 2010 as presented.

Mr. Harney seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

G. Old Business

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

Mr. Langan reported that they have a meeting scheduled for Monday.

◆ **Review of Open Items**

Mr. Larcen said that he would present an updated listing for their next meeting.

H. Public Discussion

Mr. Larcen called for Public Discussion.

There was none.

I. Board Comments

Mr. Kleinhans said that it was nice to be through the budget deliberation process and thanked everyone for their hard work in putting forth a good budget for the Town. He also thanked Mr. Larcen for his PowerPoint presentation at the Public Hearing.

J. Adjournment

Mr. Kleinhans called for a motion to adjourn.

****MOTION (10)**

Mr. Hart moved to adjourn this Regular Meeting of the East Lyme Board of Finance at 8:37 PM.

Mr. Larcen seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary