

**EAST LYME BOARD OF FINANCE
SPECIAL MEETING MINUTES
BUDGET REVIEWS
Monday, APRIL 1st, 2013**

Members In Attendance: Raymond Hart, Chairman
 Steve Harney, Secretary
 Camille Alberti
 Steve Carpenteri
 Steve Kelley
 Lisa Picarazzi

Also In Attendance: Paul Formica, First Selectman
 Anna Johnson, Finance Director
 Carol Marelli & Nancy Moran, Registrars of Voters
 Gary Lakowsky, Chairman, Smith Harris House Commission

Absent: No One

A. Call Special Meeting to Order

Acting Chairman Harney called this Special Meeting of the East Lyme Board of Finance to order at 6:30 PM. He noted that Mr. Hart, Chairman would be arriving later.

B. Pledge of Allegiance

The Pledge was observed.

C. Delegations

Mr. Hart called for Delegations.
There were no delegations.

D. Old Business

a. Any Outstanding Information

Mr. Harney asked if there were any updates.

Mr. Formica said that he did not have any new information on revenues from the State as they are still working on various bills in Committee. He will keep checking in and will present what he has at their meeting next week.

Ms. Picarazzi noted that she had asked about telephone costs going up in the Emergency Mgt. budget and asked if there was additional information on that.

Ms. Johnson said that she did not have that at this time.

Mr. Harney said that they had asked Dr. Lombardo for additional information and questioned if it had been received.

Mr. Kelley said that he thought that it was supposed to be sent to Mr. Hart and they could check with him when he arrives.

E. New Business

a. Budget Reviews – FY 2013-2014

◆ **Registrars (110) – Carol Marelli, Nancy Moran, Registrars**

Mr. Harney called for a motion to open this budget review.

****MOTION (1)**

Mr. Kelley moved to open the budget review for Item 110 – Registrars.
Ms. Picarazzi seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

Mr. Formica noted that both Registrars were present and that the budget is the same as this last year except for the salaries. The Referendum/Primary at \$23,500 they are not sure about what would happen regarding a special referendum/primary.

Ms. Picarazzi asked about the telephones noting that she was just asking regarding economies of scale.
Mr. Formica said that he thinks that this has to do with having to keep the lines open for polling places.
Ms. Marelli and Ms. Moran said that was true.

Ms. Alberti said that the Registrars are both PT employees but have included a letter requesting a raise in base pay due to the extra hours that they are working. She asked if they are salary or hourly.
Ms. Moran and Ms. Marelli said that they are salary.

Ms. Picarazzi asked why this department is in such a situation of working the extra hours.
Ms. Marelli and Ms. Moran said that it is due to more State mandates; more reporting and more mandated hours before elections that they have to be open.

Ms. Picarazzi asked Mr. Formica about paying more.
Mr. Formica explained that part of it is due to not knowing what the revenue picture is; some of it is that it is a State mandate and the State pushes this on the Towns to cover and there are other department heads that are in the very same situation.

****MOTION (2)**

Mr. Kelley moved to close the budget review for Item 110 – Registrars.
Mr. Carpenteri seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

◆ **Smith Harris House Commission (134) – Gary Lakowsky, Chairman**

Mr. Harney called for a motion to open this budget review.

****MOTION (3)**

Mr. Kelley moved to open the budget review for Item 134 – Smith Harris House Commission.
Ms. Picarazzi seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

Mr. Formica said that there is a reduction in the Recording Secretary line item of \$500 and in the Utilities line item of \$500 – otherwise this is basically a flat budget. He said that Mr. Lakowsky, the Chairman was present to answer any questions they might have.

Mr. Lakowsky, Chairman said that he would like to make a simple clerical change and move \$275 from Utilities to Telephone but with the \$500 cut in Utilities he is not sure if it is moved that Utilities would be cut too low. If they could add \$100 to the budget and move \$175 to Utilities he thinks that they will be okay. He noted that they have been helped greatly by the Town with grounds maintenance and mowing.

Mr. Formica suggested adding \$300 to Telephones and that would still be a reduction of \$700 in this budget.

****MOTION (4)**

Ms. Alberti moved to close the budget review for Item 134 – Smith Harris House Commission.
Ms. Picarazzi seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

◆ **Board of Finance (126) – Ray Hart, Chairman**

****MOTION (5)**

Mr. Kelley moved to open the budget review for Items 126 – Board of Finance.

Ms. Picarazzi seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

Mr. Formica said that this budget is down as a result of Audit Services remaining at the same rate as they have been.

Ms. Alberti asked if the audit goes out for competitive bidding.

Mr. Formica said yes adding that this Board, after much discussion felt that they would stay with the current audit company and as a result of that decision the company held their rate at the same as it has been.

****MOTION (6)**

Mr. Kelley moved to close the budget review for Item 126 – Board of Finance.

Ms. Picarazzi seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

◆ **General Government & Miscellaneous Benefits (114) – Paul Formica, First Selectman**

****MOTION (7)**

Mr. Kelley moved to open the budget review for Item 114 – General Government & Miscellaneous Benefits.

Ms. Picarazzi seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

Mr. Formica explained that this area is a general government catch-all comprised of Personnel Services; Legal Services; Services - Contracted Operations and Operating Expenses. He noted that with the reorganization of the Pension system that it has been doing well. They are still in the process of getting new numbers for Health/Dental and should know in a week or two what they are. He is expecting that the increase in the overall budget will be a wash with the decrease in Health/Dental. They expect to be changing companies for Town employees.

Ms. Picarazzi asked if that includes the Board of Ed.

Mr. Formica said yes.

Mr. Formica continued that under Legal Services that if the law is changed by the Legislature with respect to the advertising of public notices in the newspaper that the necessity to post a legal notice with the entire language of (for instance) an ordinance, etc. would be changed to just a small ad referring to a website or the Town Clerk's office to read/view the entire document. This would save some of the expense.

Regarding OPEB - post employment benefits – most is for the teachers and one Town employee. The \$500,000 will be addressed separately and is not in this budget.

Regarding #300 – Operating Expenses – he noted that the State has taken over control of SEAT due to a recent large spill. SEAT is the only transportation operation where the Towns pay dues and ours is one of the cheapest. These dues may or may not go away – the State has asked to keep them in for another year. While there is a \$55,000 overall increase in the bottom line for this department, most of that is expected to go away with the anticipated Health reduction.

Ms. Picarazzi asked about labor negotiations.

Mr. Formica said that he would only have one contract to negotiate in the upcoming year so that has been reduced.

****MOTION (8)**

Ms. Picarazzi moved to close the budget review for Item 114 – General Government & Miscellaneous Benefits.

Ms. Alberti seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

◆ **Contingency (120) – Paul Formica, First Selectman**

****MOTION (9)**

Ms. Picarazzi moved to open the budget review for Item 120 – Contingency.

Ms. Alberti seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

Mr. Formica explained that this is a practice that they started some four to five years ago – one of these items is #300 – Operating Contingency. They keep \$145,000 in this line to make transfers out of and whatever they do not use goes back to the general fund. Payroll changes come from line 500 under Personnel Services and as there is only one contract up for negotiation that line item has been reduced.

Ms. Picarazzi asked how the \$145,000 Contingency is different from the Fund Balance.

Mr. Formica explained that this \$145,000 is in the operating budget whereas the Fund Balance usage has to go through the various approval channels for transfer out for use. The \$145,000 in this line item allows them to keep a good hold on the use of this money.

Mr. Kelley said that they have only spent about \$19,000 so far this year.

Mr. Formica said that the real value is in how the rating agencies see this and the value that it has in that aspect to the Town. It is considered prudent fiscal management for municipalities and it keeps them from having to go to Fund Balance for appropriations.

****MOTION (10)**

Mr. Kelley moved to close the budget review for Item 120 – Contingency.

Ms. Picarazzi seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

◆ **CNRE – Paul Formica, First Selectman, Anna Johnson, Finance Director**

****MOTION (11)**

Mr. Kelley moved to open the budget review for CNRE.

Ms. Picarazzi seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

Mr. Formica explained that this was put into the budget some years ago when he was on the Board of Finance so that they could put money towards large item purchases so that they would not have to bond them. This is for long term items such as ladder trucks. The highlighted items are on-going and have not been completed while the non highlighted items have pretty much been completed.

Ms. Johnson explained the items that are on-going or currently in progress such as the CAD software which had \$15,000 budgeted and \$5,140 remaining are still active.

Mr. Formica noted that they had increased the HVAC account and made it for buildings throughout the Town as the unit on top of the Town Hall went this winter and needed to be fixed. The funds come from this account.

Ms. Johnson said that in the current year \$129,000 was designated for the CNRE Fund.

Mr. Kelley asked Ms. Johnson about the dollars left (Totals column) and how that works.

Ms. Johnson explained that the highlighted items are on-going and not completed and the non-highlighted items are pretty much completed and the dollars left in the far column (Totals) are left over from that/those project(s).

Mr. Harney asked if there is a surplus in this listing.

Mr. Formica said yes and that what is left from various items would be looked at independently.

Ms. Picarazzi noted with respect to the left over dollars that she is in favor of the Skateboard Park and asked hypothetically if they were to all agree if perhaps \$15,000 could be put towards it. She asked if it would be feasible to take some of the amounts left in the Totals column and transfer it to other items.

Mr. Formica said that has been something that they have talked about before but have not done.
Ms. Johnson said that she would prefer to obtain a legal opinion prior to moving any of those dollars to offset the current year contribution to the CIP.
(Note: 7:43 PM – Mr. Hart joined the meeting.)

Mr. Kelley and Mr. Harney said that they would like to have a response from Town Counsel as that information could be very important to them.
Mr. Formica said that he would speak with the Town Attorney in the next day or two.

****MOTION (12)**

Mr. Kelley moved to close the budget review for CNRE.
Ms. Alberti seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

b. Budget Deliberations – Start Discussion

Mr. Hart said that they could start discussion this evening or wait for their next meeting. He asked Mr. Formica if the revenue assumptions are the same.
Mr. Formica said yes – adding that they may not include the PILOT funding in with the ECS and he is not sure on any of the dollars as the State still has to address the \$1.2B deficit – and it is still being worked out.

Mr. Hart said that if they exclude the State revenue figures for now and work with the revenues that they know such as the \$48,341,995 in tax collections that they could start discussion.
Mr. Kelley said that figure also includes the \$2.4M in vehicle taxes that might be taken away.

Mr. Formica clarified that the assumption with that is that if you take it away that you would have to transfer it to the homeowners to make up – so you would still get it.

Mr. Hart said that if they would prefer to digest the CNRE and wait for more information on it that they could do their deliberations next week at their Regular Meeting and start with General Government and move to the Board of Ed.
The consensus of the members was that this is what they would like to do.

F. Public Discussion

Mr. Hart called for any comments from the Public.
There were no comments.

G. Board Comments

Mr. Hart called for any comments from the Board members.

Mr. Hart asked if they would like to have their meeting next week Wednesday start at 6 PM rather than 7 PM so that they could work on the budget deliberations.
The consensus of the members was that they would have their Regular Meeting of April 10, 2013 start at 6 PM instead of 7 PM.

H. Adjournment

Mr. Hart called for a motion to adjourn.

****MOTION (13)**

Ms. Picarazzi moved to adjourn this Special Meeting of the East Lyme Board of Finance at 8:05 PM.
Mr. Kelley seconded the motion.
Vote: 6 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary