

**EAST LYME BOARD OF FINANCE
SPECIAL MEETING MINUTES
BUDGET REVIEWS
Wednesday, MARCH 24th, 2010**

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

Also In Attendance: Paul Formica, First Selectman
Anna Johnson, Finance Director
Bill Scheer, Town Engineer, IT
William Deakyne, Library Director
Michael Giannattasio, Public Works Director
Pat Kelly, Waterford/East Lyme Shellfish Commission
Esther Williams, Town Clerk
David Putnam, Parks & Recreation Director
Greg Landers, Steve Dinsmore, Harbor Management Commission

Absent: No One

A. Call Special Meeting to Order

Chairman Kleinhans called this Special Meeting of the East Lyme Board of Finance to order at 6:30 PM.

B. Pledge of Allegiance

The Pledge was observed.

C. Delegations

Mr. Kleinhans called for Delegations.

There were none.

Mr. Langan apologized for not being able to be present for the previous Special Meeting and asked about the process of making a motion to open and close discussion on each department. In particular he wanted to know if they would be discussing changes at another time during deliberations.

Mr. Kleinhans said that they would and that this was just for this phase of the process.

****MOTION (1)**

Mr. Harney moved to change the order of the appearance of the departments to the following: #133, #136, #107, #105, #109, #113, #317, #420 and #421.

Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

D. New Business

a. Budget Reviews – FY 2010 - 2011

◆ Waterford/East Lyme Shellfish Commission (133) – Pat Kelly, Co-Chair & Treasurer

****MOTION (2)**

Mr. Harney moved to open the budget review for Item 133 – Waterford/East Lyme Shellfish Commission.
Mr. Kelley seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

Mr. Kelly, Co-Chair said that this was fairly straight forward and that they had once again reduced their request by half. He said that he would answer any questions that they might have.
The Board did not have any questions.

****MOTION (3)**

Mr. Hart moved to close the budget review for Item 133 – Waterford/East Lyme Shellfish Commission.
Mr. Kelley seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

◆ **Harbor Management Commission (136) – Don Landers, Chairman, Steve Dinsmore, Treasurer**

****MOTION (4)**

Mr. Hart moved to open the budget review for Item 136 – Harbor Management Commission.
Mr. Kelley seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

Mr. Formica noted that there is a bit of an increase to this budget due to the maintenance of the harbor from the institution of the mooring permit program. They eventually expect more revenues from the permits and that this will take care of itself as it becomes more stable.

Mr. Hart asked about line #415 as it looked like they were taking \$3000 from it and moving it to a different line item.

Mr. Dinsmore said that the warden retired and that a previous warden was volunteering some time to them.

Mr. Langan said that the actual expense from the previous year was significantly less than what they are requesting this year (\$3448 v. \$12,074).

Mr. Dinsmore said that a lot had to do with the warden volunteering his time.

Mr. Formica said that the \$1700 and \$3000 increases have to do with the increase in the harbor management due to the mooring program which is a significant program and to get it up and running so that it can pay off.

Mr. Kleinhans said that prior to the mooring program that they spent \$3448 and that to date this year they have nearly \$8000 left – he asked if they expect to spend it.

Mr. Landers said that is a valid question and that there are currently a number of moorings out there that are unpermitted and he is not sure if they will have to have them hauled and pulled. He explained that they are set up by State Statute and the money they collect is supposed to be put into an account and that he hopes that they will eventually be self sustaining with this program. They previously brought in zero and now they are bringing in some money.

****MOTION (5)**

Mr. Hart moved to close the budget review for Item 136 – Harbor Management Commission.
Mr. Harney seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

◆ **Town Clerk (107) - Esther Williams, Town Clerk**

****MOTION (6)**

Mr. Hart moved to open the budget review for Item 107 – Town Clerk.
Mr. Kelley seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

Esther Williams, Town Clerk noted that the municipal conveyance tax will sunset on June 30, 2010 and that the \$2.25/\$1000 that they now get will go back to \$1.10/\$1000. She said that the lobbyists are working with CCM closely on this to keep it where it is although the realtors are looking to have it sunset. She said that the

fish and game fees are up due to Waterford not putting the system in so the people from Waterford come here. There will also be a decrease in the Assistant Town Clerk line item as one of her clerks went for a full time position in the Assessor's Office. The rate for the new person will be \$16.92/hour for 25 hours with NO benefits. The previous person was grandfathered with benefits and was getting nearly \$2 more per hour.

Mr. Kleinhans asked if he was correct in that the conveyance tax was set to sunset before and that it made it through okay.

Ms. Williams said yes, that was correct.

Mr. Larcen asked about the conveyance tax revenue reduction of \$60,000 and if there is any seasonality to it.

Ms. Williams said that spring is typically a busy time but she would not anticipate that they could get the larger revenues in these times.

Mr. Kleinhans asked for further detail on that as the time came closer to deliberations.

****MOTION (7)**

Mr. Hart moved to close the budget review for Item 107 – Town Clerk.

Mr. Kelley seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

◆ Town Engineer (105) – Bill Scheer, Town Engineer

****MOTION (8)**

Mr. Kelley moved to open the budget review for Item 105 – Town Engineer.

Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Bill Scheer, Town Engineer said that there are zero increases except for the salary increases.

Mr. Larcen asked if the Stormwater Management relief would be affected by the Governor's mandates.

Mr. Scheer said that it probably would be.

Mr. Larcen asked about the Engineering Overtime as they are operating at 93% so far and that is high. He asked what the expectation was.

Mr. Scheer said that it goes up and down and that he thinks that will be on the mark. They have been busy with the Main street downtown program and that has taken the extra time.

Mr. Langan said that if there is a 3.5% increase that the difference from this year to what is being proposed is more than that and asked for an explanation.

Mr. Scheer said that he would take a look at it and get back to them on it.

Mr. Formica said that those department heads get a 2.5% step increase every other year also and that might account for the difference.

****MOTION (9)**

Mr. Hart moved to close the budget review for Item 105 – Town Engineer.

Mr. Kelley seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

◆ Information Technology (109) - Bill Scheer, Director

****MOTION (10)**

Mr. Hart moved to open the budget review for Item 109 – Information Technology.

Mr. Kelley seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Mr. Scheer said that this is pretty much the same except for the maintenance contracts required by the new servers and some money so that they will be able to keep the current phone system and just put in a new

board and T1 line that will give them more lines coming in (20) rather than the 8 that they have now which frequently generates busy signals to outside people calling in. This will also extend the life of the phone system for what is hoped will be five more years.

Mr. Langan noted that line #211 for the salary shows a difference of 6.08% and not the 3.5% increase and asked if this is also the 3.5% that was deferred from last year plus a 2.5% step increase.

Mr. Formica noted that Ms. Johnson was responsible for those numbers and not Mr. Scheer and that she would look into it and get back to them.

****MOTION (11)**

Mr. Hart moved to close the budget review for Item 109 – Information Technology.

Mr. Harney seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

◆ Building Maintenance (113) – Michael Giannattasio, Public Works Director

****MOTION (12)**

Mr. Hart moved to open the budget review for Item 113 – Building Maintenance.

Mr. Harney seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Mr. Formica noted that Mr. Giannattasio has taken control of this over the last year and that he has been certified in facilities maintenance. They have also reached out to the schools to work with them and have seen efficiencies there.

Mr. Kleinhans asked Mr. Giannattasio to speak about the certification he received.

Mr. Giannattasio said that he went through the Building Operator Certification Series – Level I covers energy efficiencies and green energy and Level II involves diagnostics and systems analysis. There are eight classes of eight hours each and he attended under the State of CT certification program. He said that he was recommended and accepted to the program and that they have recommended that people from the school also take it and they have also been accepted.

Mr. Kelley asked about line #314 – Overtime as to date they have spent 39% of what was budgeted. He asked if they expect that to go at an increased rate through the end of the year.

Mr. Giannattasio said that the figures that they are seeing are due to the fact that the highest paid person has taken the extra time in comp time rather than pay – so he gets comp time and a half.

Mr. Kelley asked about the utilities line item as electricity seems tight for the rest of this year.

Mr. Giannattasio said that what they are seeing is all of the money encumbered up front. He noted that he thinks that they will be okay.

Mr. Larcen said to follow-up on electricity that the expenditure for seven months of the year is \$120,000 – he asked if they are lagging with the invoices by one month.

Ms. Johnson said yes, they are a month behind.

Mr. Larcen said that would work out to being about 10% less at the end of the year than the \$241,000 budgeted.

Mr. Giannattasio said that his figures came in close also and added that there is an increase coming in January from CL&P of around 5% plus the new building will be coming on line.

Mr. Harney asked about the building consolidation and some coming off line.

Mr. Giannattasio said that he thought that it would work out okay.

Mr. Larcen asked about the maintenance staff that was being added.

Mr. Giannattasio said that he felt that they would need 2 hours more per day to do the cleaning for the new building. They have not yet figured out how that will be handled.

Mr. Hart asked about the carpeting, etc as it was listed under the narrative for building maintenance services.

Mr. Giannattasio said that the major repairs do not come out of that budget and that it is just for the general repairs involving those items.

Mr. Langan asked about the additional square footage to clean and if the corresponding offset with the building being lost would just make that a wash instead of adding 10 hours per week.

Mr. Giannattasio said that the new building will be larger and nicer. They are taking on 3000 sq. ft. and they want to keep the building looking nice.

Mr. Langan asked about contracts on oil and propane.

Mr. Giannattasio said that they buy so little of that type of heating fuel that they are subject to the fluctuating rates rather than the better prices.

Mr. Larcen followed that up and asked about oil and if the Board of Ed purchases oil in bulk.

Mr. Giannattasio said yes.

Mr. Larcen asked if it was possible to piggyback on them for the oil.

Mr. Giannattasio said that the Board of Ed gets three to four drops for the oil and the Town gets it dropped all over the place and that makes a difference.

****MOTION (13)**

Mr. Hart moved to close the budget review for Item 113 – Building Maintenance.

Mr. Harney seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

◆ Public Works (317) - Michael Giannattasio, Director; Chuck Holyfield, Highway & Sanitation Superintendent

****MOTION (14)**

Mr. Harney moved to open the budget review for Item 317 – Public Works.

Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Mr. Formica noted that the storm overtime line item was increased by the Board of Selectmen based on a three year rolling average. He added that the TAR funds are going to be released by the State.

Mr. Hart asked about recycling and misc. disposal – Line 222 at \$35,000.

Mr. Giannattasio said that he thinks it is okay due to the single stream recycling. This should be okay and could even get better than that.

Mr. Larcen congratulated Mr. Giannattasio on the certification and said that he did a great job. He then asked about Line 296 – Bulky Waste Trans & Tipping fees at \$150,000. He noted that they are at 48% this year and questioned the figure.

Mr. Giannattasio said that he ran a projection on that today and came up with around \$100,000 for this year. He said that this seems to run parallel to what the economy is doing. There may be some room to move here and he asked that they invite him back for deliberations as he would know more then and could move some things around then.

Mr. Larcen asked about the SCRRRA tipping fee and if it was in the same vein as the Bulky Waste.

Mr. Giannattasio said yes – it also runs along with what the economy is doing.

Mr. Langan said to Ms. Johnson that the 3.25% increase in line 311 seems to be more like a 4.3% increase. Mr. Giannattasio said that he could answer that as there is an engineer in there and they get a step increase every other year also. He said that they have 24 regular FT people, Mr. Holyfield, the Superintendent is the 25th person and he is the 26th (MG). He added that there has been 3work on a pension program and a subcommittee set up and that he has created a couple of areas to add a portion of some salaries in the event that any of his very long term employees (20-30+ years) decide to retire as he wants to have someone train for a position before the person leaves and to also hire someone to fill in the position that would move up – so there is some parallel work there should it be necessary. He also said that there is funding in there for one (1) managerial position one (1) day per week to help out Mr. Holyfield.

Mr. Larcen asked if what he was saying is that there is a slight increase in the FTE to cover the possible change.

Mr. Giannattasio said yes.

Mr. Larcen asked if staff reduction due to single stream recycling being put in is reflected here as was stated last year.

Mr. Giannattasio said that it is not reflected as they will re-arrange the labor force and hope to instead cut down on the overtime.

Mr. Formica added that they also have the opportunity to use these people to clean up some of the items that are stored all over the Town or left out and need to be moved.

Mr. Larcen noted that overtime is at 45% through the first seven months. He asked if there was seasonality to this figure.

Mr. Giannattasio said yes, they have things planned for the spring such as the Saturday hazardous waste days and they will need people to cover it.

Mr. Larcen asked about line 224 – Road Reconstruction & Repair being reduced by \$60,000 – please explain why when there is so much to be done.

Mr. Giannattasio said that the difference was an open PO from the FY 09-10 year.

****MOTION (15)**

Mr. Hart moved to close the budget review for Item 317 – Public Works.

Mr. Harney seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

◆ Library (420) – William Deakyne, Library Director, Bob Tobin, Chairman, Library Board

****MOTION (16)**

Mr. Kelley moved to open the budget review for Item 420 – Library.

Mr. Larcen seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Bob Tobin, Chairman of the Library Board said that while many things suffer in a bad economy that the library services have seen a dramatic increase in use due to this economy. He said that he hopes that they do not have to cut any services that they offer the public as they serve all types of people throughout the community.

William Deakyne, Library Director said that they service the largest number of people in the Town than any other center. They have 14,000 regular customers.

Mr. Langan asked Mr. Deakyne to explain the salary increases.

Mr. Deakyne said that the salary increase is 1.6% for the 15 hourly people and that they all gave up the steps and that he does not get a raise this year.

Mr. Larcen asked about the health insurance and if they were expecting an increase in it.

Mr. Formica said that the Town is expecting a 12% increase over the actual.

Mr. Deakyne said that he gets those rates and information from Ms. Johnson.

Ms. Johnson said that they are in the Towns' budget for insurance. She added that the Town also budgets for the emergency personnel to get a physical and that she would take a look at the rates and get back to them.

Mr. Deakyne noted that the expenses are running very close and that they may not make the credit forward of \$14,212 as listed.

David Jacobs said that he is a past Chairman of the Library Board and was a member of the Board of Finance for eight years and Chairman of it for two years. He commended the Chair on how well the meetings are run. He said that his experience gives him perspective on the budget and the financial forces that control the library. He said that he would like to reiterate the tremendous usage that the library gets by all segments

of the community. He noted that the Children's division is one of the greatest in the area. They have been very fortunate in being able to maintain their Sunday hours during the winter and he said that he is concerned and does not want to have to not be able to offer the four hours on Sunday if the budget is reduced as they are important hours for many patrons of the Library.

****MOTION (17)**

Mr. Kelley moved to close the budget review for Item 420 – Library.

Mr. Larcen seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

◆ Parks & Recreation (421) – David Putnam, Director

****MOTION (18)**

Mr. Hart moved to open the budget review for Item 421 – Parks & Recreation.

Mr. Kelley seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

David Putnam, Parks & Recreation Director said that he has a unique proposal to segregate the program expenses and revenues by pulling them from the budget and setting them up in a special revenue fund. This would allow them to invest surplus monies from user fees into other development. It would also allow them to accept funds for Celebrate East Lyme and to accept donations. This might allow them to reduce their capital request over time. He provided everyone with an outline of how it would work. (Copy attached) He said that there are other Towns that are doing this and that is has been successful.

Mr. Hart asked Mr. Putnam about the other Towns that are doing this and if it requires another manager to handle it or could it be done in-house.

Mr. Putnam said that it would be done in-house for the programs and that they are willing to work with Ms. Johnson on this.

Mr. Langan asked if with all of the programs that are being paid for by participants – do they see less offerings if they do not get enough registration.

Mr. Putnam said that he sees it being the opposite as they can offer other things and increase the offerings.

Mr. Langan asked historically what the surplus is on the programs.

Mr. Putnam said that over five years time that there is over \$40,000 in surplus.

Mr. Harney said that if historically they run a surplus of \$40,000 – has the profit gone to the General Fund.

Mr. Putnam said yes.

Mr. Langan asked what effect this would have to the Town to not have these revenues.

Mr. Formica said that they also would to have the expenses and they get 25% off the top that is the split for the Town.

Mr. Harney asked if the \$40,000 is reflected somewhere else.

Mr. Putnam said that they have added the projected 25% to the revenue sheet.

Mr. Kleinhans said that he thinks that this serves as an incentive for them to manage very well and to succeed and be even more successful.

Mr. Putnam agreed and said that he would report to the Board of Finance on a quarterly basis and even more often if they would want that. He said that he sees a walking trail and dog park as potential items that they could do with the revenues.

Mr. Larcen asked about the Town employees status and if that would change.

Ms. Johnson said that it would apply to payroll taxes and FICA and that the Town's figure has been adjusted down to reflect this.

Mr. Larcen asked where the determination of 25% to the Town and 75% came from.

Mr. Putnam said that it came from a meeting with Mr. Formica and Ms. Johnson.

Mr. Formica noted that it is a pilot program and that they will review it after a year as it is new and different. He added that there are other Towns doing it and that he thinks that the 25% - 75% could be negotiable and that they will see over time how it goes.

Mr. Larcen said that his issue is the fiduciary duty here and that they are taking money and moving it to another fund. He said that he does think that it has a lot of merit but he is concerned regarding taking \$200,000 of revenue out of the general fund so he would like to be clear on this entity and what it means.

Mr. Kleinhans asked if there are specific statutory regulations on this.

Ms. Johnson said that the fund will be put on the books with their own number and that the expenses and revenues will go through the finance department.

Mr. Larcen asked how the 75 / 25 will be determined.

Ms. Johnson said that it would be done at the end of the year when they have all the expenses and all revenues. That would determine the annual operating results.

Mr. Harney said that he is concerned that if this takes off – is there some slush fund that could occur and where could that money be spent and could they say yes or no.

Mr. Larcen asked under what basis, Charter, good will, is the sharing set and could it be changed.

Mr. Kleinhans summed that they are asking for more specifics.

Mr. Formica asked that they forward their specific questions to him and that he would give them to the attorney who could provide them with the information that they are looking for.

Mr. Langan asked what studies or efficiencies have taken place to see what savings could be realized by Parks & Recreation taking over the Board of Ed grounds maintenance.

Mr. Putnam said that has been asked in the past and that the numbers have been put together for others.

Mr. Formica said that he thinks there is some legislation on what the Board of Ed controls and that he thinks that the previous reports have shown that there would be a savings. This is something to work on over time.

Mr. Kleinhans noted the impressive bulletin that Parks & Recreation puts out with its' programs and other useful information for the townspeople.

Mr. Putnam explained that the bulletin is done in conjunction with the Norwich Bulletin and that they put it together and the cost to them is \$1100 for it to go to each citizen. They do it quarterly and ask other Town departments if they have something that they would like included to please get it to them.

Mr. Hart asked about the lighting figure on Page 2 of the budget.

Mr. Putnam and Ms. Johnson said that for the expense there is a corresponding revenue.

****MOTION (19)**

Mr. Kelley moved to close the budget review for Item 421 – Parks & Recreation.

Mr. Hart seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

E. Public Discussion

Mr. Kleinhans called for any comments from the Public.

There was none.

F. Board Comments

Mr. Kleinhans asked if anyone had any comments.

Mr. Larcen asked about the Governor's revenue figures as it looks like there is a reduction in the PILOT of \$70,000 plus another \$100,000. He asked Mr. Formica if he had that information.

Mr. Formica said that he thinks that they will have a mitigation plan for this year and that all bets are off for next year and who knows what for the year after that. He said that by the time they get to deliberations that the State will be further along and he would bring the figures.

G. Adjournment

Mr. Kleinhans called for a motion to adjourn.

****MOTION (20)**

Mr. Langan moved to adjourn this Special Meeting of the East Lyme Board of Finance at 8:30 PM.

Mr. Larcen seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary